

# BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

## MINUTES

April 27, 2007

Council Chamber, 8<sup>th</sup> floor

**CONVENE:** 9:13 a.m.

**PRESENT:** Councilmember Joseph Pontanilla, Chair  
Councilmember G. Riki Hokama, Vice-Chair  
Councilmember Michelle Anderson, Member (In 9:20 a.m.)  
Councilmember Gladys C. Baisa, Member  
Councilmember Jo Anne Johnson, Member (In 9:48 a.m.)  
Councilmember Bill Kauakea Medeiros, Member  
Councilmember Michael J. Molina, Member  
Councilmember Danny A. Mateo, Member  
Councilmember Michael P. Victorino, Member (Out 5:30 p.m.)

**STAFF:** Lance Taguchi, Legislative Analyst  
Gayle Revels, Legislative Analyst (Budget Session only)  
Carla Nakata, Legislative Attorney  
Yvette Bouthillier, Committee Secretary  
  
Leinaala Kihm, Executive Assistant to Councilmember Bill Kauakea Medeiros

**ADMIN.:** Frederick Pablo, Budget Director, Office of the Mayor  
Kalbert L. Young, Director, Department of Finance  
Scott Teruya, Acting Administrator, Real Property Tax Division, Department of Finance  
Jeffrey K. Eng, Director, Department of Water Supply  
Tracy Takamine, Chief, Solid Waste Division, Department of Public Works and Environmental Management  
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:** Ten (10) additional unidentified attendees

**PRESS:** *Akaku: Maui Community Television, Inc.*  
*Ilima Loomis, The Maui News*

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**ITEM NO. 1: FY 2008 BUDGET** (C.C. No. 07-29, 07-87 and 07-109)

CHAIR PONTANILLA: . . .(*gavel*). . . Good morning, Members, the Budget and Finance Committee meeting is now back in session. The. . .not “back in session” . . .(*laughter*). . . but called to order.

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COUNCILMEMBER \_\_\_: . . .(laughter). . .

CHAIR PONTANILLA: Chair would like to introduce the Members that are here this morning.  
We do have Member Mateo, Baisa, Medeiros--

COUNCILMEMBER MEDEIROS: Morning.

CHAIR PONTANILLA: --Molina, Hokama, and Mr. Victorino.

COUNCILMEMBER VICTORINO: Good morning, Chair.

CHAIR PONTANILLA: Morning.

. . . Excused at this time are Member Anderson, as well as Member Johnson. Supporting the Administration side is our First Deputy Corporation Counsel, Traci Fujita Villarosa; as well as our Budget Director, Mr. Fred Pablo. Supporting the Committee are our Legislative Analysts, both Lance Taguchi as well as Gayle Revels; and our Committee Secretary, Yvette Bouthillier. Members, I hope everybody had a good night's rest--

COUNCILMEMBER MEDEIROS: . . .(laughter). . .

CHAIR PONTANILLA: It was . . .

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: . . . really, really welcome by the Chair . . .(laughter). . .

COUNCILMEMBER BAISA: . . .(inaudible). . .

CHAIR PONTANILLA: Members, we do have some items that we need to satisfy in regards to our review yesterday. And the first item that I would like to go into is on the proposed rates and fees for the . . .Waiehu Golf Course.

COUNCILMEMBER MOLINA: Chairman?

. . . Oh, sorry.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Chair. Before we proceed. . .with regards to public testimony. . .any comments how--

CHAIR PONTANILLA: Oh, sorry--

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COUNCILMEMBER MOLINA: --we gonna proceed?

CHAIR PONTANILLA: Uh. . .is there--

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . . objection.

CHAIR PONTANILLA: We don't have anybody signed up for public testimony at this time. Is there anyone out there that would like to give public testimony at this time?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Seeing none coming forward, the Chair would. . .request that with no objection, to close public testimony.

COUNCILMEMBER MOLINA: No objections.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER VICTORINO: No objection.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay, Members, turning to the Golf Fund.

. . . The Chair's proposal. . .that was submitted to you, Members . . .

. . . was to keep the residential rate as is. And . . .

. . . and increase the non . . .

. . .*(laughter)*. . . non-Maui Hawaii Resident from the proposed 25 dollars to 30 dollars, as well as increase the weekday nonresident rate from the proposed 45 to 50 dollars. Members, yesterday, you heard the Department in regards to the proposed rates that were. . .were introduced as a proposal for the Hawaii State resident other than Hawaii driver's license, the rate is 30 dollars for daily and 15 dollars for twilight. For non-Hawaii residents, the daily rate would be 55 dollars; twilight rate, 30 dollars. And for resident count. . .Maui County resident, their rate for daily. . .10 dollars; and twilight rate, 5 dollars. For Maui County resident senior, the daily rate would be 5 dollars; and for twilight rate, 3 dollars. They also had twilight rates for Hawaii State resident other than Hawaii driver's license, 15 dollars for twilight; as well as a twilight rate for non-Hawaii State resident, 30 dollars. Again, Members, the additional revenue that would be transferred from the General Fund to the Golf Fund would be approximately 100,000 dollars.

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*NOTE: Silence.*

CHAIR PONTANILLA: . . . Members, any. . .objections to the proposed rates as proposed by your Chairman at this time? Any comments?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Seeing none--

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: I'm, I. . .I beg for your indulgence. Does your rates, how does your rates proposal for us this morning impact, if any way, the twilight category? The, I, do you have that in your proposal? Is that not part of your consideration?

CHAIR PONTANILLA: It's not part of the proposal at this time. I don't know how to . . .

. . . get the numbers in regards to the twilight rate, because you know, this is something new that is being proposed for the golf course.

VICE-CHAIR HOKAMA: Uh-huh.

CHAIR PONTANILLA: But again, let me read the Chair's proposal.

VICE-CHAIR HOKAMA: Thank you.

CHAIR PONTANILLA: The Chair's proposal is to decrease daily resident rate from the proposed 10 dollars to 8 dollars; decrease the weekend holiday rate from the proposed 12 dollars to 8 dollars; decrease the weekend holiday rate from the proposed 6 dollars to 5 dollars; for non-Maui Hawaii resident, increase the weekday rate from the proposed 25 dollars to 30 dollars, and the twilight from 12 dollars to 15 dollars; also increase weekday non-resident rate from the proposed 45 dollars to 50 dollars. That is the Chair's proposal. So at this time, I, I don't have any cost breakdown for the twilight rate.

VICE-CHAIR HOKAMA: Okay. Thank you, Chairman.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: Are you open for comments at this time?

CHAIR PONTANILLA: Uh. . .yes, I am. Comments, Mr. Hokama?

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VICE-CHAIR HOKAMA: Yeah, Chairman. . .thank you for your proposal and I appreciate your approach. . .toward the twilights. For me, Chairman, I would . . .

. . . you know, I've made my pitch for our Junior program, which is the afternoons of the weekends. But as we all know, no matter whose operation you review--whether it's a private or a municipal such as ours, the weekends and holidays are your. . .generation revenue days compared to weekdays. I don't have a problem. . .for that prime period of time to pay the original proposed fee of 10 dollars for the residents. I still think that is affordable. You know, that might be, have to be one less, one or two less beverages they have aft, after golf, but . . .

. . . you know, we are already, I mean, we are already at, considering a General Fund support and I don't have a problem with that, putting it toward the youth program. But as a golfer. . .I know that if I play on the weekends, I'm gonna pay that slight extra premium--which in my mind is still a fair amount compared to what the other courses ask for weekend rates. So that's just my. . .my thought for the Committee, Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more comments in regards to the Chair's proposal?

. . . If not, is there any objections to the Chair's proposal at this time?

. . . Member Molina?

COUNCILMEMBER MOLINA: Yeah, just for clarification. So how much revenue would, under your proposal, what would be, the revenue is 100,000?

CHAIR PONTANILLA: The--

COUNCILMEMBER MOLINA: Or reduction, I should say.

CHAIR PONTANILLA: --General Fund will support the Golf Fund by 100,000 dollars.

COUNCILMEMBER MOLINA: 100,000.

VICE-CHAIR HOKAMA: Yeah--

COUNCILMEMBER MOLINA: Okay.

VICE-CHAIR HOKAMA: Chairman, I, I, I believe you, did you send it to us in a, a written form? I believe, did you give us that, your proposal. . .printed out. . .so we can compare that with the . . .

COUNCILMEMBER MOLINA: Parks Department?

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CHAIR PONTANILLA: Uh--

UNIDENTIFIED SPEAKER: Yeah--

VICE-CHAIR HOKAMA: The Parks recent submittal of yesterday?

CHAIR PONTANILLA: I can make copies of the Chair's submittal

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR PONTANILLA: I, I don't know if you folks received anything.

COUNCILMEMBER ANDERSON: Chair, the submittal was in everyone's box this morning.

COUNCILMEMBER MEDEIROS: Oh, this morning.

COUNCILMEMBER VICTORINO: Oh, we didn't, I didn't get it. I'm sorry.

COUNCILMEMBER ANDERSON: Maybe the Aides could bring it in.

COUNCILMEMBER MOLINA: Request brief recess. Chairman, can we have a brief recess?

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: Okay--

COUNCILMEMBER VICTORINO: Recess.

CHAIR PONTANILLA: --brief recess.

COUNCILMEMBER MOLINA: Thank you, Chair.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: . . .*(gavel)*. . .

**RECESS: 9:23 a.m.**

**RECONVENE: 9:48 a.m.**

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened. Members, the Staff had passed out the proposal as made by the Chair, as well as comparing it with the Mayor's proposal and the current rate that we charge our golfers. . .in the Fiscal Year '07. So, Members, let me again read off. For weekday. . .the

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'07, the current rate is 8 dollars; Mayor's proposal was 10; and the Chair's proposal is to leave it as 8 dollars. That's a difference of 2 dollars as being proposed by the Administration. For the non-Maui County Hawaii State resident, presently the existing rate is 20 dollars; the Administration proposal is 25 dollars; and the Chair's proposal is 30 dollars--which is an increase over the Mayor's proposal of 5 dollars. For the non-resident . . . (*cleared throat*). . . the current rate is 40 dollars, the Mayor's proposal is 45, and the Chair's proposal is 50 dollars--and the difference of 5 dollars as compared to the Administration's proposal.

UNIDENTIFIED SPEAKER: . . . (*whistle*). . .

CHAIR PONTANILLA: For twilight non-Maui County Hawaii State resident, the . . . Administration proposal is 12 dollars, the Chair's proposal is 15 dollars--which is a difference of 3 dollars. For weekend and holiday, the . . . present fee for our residents are . . . is 8 dollars; the Administration proposal is 12 dollars; and the Chair's proposal is to remain at 8 dollars. There's a difference of 4 dollars between the Administration and the Chair's proposal. For resident retirees, the '07 rates is 5 dollars; the Administration rate is 6 dollars; and the Chair's proposal is to leave it as is, 5 dollars. And the difference . . . is 1 dollar between the Administration and the Chair's proposal. For non-res '07, the rates . . . was 45 dollars. . . the proposal made by the Administration is 60 dollars, and the Chair's recommendation is 55 dollars--which is a decrease of 5 dollars over the Administration proposal. And, again, this is an estimated loss in revenues between the Mayor's proposal and the Council Chair's proposal--not "Council Chair" . . . (*laughter*). . . but Budget and Finance Chair proposal of 100,000 dollars. Again, Members, that 100,000 dollars. . . would, will provide our, from the General Fund to the Golf Fund, and this would supplement the residential. . . our residents in the Golf Fund area. Members, any questions?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Member Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you, Mr. Chair. And, you know, I could support this. Again, you have, I think, followed our sentiment as far as taking care of our residents. And . . . giving even the twilight a break. . . to all of us, for the residents that live here. And those who are non-resident and visitors and those who get to use our golf course. . . you know, you've made the appropriate changes. The estimated loss of 100,000, I think we could make that up because that would be benefiting junior golf, our youngsters, high school, as well as some of our retirees. So I think the money be well spent, because again as we said a number of times, you play golf versus tennis, softball and other activities that we allow our citizens to use our facilities for no cost at all. I think this is very reasonable. So thank you, Mr. Chair, for all your efforts.

CHAIR PONTANILLA: Thank you. Members, any more comments? I, I just--oh, Member Molina?

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COUNCILMEMBER MOLINA: Yeah, thank you, Chairman. For, just for me, I can agree with *most* of the proposals. I'm sort of looking at the weekday rate of bumping up the residents just by a dollar instead of the 2 dollars as proposed by the Mayor. . .only for the fact that we do need some improvements on our courses. And, and. . .gauging from some of the residents, they can live with a *slight* increase. . .a manini increase, if you will. So I'm considering that as well as the weekend residential rate. . .maybe bump it up, bump it up from 8 to. . .to 10, but still lower than the Mayor's proposed 12. And the non-resident, I would support the Mayor's rate of 60 dollars on the weekend. So those are just my comments. And maybe at a later point, Mr. Chair. . .I guess if I could consult with your Staff to tally up the numbers, see what kind of revenue or . . .

CHAIR PONTANILLA: Okay--

COUNCILMEMBER MOLINA: . . . how, how much of a difference in revenue that will be compared to yours. So those are my comments. But in. . .in general, I, I. . .you know, I can be supportive of most of your considerations. Thank you.

CHAIR PONTANILLA: Thank you, Member Molina. Let me kind of explain also, provide you with more comments. Although the estimated loss in revenue is 100,000 dollars, that is based on the local resident golf fees. As far as the non-res. . .as well as the twilight for non-Maui County. . .Hawaii State resident and the non-res categories, those are new numbers that are increased in the proposed golf rate. We don't know how the twilight is. . .is gonna be . . .

. . . as far as the fees received on the twilight rate because the, this is something new that. . .we're gonna try. But again, Members, the increase to the non-resident golfers is significant enough, probably, to cover the cost of the reductions from the Mayor's proposal. . .for the local resident. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, Mr. Chair. . .how does this compare when you look at, let's say, other courses that are non-County courses, private courses that, well, actually they're public, but. . .with regard to our comparable fees? Because I don't wanna make the fees so *high* that what ends up happening is it really has a significant drop in revenue far *beyond* the 100,000 General Fund transfer that we're looking at. So can you give me an idea--

CHAIR PONTANILLA: Well--

COUNCILMEMBER JOHNSON: --since you're a golfer?

CHAIR PONTANILLA: Thank you. Of course, most local residents will go to the. . .Waiehu Golf Course because of the fees that now is being. . .put upon the local resident. But when you look at the non-res. . .area. . .those that live outside of Maui County. . .when you look at the Mayor's proposal, let's say the non-res on the bottom one, 60 dollars . . .

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. . . so if you add the golf fees on that 60 dollars, that 60 dollars become--the golf cart fees--become 70 dollars. In, in most courses here on Maui--I take Pukalani, for instance. . .that 70 dollars would be somewhat higher. . .than golfing in Pukalani for a non-res person.

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . So you're saying, Mr. Chair, that our fees would be higher than golfing at some of the other courses--

CHAIR PONTANILLA: Um--

COUNCILMEMBER JOHNSON: --when you add in cart fees?

CHAIR PONTANILLA: --when you look at some of the proposals being made by. . .the. . .proposed golf fees at this time.

COUNCILMEMBER JOHNSON: Yeah, and, and I know we had this in my Committee before, so because I've gone back and forth also visiting with the U.S. Golf Association, talking about the maintenance of the course itself, we've come a long way in terms of the sustainability and the *ability* of this enterprise fund to actually operate and fund itself. But I'm a *little* bit concerned about bumping up some of these to the point that. . .the people who now will be utilizing even *more* are our local residents. But they're paying the lowest possible fee. So *again*, we're *increasing* the likelihood of *more* use of our course from the people that financially, yes, maybe they can't afford it, but that also is gonna make it more difficult to meet the operating goals and objectives. So, Mr. Chair, I. . .I'm a little concerned about that trend because I think that, you know, it's just, I'd rather move up more modestly and, and I agree with Member Molina that perhaps maybe a dollar difference, going up a dollar on the resident rates. Also, the other thing that ends up happening is the, the weekday rate and the weekend rate is the same. . .for our. . .for our residents. And that's where I agree with the Mayor's proposal because if you're gonna look at Junior Golf having opportunities, then you wanna set the rate a little bit higher on the weekends so that most of the local play will take place during the week. So that's my concern. . .about what you're, what you're outcome is gonna be in terms of play and also what your outcome is gonna be in terms of revenue. So. . .I, right now I. . .I'm on the fence. I really am not sure if this is gonna produce a result that we really want. Thank you.

CHAIR PONTANILLA: Thank you, Member Johnson. As you note, the Chair's recommendation does not have any twilight rate for the local golfers. And by keeping it at 8 dollars, then, you know, we can receive an additional 3 dollars from the twilight rate that is being proposed by the Administration at this time.

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. . . But again, twilight hours is something new that we haven't tried. So . . .really we don't know what kind revenues is gonna be generated through the twilight rate.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Member Medeiros?

COUNCILMEMBER MEDEIROS: Thank you, Chair. Once again, because I don't golf, you know, I'll leave the wisdom to you and Chair Hokama who are golfers. But I, I do wanna mention as the Parks did mention, they do need some additional revenues for maintenance in order to keep the value of the course up. And I think, you know, that is being addressed. But the only, the other thing I wanted to mention which I did previously, and the Parks proposal shows it, is that they show it as Maui County resident *senior*. And I notice on yours and . . .the first Appendix B rate we had, it shows it as "retirees". And I don't know if that's something small. But I think it should be "seniors" because people retire at different times in their careers. Some people are very young when they retire. So I just wanna be sure this is for *seniors* and, and not all retirees . . .(laughter) . . .

UNIDENTIFIED SPEAKER: . . .(laughter) . . .

COUNCILMEMBER \_\_\_\_: Yeah.

CHAIR PONTANILLA: Very good point . . .(laughter) . . .

COUNCILMEMBER MEDEIROS: Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa, you had a question?

COUNCILMEMBER BAISA: No question, but I'd like to express my support to the proposal.

CHAIR PONTANILLA: Thank you. So . . .Chair is gonna call a roll in, on this one here.  
Mr. Victorino--

COUNCILMEMBER VICTORINO: Support.

CHAIR PONTANILLA: --as far as the Chair's recommendation?

COUNCILMEMBER VICTORINO: Support, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Support.

CHAIR PONTANILLA: Thank you. Mist. . .Mr. Molina?

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COUNCILMEMBER MOLINA: Support.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Support, Chair.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . . I'll support it, but with . . .reservation  
. . .*(laughter)*. . .

UNIDENTIFIED SPEAKER: Yeah.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Support.

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: Support.

CHAIR PONTANILLA: Okay. The golf rates. . .will be . . .

. . . as the Chair's recommendation, Staff.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Do you have any . . .

. . . do you have any recommendations on where to make up the shortfall?

CHAIR PONTANILLA: We're gonna move monies from the General Fund to support the Golf  
Fund by 100,000 dollars. Members--

COUNCILMEMBER ANDERSON: But I'm just saying from what?

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

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MR. TAGUCHI: Chair Pontanilla?

COUNCILMEMBER ANDERSON: I mean, you know, we were told--

CHAIR PONTANILLA: Mr. Taguchi?

COUNCILMEMBER ANDERSON: --we couldn't make any . . .

MR. TAGUCHI: The transfer of funds is already in the Chair's proposal.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Oh. . .to reflect these rates?

CHAIR PONTANILLA: Yes.

MR. TAGUCHI: Yes.

COUNCILMEMBER BAISA: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: All right. Thank you.

CHAIR PONTANILLA: Thank you.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Member Anderson, I, I think we had one item in regards to your proviso?

COUNCILMEMBER ANDERSON: I'm typing it up right now, Chair . . .(laughter). . .

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: Okay.

. . . Um. . .Mr. Taguchi, anything else other than those two items?

COUNCILMEMBER VICTORINO: Okay, go ahead. Go ahead. Thank you.

*NOTE: Silence.*

MR. TAGUCHI: . . . Chair Pontanilla, I, I, I think we've. . .covered most of the areas within the ordinance. There are still couple of places to revisit, but. . .are you going to take, I guess, the real property tax revenues before. . .revisiting or are you going to revisit?

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CHAIR PONTANILLA: What I wanna do is I, I called for the Finance Director to be here this morning. And I want him to explain the memo that he provided us yesterday in regards to the EUTF and the obligation of this company. I think that's very important that we discuss that at this time. Mr. Kalbert Young, please?

*NOTE: Pause while Mr. Young approached the floor.*

COUNCIL MEMBERS: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Hold on to your seats . . .*(laughter)*. . .

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER VICTORINO: Okay.

COUNCILMEMBER JOHNSON: No, hold on to your wallets . . .*(laughter)*. . .

CHAIR PONTANILLA: . . .*(laughter)*. . . and wallets . . .*(laughter)*. . .

MR. YOUNG: Hold on to your seats and you wallets, yes.

COUNCILMEMBER ANDERSON: Can we get a reference.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . . long time ago, so what the heck.

CHAIR PONTANILLA: It was a memo that was passed out April the 25<sup>th</sup>--

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: --from the Director.

COUNCILMEMBER ANDERSON: How many days ago was that . . .*(laughter)*. . .

COUNCILMEMBER BAISA: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: 'Eh . . .*(inaudible)*. . .

MR. YOUNG: They're all blending together.

CHAIR PONTANILLA: Uh. . .okay, Members, we'll, we'll start as soon as you get your copies.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

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COUNCILMEMBER ANDERSON: . . .(laughter). . .

COUNCILMEMBER VICTORINO: April 25<sup>th</sup>, 'eh?

COUNCILMEMBER ANDERSON: Can we take a half-hour break . . .(laughter). . .

COUNCILMEMBER MOLINA: Yeah.

COUNCILMEMBER VICTORINO: Hang on, Mr. Chair.

COUNCILMEMBER MOLINA: . . . Mr. Chairman, again, Mr. Chairman?

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Is the April 25<sup>th</sup> from whom, is that the Finance Director?

CHAIR PONTANILLA: From the Finance. . .Department of Finance.

COUNCILMEMBER MOLINA: Okay. And what was it titled again?

CHAIR PONTANILLA: Title is unfunded liability for E--

COUNCILMEMBER MOLINA: Oh.

CHAIR PONTANILLA: --UTF benefits.

COUNCILMEMBER ANDERSON: Oh, yeah.

COUNCILMEMBER MATEO: Okay.

*NOTE: Silence.*

COUNCIL MEMBERS: . . .(inaudible). . .(laughter). . .

COUNCILMEMBER ANDERSON: . . . If we hadn't had to clean up last night . . .

COUNCILMEMBER BAISA: . . .(laughter). . .

COUNCILMEMBER ANDERSON: . . .(laughter). . .

COUNCIL MEMBERS: . . .(inaudible). . .

COUNCILMEMBER VICTORINO: . . .(inaudible). . . organized.

COUNCILMEMBER ANDERSON: . . . I like share . . .(laughter). . .

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COUNCILMEMBER VICTORINO: Preliminary questions . . .(inaudible) . . .

COUNCILMEMBER ANDERSON: Looks like this. It's thick, Danny.

COUNCILMEMBER VICTORINO: Okay . . .(inaudible) . . .

MR. YOUNG: Mr. Chair, while the Members . . .are locating it, would you like for me to read the transmittal?

CHAIR PONTANILLA: Please do. Thank you.

MR. YOUNG: Okay, good morning, Chair. Good morning, Members. On behalf of the Administration, I extend our appreciation, gratitude to the Budget and Finance Committee for its deliberation of the FY '08 Budget in relation to the unfunded liability for the Employee Retirement System, the ERS; and the Employers Union Trust Fund, the EUTF. During the course of the Fiscal 0 Year, '08 Budget discussions. I have, on previous occasions mentioned the specter of actuarial examinations to determine the unfunded liability for post-employment benefits for both of these funds. Frequently, we have referred to them as Other Post-Employment Benefits, or OPEB, O-P-E-B. The Government Accounting Standards Board, GASB Directive Number 45 specifically relates to the liability for these benefits. . .which are other than pensions, such as the EUTF health benefits for retirees in Hawaii. The Budget and Finance Committee is currently considering an ordinance to establish a Post-Employment Benefits [*sic*] Fund. This fund will help establish and save funds to address the liabilities for both the ERS and the EUTF. And the Administration appreciates the Council's favorable consideration to establish these funds. While the Budget and Finance Committee Members may recall that the unfunded liability for the ERS and EUTF was predicted to be in the neighborhood of 4 to 5 **billion** for the ERS, and 5 to 6 **billion** for the EUTF. . .during these previous discussions, I was unable to advise the specific portion of the liability relative to the County of Maui. This is **largely** due to the fact that the actuarial studies were still underway. On April 20<sup>th</sup>, the actuary contracted by the State to examine the unfunded liability for the EUTF presented its summaries to the Counties. I regret to inform the Committee that the liability is determined to be in the neighborhood of 6.3 billion--

COUNCILMEMBER \_\_\_: Ooh!

MR. YOUNG: --to 9.7 billion, depending upon the actuarial assumptions and the selected funding strategy. Maui County's portion of the liability, as reported, is estimated to be 220 million to **350** million. Again, the actuary will, will be presenting this fund, this finding to the EUTF Board in May--after your budget deliberations are concluded--along with their recommendations for the funding of the liability in order to comply with the GASB-45 requirements. The Board will likely adopt, in my opinion, a funding schedule that will address the current unfunded liability over the course of the next 30 years,

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beginning in FY '08. This schedule will place Maui County's obligation for FY '08 to be approximately 19,300,000 dollars. . .*in addition* to the *annual* EUTF expense that we are expected to make for the *current* year's benefits, which in the FY '08 Budget is 7 million already. That portion of the ERS unfunded liability. . .unfunded liability attributable to Maui County is still yet undetermined. I recognize the Committee's fortitude to consider funding the Post-Employment Obligations Fund in Fiscal Year '08 with 9 million dollars, as proposed by the Budget and Finance Chair. However. . .as the information from the State actuary suggests, this amount will not meet the necessary funding amount projected for Fiscal Year '08. I hereby request your consideration for additional funding to meet the anticipated obligation imposed by the EUTF to comply with the GASB-45 requirements. *However*, in light of the fact that this information was *only* presented to the County *recently* and that the *Mayor* did not have this information prior to consideration of *her* budget construction and that the Council is already *well* underway in concluding its budget discussion, this request is respectfully submitted considered for your consideration, but is more for you to communicate the information of the unfunded liability balance.

. . . I've attached a copy with this transmittal. . . a copy of the actuary report for the EUTF.

. . . And although it's rather complex and complicated . . .

. . . as I mentioned in the transmittal, there's. . .there's two different actuarial methods that were used to compute the liability. And. . .one method which. . .if you look through the actuarial study, they refer to it as. . .unfunded. . .the unfunded method. And the unfunded method would result in a 9.7 billion dollar liability. And the *pre-funded* method would result in a 6.3 billion dollar liability. The bottom line is that the unfunded method means that they won't, the State would never pay off the liability, it will continually be a rolling liability . . .(*end of tape, start 1B*). . . into the system, more County employees enter the employment. . .it, this liability will grow. The *pre-funded* method basically says that in 30 years, we will, the State will pay off its liability to zero. So it's the equivalent of a 30-year mortgage. They're estimating what is that liability 30 years from now and accruing it over the next 30 years. And that's what the payment will be.

UNIDENTIFIED SPEAKER: Whew!

MR. YOUNG: Currently, the method for addressing the liability in the State, as the actuary reports, is. . .the method does *not* address the liability. The current payments that we pay each year are only for those current year's expenses, the expenses of the premiums. The liability is not accounted for, nor is it addressed.

. . . The other thing the Members should realize is that the. . .EUTF system is a *State* system with a private board that establishes the trust. . .a trust board. So *they* will, the board will determine what is the funding method that they will use to address the liability--whether it will be pre-funded. . .nonfunded, whatever the case may be. And

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they will literally bill the individual employers that proration. . .for the coming year to meet that obligation. So. . .the Administration is aware of the, of the sensitivity or the consideration that the Council is now faced with because. . .we are. . .even with this information, the Administration can only *guess*. . .as to which will be the method that the Trust Fund will select. Because the liabilities are, for the County of Maui, vary greatly. . .between 19.3 million if they choose the pre-funded method--which is the method that I *believe* they will likely choose because it's the method that the actuary will recommend. . .versus the nonfunded method, which that liability will jump up to about 28 million for the County of Maui. So. . .Mr. Chair, it is very somber and I regret that I have to bring this information before you and your Members, however, the Administration did want to provide it because we did only get this information recently and the Committee did discuss this matter on several occasions and we weren't able to provide you with the information relative to Maui. And so we, we did wanna transmit this to you even though, given the late hour of it. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, Kalbert, and I promise we will not shoot the messenger . . .

UNIDENTIFIED SPEAKER: . . .(laughter). . .

COUNCILMEMBER JOHNSON: . . .(laughter). . . I understand. . .most of what you've said because it's not. . .unexpected at this point. With regard to some of the illustrations that they have in the handout, I notice that the. . .I guess Board of Water Supply is separated out for. . .the City and County of Honolulu. I'm assuming that our Water Department, when we made the Charter change, is incorporated in the total liability. Is that correct?

MR. YOUNG: Yes, Ms. Johnson, since the County of Maui's Board of Water Supply is actually. . .is, is no longer semi-autonomous, this actuary study was done for Fiscal Year. . .in the current Fiscal Year. So they just looked at the current status for all the different employers and different employee groups.

COUNCILMEMBER JOHNSON: Okay.

MR. YOUNG: Since Maui's Board is part of the County, it's included as the County of Maui's liability.

COUNCILMEMBER JOHNSON: All right. With regard to performance of our investments--because I realize sometimes a return on investment fluctuates and. . .that's primarily . . .(laughter). . . a con, contributing factor to why we are where we are right now. But if let's. . .say for instance we have banner years in terms of performance of our investments and through other means, we're able to actually, I guess. . .increase the *amount* from *within* the existing funds that we have already there, will this liability fluctuate to become less? Is that a possibility?

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MR. YOUNG: Yes, Ms. Johnson. Because the actuary is expected to do a . . .the same liability study each year. That's the expectation. The *requirement* is that a study be done every two years. But the *likelihood* is that in Hawaii they will, the EUTF will contract them to do it each year.

COUNCILMEMBER JOHNSON: Uh-huh.

MR. YOUNG: And the assumption is on Page 18 of the report. The performance of investments is actually the, is actually relative to the discount rate that they use for liability. And if you look at the pre-funding strategy. . .they're using a discount rate of 8 percent. And the, the way they got to this 8 percent is because statutorily they took some of these assumptions from the ERS performance measures. And ERS is statutorily. . .presented with this 8 percent in Hawaii Revised Statute as the discount method for performance of the ERS Fund. So that's where they got the 8 percent. That . . .

. . . means to the. . .in case you're not aware, what that means is that the performance of their investments must be 8 percent in order to meet the liabilities that they're projecting.

COUNCILMEMBER JOHNSON: Uh-huh.

MR. YOUNG: If it's more, then of course the liabilities will, will be less in future years. But if they don't make that 8 percent--that's part of the problem with the ERS, they haven't made the 8 percent in a number of years--

COUNCILMEMBER JOHNSON: . . .(laughter). . .

MR. YOUNG: --consecutively. And what then happens is the liability will grow and you're not funding it adequately--right, 'cause you're funding it at the 8 percent level, and if you only get anything less than 8 percent, then you're *underfunding*. And that's part of the problem--it's looking over the course of the next 30 years, the amount will fluctuate because of the performance of the. . .of the funds.

COUNCILMEMBER JOHNSON: Yeah. . .I, and. . .part of my, I guess my disappointment is sometimes that the. . .I guess the . . .(laughter). . . loans that have been given out by Employees Retirement Systems, the *wisdom* of the investments has *really* been very questionable. And I know years ago there's almost 100 million of this liability that was *directly* attributable to the failure of Amfac. . .when they basically bailed on the. . .the loan that they had been given to the State Employees Retirement System. So *that*, of course, has contributed to this debt load. With regard to the, I guess the . . .

. . . the *accountability* that the Employees Retirement System has to each of us because we're, we're like the stockholders . . .(laughter). . . if you will. . .if we as a County or all the Counties together feel that Employees Retirement System is *not* properly managing the assets. . .the corpus of the trust. . .do we have any recourse? Is there anything

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that. . .you know 'cause obviously the people that are all sitting on this Employees Retirement System Board. . .and we probably have a very limited voice in that. . .out. . .ultimately the outcome that they achieve is affecting each one of us. So what recourse do *we* have, if any?

MR. YOUNG: Uh-huh. Yeah, Ms. Johnson, you know, I'm not *here* and the Administration is not here to criticize the performance of the ERS in terms of their investments and that's not what this plan is about, but. . .every employer group. . .in the State is represented on the ERS Board. And Maui, I believe, does also have a representative. And. . .any. . .decisions on the part of the fund, you know are, is the responsibility of the Board. So. . .you know, we could. . .I guess, petition our, our. . .through our member on the Board. . .you know, to bring it up as an. . .as an issue.

. . . You know, I, I would just say that. . .while some of the ERS investments haven't proven to be fruitful. . .you know, they, they do have to take a fair amount of risk to make that 8 percent--especially in light of the. . .you know, the recent five to ten years in the equities market, what, what has happened. You know? So it, it has involved a fair amount of risk. And that, that's part of the problem when it's *statutorily* required that everything is based on 8 percent and the statute dictates what the amount that they must. . .they must earn and that determines what. . .*that* determines, in turn, what each of the different employers are gonna pay on a year-to-year basis because they're paying based on an 8 percent return. What has happened is that in the years from 2001 to 2005, the ERS was unable to make 8 percent returns. And just like every private investor, it was very difficult to come by 8 percent returns. And when statutorily when it's *based* on 8 percent, for, in those years where the ERS and private investors lost money in the equity market. . .you know, it's very hard to recover. And that *further* complicates or adds to this liability because it's. . .they have to make 8 percent just to stay even each year. Yeah?

COUNCILMEMBER JOHNSON: And I know some of our employees were very disappointed, too, with deferred comp. But you know, as you say--

MR. YOUNG: Right.

COUNCILMEMBER JOHNSON: --that's not what's before us. I'm just. . .you know, I think as. . .I've watched this all unfold, I just, it's mind-boggling, you know, how we could have gotten where we've gotten today. But be that as it may. . .my final question has to do with. . .contracts. And because of negotiations when we go into our union contract negotiations and the contributions and what we're required to do, what the employee's required to do. . .many times, like the airlines when there were huge issues with regard to pension funds and the solvency of some of the companies, United Airlines or, you know, the total collapse of, you know, pension funds in general and then the huge problem that this created for the Federal government in trying to bail out some of these companies and protect what little remained of the pensions of the people who were impacted. . .my question would be knowing that. . .the employees, of course, see this huge liability and if

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it impacts . . .(laughter). . . unwittingly the ability of the County to function in terms of employment--if all our debt has to be concentrated in specific areas, that leaves, many times, other pressures on hiring. It means at times--and I've seen this happen--where people are furloughed because you have this huge financial obligation. *If* we were to approach the unions, explain what the situation is, but then also say well, the downside risk to this is that it *may* actually impact the County. . .in every County's ability to hire. Because if you have, as. . .Councilmember Baisa said, the 800 pound gorilla, and it could have unintended consequences for long-term employment. Do we have an opportunity to at least go and perhaps use this as a negotiating tool to reduce, I guess, from this point on, some of the liability and some of the risk that we have so that it doesn't snowball and balloon into something much larger than it is?

MR. YOUNG: That's a very good question, Ms. Johnson. Because. . .every union in the, in, in, that operates in Maui County, every government union has. . .is currently under renegotiation or is concluding their negotiations now to be effective July 1, 2007. And GASB-43 and -45 as it relates to government benefits, retirement benefits has, was. . .was born out of the private pension problems that you mentioned and to prevent insolvency of. . .of government pensions and benefits and contracts for benefits that were established *decades prior* to employees. Page 40 of the actuary presentation has a number of *potential* strategies that the actuary had listed out as alternative strategies for managing the OPEB obligation. And. . .a number of the recommended strategies deals with modifying or *reducing*--

COUNCILMEMBER JOHNSON: Yeah.

MR. YOUNG: --the benefits that are accrued to these funds. In Hawaii, of course, that will have. . .very severe ramifications for all of the unions.

. . . I don't believe that under the current, in the most recent negotiations with the unions that this was such a very big issue. Everybody, all the employers, all the unions were definitely aware of the pending OPEB calculation. In Hawaii, I don't believe that it was to the degree that. . .the employers made it a point to say that we cannot afford to pay increased salaries because of these OPEB benefits. So I don't believe that that was a point. I would say, though, in. . .around the Country, it has been brought *[sic]* up by some other jurisdictions, though. . .jurisdictions that either didn't wanna pay the benefits or wanted to curtail the benefits because of their looming liability issue. So I would say that since the contracts are largely in the state of near conclusion in terms of negotiations, it's probably done already for the current ones. But it is something that in Hawaii everybody should be aware that even though contracts for employer unions. . .focus largely on the *salary* increases, every percentage of salary increase has a ripple effect to future benefits--namely the benefits that are related to OPEB, the health retiree benefits, the ERS pension benefits. You know, as your salary goes up during your *active* employment years, so does your retirement benefit and pensions. So that is something to. . .keep in mind and consider.

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COUNCILMEMBER JOHNSON: Yeah, and I, I really appreciate that because I think that when you look at the overall picture, you look at this 20 million dollars per year and then, of course, that could go up.

UNIDENTIFIED SPEAKER: Uh-huh.

COUNCILMEMBER JOHNSON: It might go down, but it could also, more than likely go up. My concern is that that might be--and I haven't taken a look at one of the, a look at the operating budget that we have and as a percentage of our overall budget, that might . . .

. . . you know, could be the whole budget for one entire *department*. So what I'm looking at is. . .the long-term ramifications of even being able to continue employees at, even just *hiring* them.

. . . And maybe downsizing, which has been the response of private sector to say, well, okay, in order to fund some of these, we're gonna have to rethink and then they downsize. And then in order to reduce this obligation, they simply cut employment opportunities. Anyway, thank you, Mr. Chair, and--

CHAIR PONTANILLA: Thank you, Member Johnson. Good points.

COUNCILMEMBER JOHNSON: --appreciate it.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Good morning, Mr. Young.

MR. YOUNG: Morning, Ms. Baisa.

COUNCILMEMBER BAISA: And rather than being upset, I am extremely thankful that you're here today because ever since we started the budget deliberations, this has been in the back of my mind. As we have looked at every single expenditure, I have kept it in mind that there is this looming. . .overshadowing 800-pound gorilla of dealing with this that--in my opinion--we don't have a choice but to deal with. I think that in order to be *fiscally* responsible, to the County of Maui *and* to our employees who we *owe* their retirement to--they came to work for us, that was the deal. . .now that they're retired, we need to *pay* on our deal.

MR. YOUNG: Right.

COUNCILMEMBER BAISA: And I do not see any *value* in trying to do a post-mortem here as to how we got here--although, it does concern me as a new Council Member, why me, Lord. . .you know, it's been hanging for awhile and of course now the bill comes due and we need to deal with it. I *believe* that the *prudent* thing for us to do this year is to find the money to catch up and pay what we owe, and to plan in our new, upcoming budget so

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that we will be able to take care of our liabilities as they accrue. I believe that if we look at the budget that is before us and make *wise* decisions in terms of *taxes*, that we *can* pay this bill and we can still do what we are planning to do. And I *totally* support the Chair's emphasis on catching up on infrastructure because that's another example of something that has been delayed too long and now the bill has come due. And that will have a deleterious effect on our *wish* to do affordable housing, but you can't build housing without infrastructure. So I think we need to bite the bullet this year. I think that we should not be looking at a whole lot of tax reductions. . . maybe some very small ones, but we need to find this 26 million that we need to cough up this year and pay up so that next year we can start fresh. And I believe that it is doable based on the figures that are before me. And I wanna thank you again because we need to be fiscally responsible. We don't wanna wind up with a bankrupt County owing everybody money. . . and it's just not a good way to run things. So, thank you.

MR. YOUNG: Thank you, Ms. Baisa.

CHAIR PONTANILLA: . . . *(inaudible)* . . .

MR. YOUNG: Just to let you folks know. . . the reason why there's so much sticker shock . . . *(laughter)*. . . in terms of this is that this will be the first year for GASB-43 and -45 compliance. So we've never. . . previously received a bill, you know, it wasn't known. So unfortunately, this is the first year that we're seeing how much we're gonna get tagged for. And . . .

. . . by my estimates, the EUTF will likely choose the pre-funding method where our liability will be 19.3 million. The Council has already saw fit to decide on the post-obligation. . . Post-Employment Obligations Fund with an initial year of 9 million. You already have 9 million in the budget that you're working on. So *if* the Council had the fortitude to fully fund it. . . you know, you're short, like, 10 million in the deliberations. And, you know. . . have, having spent a lot of time with you folks this season and seeing how hard you struggle. . . on just trying to find the funds that we currently have, I recognize and the Mayor recognized that another 10 million at this late hour is. . . is quite a feat and an undertaking.

COUNCILMEMBER BAISA: But it's doable.

MR. YOUNG: I. . . and I, and I certainly appreciate your optimism, Ms. Baisa . . . *(laughter)*. . .

COUNCILMEMBER ANDERSON: . . . *(laughter)*. . .

COUNCILMEMBER BAISA: It's not optimism. I'm Portuguese--we always pay our bills. We don't sleep on money that we owe somebody else.

MR. YOUNG: . . . *(laughter)*. . .

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CHAIR PONTANILLA: Yeah, let's go dig up all the coffee cans that's buried.

MR. YOUNG: . . .(laughter) . . .

COUNCILMEMBER BAISA: . . .(laughter) . . .

CHAIR PONTANILLA: Mr. Hokama?

COUNCILMEMBER VICTORINO: . . .(inaudible) . . .

VICE-CHAIR HOKAMA: . . . Ms. Baisa is done?

COUNCILMEMBER BAISA: Yes, thank you.

VICE-CHAIR HOKAMA: Thank you, Chairman . . .(cleared throat) . . .

. . . Mr. Young . . .(cleared throat) . . .

. . . I think GASB-45, once we come up with the actual . . .actuarial assessment. . .provides us with maybe, what, an additional year or two to come up with the actual funding strategy?

. . . Is that a good understanding on my part, please?

MR. YOUNG: Yes. For GASB-45 and -43, the actual responsibility for reporting the liability is . . .is on the EUTF. But they must report it for their Fiscal Year '07. So that's why they're gonna conclude their meeting in May and they will report the liability. They're going to *bill* that liability to the employers. So we, in essence--"we", the County of Maui as an employer have one additional year beyond that of the EUTF. But that additional year *is* Fiscal Year '08, unfortunately.

VICE-CHAIR HOKAMA: Uh-huh.

MR. YOUNG: So when we receive this bill in Fiscal Year '08, we must. . .either pay it or don't pay it. If we don't pay it, there are consequences and ramifications for the County on the credit side--

VICE-CHAIR HOKAMA: Uh-huh.

MR. YOUNG: --as well as our financial reporting side.

VICE-CHAIR HOKAMA: Yeah. Okay. I understand that *very* clearly. So on the *credit* side as we move forward to. . .*borrow* money through a bond. . .consideration, how much of the credit side is taken into account by the bond raters?

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. . . Let's say we are able to show dedicated funding in the budget for a *portion* of the total bill, let's say we're may not be able to come up with 19 million, but. . .let's say if we increase it from 9 to 12. . .how does that, how is, how do you anticipate that being viewed from the people who set the rates on our borrowing?

MR. YOUNG: Uh-huh. Yes. . .I expect that because the County will establish a fund *specifically* identified to deal with the liability for these, for EUTF and ERS, that that action alone would go a long ways in terms of the credit rating agencies because it will show some prudent pre-planning.

. . . Unfortunately, on the financial. . .statement side, if we don't pay the liability, we'll get dinged on that--as any jurisdiction would. But again, if we could show, we couldn't afford to pay the 19 million for whatever reason. . .you know, be it that the bill was only identified to us so late in our budget deliberations, we didn't budget enough, you know, et cetera, et cetera, it wasn't because we didn't want to or couldn't afford it, it just wasn't planned that much, *but* we did set aside 12 *of* the 19 million, *that* again on the *credit* rating side, would have a, would be a very good statement to say to the, to the agencies. So I would say that the creation of the fund and the setting aside of. . .*of* a fair amount of the funds would go a long way, go a long ways to quell the sentiments of any rating agencies.

. . . And I would also point out that every single other County Finance Director that I've spoken to since this actuary report has come out, is facing the same challenges before their Councils. And it's the same problems--their bill is not. . .they do not have enough budgeted in their current budget or their Fiscal Year '08 Budget to meet the amount that's identified in the upcoming bill. So every Finance Director is like me--at some point in the next couple of weeks gonna be sitting before their Council apologizing for delivering the bad news.

VICE-CHAIR HOKAMA: I'm, thank, well . . .

. . . I would say, Director Young, Maui County has, during my tenure . . .

. . . has tried to address the liabilities. And we have consistently been *hindered* by the State's mentality. . .or . . .

. . . trying to deal with by ignoring it. So my question is. . .because I feel it's about time that we have the Counties, possibly, break away from this. . .State. . .State pull, mentality. So what is the opportunity--you know, whether it be in Deferred Comp, retirement system. . .EUTF--for us to be able to break it out so that each County knows exactly what is their obligation and that as we pay. . .our obligation is reduced? Because if the four Counties and through the Council's are making this. . .adjustment to budgets to deal with this bill, my understanding is the Legislature is not gonna deal with it this year. So obviously, they not gonna pay anything. But right now since we're in one pot . . .

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MR. YOUNG: Uh-huh.

VICE-CHAIR HOKAMA: . . . I would hate for us to pay, our sister Counties pay, and the big beneficiary is the State who paid nothing. Because the total liability is reduced, although the State doesn't pay their portion, the liability is reduced so the State gets the benefit of being able to show that overall we've reduced the, the dollar amount--

MR. YOUNG: Uh-huh.

VICE-CHAIR HOKAMA: --by paying nothing but getting our benefit because *we* pay. So what is the ability for us to have it. . . separated so that what we put in, we get the benefit for?

MR. YOUNG: Yes, Mr. Hokama. Um . . .

. . . unlike the ERS actuarial study, the EUTF actuarial study that you have to my transmittal did break it out by individual employers. So that's already one benefit over the ERS study. And. . . as I, as I've discussed before the Committee before, part of the problem with the *ERS* one is that even if the County of Maui wanted to pre-fund or pay in a different proportion than the other employers. . . like the County of Maui had tried to do previously, the statute and the ERS is not willing or unable to account for *our* portion of the liability separate and independent of all the other employers. For the EUTF study, however, they have already broken it out by the individual employers. So that's how we know what our bill is gonna be. The next question that we have already asked the EUTF or the actuary is since they broke it out, will they be willing to account for all the different employers separately? It's one thing to break it out, it's another thing to impart the practical operation of accounting for it separately. *Because* as you mentioned, every single employer--the State of Hawaii, every single County, the Board of Water Supply, the Water Supply from the Big Island--it is likely that we will all pay our portion of the liability in some differing proportion to everybody else. So it's important that they be able to account for the individual payments. And furthermore. . . this actuarial study is likely to be done every single year. And I would hate to think that if you redo it next year and they blend all the payments together, that they redo the valuation on a blended method--which is another reason why I feel that the creation of the Post-Employment Benefits [*sic*] Fund is a very prudent strategy on the part of the County of Maui. Because if it is not determined that the EUTF will account for the payments independent and separately, I would not advise the Mayor or the Council to appropriate funds to pay for our portion of our liability unless the County can be assured that our payment would be fully accounted . . . (*end of tape, start 2A*). . . our liability. And therefore holding the money into the Post-Employment Benefits [*sic*] Fund would be a good measure because we're not saying that we're not gonna pay it, we can demonstrate that we have the funds to pay it, we're just waiting for the practical accounting from the EUTF to demonstrate that it's worth our while to pay it.

VICE-CHAIR HOKAMA: Okay. And thank you for that.

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*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . So currently, Mr. Director . . .

. . . you know what, Chairman. . .I, I, I'm done. I, I. . .I need to talk to the Director privately. So. . .I, I'm done for my part. Thank you.

CHAIR PONTANILLA: Thank you. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Chairman. Good, good morning, Mr. Young. And thank. . .I don't know if I should "thank you" for that news . . .*(laughter)*. . . but it is somewhat sobering. So. . .from what I'm gathering, we, we. . .if the Council wants to increase the current amount that we have, that we're proposing, from 9 million to, say, 12 million, then we're gonna have to look at cutting some CIPs . . .

. . . raising rates . . .

. . . am I correct with that? Uh, and especially at this late juncture it may not be recommended, but if not this, this term. . .for sure next year, yeah?

MR. YOUNG: Yes, the Administration recognizes that given the late hour of this, in terms of your budget deliberations, you're left with. . .very few options in terms of time to evaluate how it, you know, how it can be afforded in the budget.

. . . And I. . .I'm sorry, I don't have any recommended suggestions for you. . .in terms of to find additional funds.

COUNCILMEMBER MOLINA: Yeah. Well, thank you for at least planting the seeds in our minds now for next year. So I think it's incumbent on all Members, we're gonna have to set our sights lower in terms of CIP and other areas of need. And it's something that, it was inevitable, I guess, yeah, whenever we have pay raises and benefit increases. . .this is what comes with it. So. . .thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Molina. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I just, would ask the Finance Director if you can share with your peers Statewide. . .in the upcoming HSAC conference scheduled for June 7 and 8. . .we do have a specific presentation for all the con. . .conferees on an alternative funding for unfunded liabilities. And that will be presented by the Dryden Group. . .that is paying their own way from Virginia to offer us a consideration of alternative financing, which some of our sister municipal. . .municipalities and counties have. . .have exercised. So I would also ask the Members to please fully attend that conference because we'll be talking about things that will impact the County's pocketbooks. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama.

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. . . Question for the Director in regards to a comment that was made by Mr. Hokama--the willingness to, to show at least by increasing the unfunded liability from 9. . .our obligation from 9 to 12 million dollars. You say that the bond raters would. . .favor, favorably look at it or within, we need to be at 19 million dollars to be--what I'm hoping is that, you know, we . . .(inaudible). . . more funds and, and not really hurting the bond rating. You know, if we go to 12 million. . .how they look at it knowing that we have a liability of 19 million dollars?

MR. YOUNG: Yeah, Mr. Chair . . .

. . . I, I can't say that 9 is less favorable than 12. The bottom line is we'll get a bill for 19, we're not gonna pay 19. If we, if we don't have enough, we, we can't pay 19. I can't say that the, you know, that the agencies will say, well, if you have 12. . .we'll preserve your rating, but if you only have 9 we're gonna ding you. I, I. . .I can't say that 'cause I don't, no, I haven't actually communicated what would be an appropriate ratio with the, with the agencies. I do know, though, that just the fact that we've undertaken those two steps--the creation of the fund and setting aside a pretty sizable amount. I mean, 9 million is nothing, *is*, in my opinion, significant. Those two steps alone should at least give us the argument to make before the agencies to preserve the County's ratings. And. . .since every jurisdiction in, in the country and every single employer in the State of Hawaii, you know, government employer in the State of Hawaii will be facing these very same questions to the agencies. . .that. . .also gives some cloudiness because I. . .I would like to think that having 12 of 19, that, that portion in the fund available to pay our liability for FY '08 would be in a better portion than, say, any of the other jurisdictions. If you look at the State of Hawaii, for instance, their liability for Fiscal Year '08 is, their bill is tagged to be about 200. . .250 or 360 *million*.

CHAIR PONTANILLA: 360.

MR. YOUNG: And, you know, whatever that portion is, 12 million of 19 is. . .you know, pretty sizable. I don't think the State will. . .even be able to entertain putting up that same portion of their liability. And similarly to the other Counties as well. So the agencies will look at, you know, weighing Maui relative to the other Counties. . .employers in the State of Hawaii, what are they prepared to pay. And Maui may. . .we may be better off showing 9 or 12 as a portion of 19. We may not. It largely depends on how the other jurisdictions. . .meet their funding obligations.

CHAIR PONTANILLA: Thank you. Member . . .(laughter). . . Members, as. . .mind-boggling--you know, when you look at 19.3 million dollars as something that we gotta pay up by the Fiscal Year 2008, and, and as we move forward on our budget itself, you know, we, we, we have a lot of requests in regards to trying to improve our infrastructure as well as trying to provide the human needs. It's not gonna be only the County that, you know, we start really taking a hard look as, as we go forward in regards to the things that we do, but also that, you know, the other agencies that come forward to

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the County of Maui for some requests that, you know, here we are, you know, looking at this, I guess, giant gorilla--as Member Baisa said. You know it, it, it's gonna be. . .our work is cut out. Our work is really cut out. Um. . .and you know, listening to the testifiers last night, you know, some of 'em want tax relief. One of 'em was saying that we should keep our rates as is.

. . . You know, we had all kinds of recommendation that was made last night and, and, and some concerns. So as your Chair, you know. . .I, I guess I'm faced with two gigantic gorillas--one is the Fiscal Year '08 Budget as well as trying to come up with 10 million dollars so that we can satisfy our obligation to the. . .the ERS as well as the EUTF. You know, it's gonna be some good decision-making. Probably tonight that we do.

VICE-CHAIR HOKAMA: Yeah.

CHAIR PONTANILLA: Member Hokama, followed by Member Anderson.

VICE-CHAIR HOKAMA: And, and Chairman, just so that we. . .and I appreciate you, you, you asking the Committee to look at the big picture. Because as I understand, let's just round it off. . .about 40 million dollars in bond is, is the consideration in this Budget at this time. If Mr. Young is to go out, 40 million dollars, we're looking at an addition to. . .about 3½ million dollars of annual debt service, of cash we're gonna have to come up for the new debt. Let's say we pay back 60 percent interest on, on the borrowing as, as. . .just for general calculations. We're gonna pay back 64 million for the 40. So it's gonna take about 3½ annual debt service. . .plus or minus to take care the new obligation to the existing couple of hundred million we already owe. . .and paying interest on. So I would just ask that we. . .we really need to keep an eye on the big picture, Mr. Chairman, 'cause we tinker here. . .someplace else is gonna have to offset.

CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: So I just ask the Members to. . .keep that in mind as we try and finalize the budget, Chairman.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair.

. . . Yeah, and speaking of the big picture . . .

. . .(laughter). . . this is so sobering.

. . . Director Young, you mention in your letter that the portion of the ERS unfunded liability attribute, attributable to Maui County is still undetermined.

. . . Do we, do we have the 30-year. . .payment spread for this, same as EUTF?

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MR. YOUNG: Same as ERS, Ms. Anderson?

COUNCILMEMBER ANDERSON: Yeah, I'm asking if the ERS is also a 30-year . . .payment schedule.

MR. YOUNG: No.

COUNCILMEMBER ANDERSON: No?

MR. YOUNG: No. The E, the ERS . . .

. . . The . . .I'm sorry, this answer might be a little lengthy, but the reason why we don't have the determined amount for Maui is because the ERS, by State statute, does not require it to be done that way. Because it's a State system. EUTF did it. . .but they weren't required to do it. ERS has chosen to take in the . . .take the approach that the statute doesn't require it, statute doesn't provide for the individual jurisdictions to pay individually, so. . .they're not gonna do it that way. Also, the statute also specifies the calculation of the . . .future liability--the ERS does, has spent some time previously, the way they are structured, in terms of looking at their liability on a pre-funded basis. So they kind of, they, they're already more advanced than the EUTF in that regards. And that is because the State statute identifies that they must look at funding their liability on a 29-year basis. So they look at what their unfunded liability is--even before GASB-45, GASB-43. They look at their unfunded liability on a 29-year rolling-forward basis. And that's how they determine what is our bill, what is. . .what is the amount that all the different employers have to pay on a year-to-year basis. Uh . . .

. . . It. . .the ERS is *not* likely, barring or anything short of a legislative statutory revision, is unlikely to change the method by which they're calculating in order to give Maui. . .to tell us what is our portion. And similarly, also to allow Maui or any other employer to pay--if we wanted to pay our obligate, our annual obligation plus an additional 10 percent, they will not take the 10 percent. They'll only take what they bill us. And--

COUNCILMEMBER ANDERSON: So are you telling me there's no way for us to anticipate what the unfunded liability for ERS is going to be for us?

MR. YOUNG: The . . .we are *anticipating*, but as you know, I've been here before, I, it's. . .it's really kind of a guess because the guessing method that I'm using is. . .we, we know what the unfunded liability for the *entire* ERS system is and--

COUNCILMEMBER ANDERSON: Which is--

MR. YOUNG: --I know--

COUNCILMEMBER ANDERSON: Which is 4 to 5 billion.

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MR. YOUNG: Right. And I, and I know what the portion of employees, current and retired, in the ERS System are relative to the whole ERS, which is about 10 percent.

COUNCILMEMBER ANDERSON: For Maui County?

MR. YOUNG: For Maui County, yes. So what I, all I'm doing is a simple mathematic that, you know, 10 percent of the employees in ERS. Perhaps we are responsible for 10 percent of the liability. And if you do the math, it comes out to about 450 to 500 million, around there. But there's a lot of things to be considered because the way the actuarial studies work, they look at each individual employee class. And for all the Counties, we don't have teachers. And teachers, actuarially speaking, live the longest, and they have the greatest liability because--

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

MR. YOUNG: --they, they tend to be . . .*(laughter)*. . . well, they tend to be female. And females live longer than males--

COUNCILMEMBER VICTORINO: Oh, okay.

MR. YOUNG: They, their jobs are not such that they're gonna have in-service. . .you know, declines or anything--just actuarially speaking. Similarly, the Counties have all public safety. . .people--the police, the fire people. And *actuarially* speaking, they tend to be males. Males live shorter. They also have a little bit higher benefits than the teacher. All of those factored together. . .may not be the simple 10 percent of the overall. . .you know, that math may not be totally solid. But all I've been able to give you and all I've been able to give the Mayor is really just a guesstimate. And that's why I. . .I hesitate doing that, but that's the best that I can do to kind of--

COUNCILMEMBER ANDERSON: Well, it's better than nothing.

MR. YOUNG: Yeah, give you something to prepare you for the shock . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: Right. And so would this four. . .450 to 500 million be paid. . .of the unfunded liability, be paid over a. . .30-year period even though it's not . . .

MR. YOUNG: It would--

COUNCILMEMBER ANDERSON: . . . spelled out that way?

MR. YOUNG: It would almost. . .it would almost have to be. It would almost have to be because the. . .again, the *State* will be the lion's portion. And they, their liability will likely be in the multiple billions of that. They, there's no way the State could come up with that portion. The City and County of Honolulu will probably be close to, if not

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slightly over 1 billion dollars in that liability. There's no way that they could come up with that either.

. . . The problem for Maui, though, is that the way the ERS is currently structured, we will, again, get a bill dependent upon how the *ERS* determines that they will pay for the liability. 'Cause it's on, it's on, it's their responsibility to *fund* the liability. They *could* ask for all the monies from the individual Counties at one time. Maui County, give me your 450 million, we don't care how you get it, you get it by . . . July 1<sup>st</sup>, 2009 and you give it to the ERS, do whatever you gotta do. *Or* they could, which I believe is the *likely*, the more likely scenario is gonna be that the ERS will choose to in . . . to issue pension bonds for about 4 to 5 billion, and then attribute the debt the annual debt service to each of the employers. And if they go that method, then we will probably looking at, you know, a debt service bill from the ERS. . . of about 12 to 15 million, depending when they go to market--

COUNCILMEMBER ANDERSON: Per year?

MR. YOUNG: Per year.

COUNCILMEMBER ANDERSON: For the next . . .

MR. YOUNG: Well, again, statutorily right now it's 29. The, there was issue, there was some financial consideration at the Legislature this year to evaluate whether it should be shortened, whether that period should be moved up to 25 years or 27½ years or even extended to the full 30 years. That all depends. Yeah--

COUNCILMEMBER ANDERSON: Okay, now let me ask just one more, last question. So . . . you know, I appreciate your efforts to give us the best guess possible because we have to work on something. So if we had 12- to 15-year obligation on the debt service to pay off the unfunded liability, does that take care of the unfunded liability that, I mean, that's just . . .

MR. YOUNG: . . . It takes--

COUNCILMEMBER ANDERSON: In other words, we're paying for . . . the unfunded liability represents benefits that were never appropriately funded.

MR. YOUNG: Uh-huh.

COUNCILMEMBER ANDERSON: But we are now appropriately funding current employees and . . . and those who may soon be retiring so that we're not gonna have . . .

MR. YOUNG: . . . No, we are not.

COUNCILMEMBER ANDERSON: Oh . . .

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MR. YOUNG: We are not.

COUNCILMEMBER ANDERSON: So we're gonna have more unfunded liability . . .

MR. YOUNG: The unfunded--

COUNCILMEMBER ANDERSON: . . . besides this?

MR. YOUNG: The unfunded liability in the report that you see before you is *only* those employees that are *currently* on service, *actuarially* they've determined when they are going to retire. And so the liability is pulled forward based on when *they* will retire and how long they will be retired for. It includes *current* retirees, how long they're gonna live, actuarially speaking, and their value of their benefits pulled forward. And it included *previous* employees who are *not* retired, but are entitled to benefits when they do reach that qualified age. It *doesn't* include the amount of the *current* benefits that we're paying on a year-to-year basis. It *doesn't* include any *new* employees that are hired or accruing benefits. So if you, you know, if we . . . get additional employees or if employees that are currently not qualified for benefits now or *become* qualified. . . doesn't include them. The thought is that you know what the unfunded liability is as of this date of the report. That's what the assumptions are. Everybody else that were not included *needs* to be accounted for and calculated on a pay . . . on the pay-as-you-go method. So it's up to the EUTF to say, yeah, these guys are gonna come up . . . and we should be accounting for them. So when are we gonna account for them? Are we gonna account for them in FY '08 bills or are we gonna account for them when they actuarially speaking become qualified for benefits, then we will account for them as part of the unfunded liability. You know, all of those questions, again, the EUTF will . . . answer or determine. And--

COUNCILMEMBER ANDERSON: It's up to them.

MR. YOUNG: It's up to them. Yes.

COUNCILMEMBER ANDERSON: That's too bad, because if we were on a pay-as-you-go basis, we wouldn't be hit with this. . . unfunded. . . nightmare.

MR. YOUNG: Yes, and . . . and prior to GASB-43, -45, all of these pensions, the private pensions. . . government pensions never needed to be accounted for this way. And that's why--

COUNCILMEMBER ANDERSON: I see.

MR. YOUNG: --you know, governments, you know, you could always do the pay-as-you-go, which is we're just paying for current year's benefits, we don't . . . pay for the bill. . . 30 years from now brought back into present-day dollars. We never had to do that.

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GASB-43 and -45 is the change that now will *require* all governments to do it--as the private sector does now.

COUNCILMEMBER ANDERSON: Okay. Thank you, Director Young. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Anderson. Any more--

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: --questions?

UNIDENTIFIED SPEAKER: . . .(*inaudible*). . .

VICE-CHAIR HOKAMA: Chairman?

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Member--

VICE-CHAIR HOKAMA: I'm sorry.

COUNCILMEMBER BAISA: Go ahead.

CHAIR PONTANILLA: Member Hokama, and followed by Member Baisa.

VICE-CHAIR HOKAMA: Yeah, Chairman, I can just maybe help the Director with some historic perspective. In the past, when the ERS investments produced more than their minimum. . .percentage to fund increases, the Legislature chose--let's say, you know, they wanted 7 percent return and they got 11. . .the Legislature, instead of looking at taxation to take care the needs of the growing budget, took away. . .the difference from the 11 percent gain to the 7 percent minimum. And to that it would have reduced the liability back into the regular operating CIP budget. And so it, it's, it has skewed how the fund has progressed through the years. So instead of maintaining. . .every year they do that. . .we keep slipping further and further down in the. . .repayment schedule. And then, with the Governor's proposal to take *100 million* out of the *existing* fund, will further impact not only the State, but it's in, gonna impact us, too, Chairman. Especially since the, their mentality is. . .to make us suffer with them. If they cannot pay, we're gonna suffer, too.

UNIDENTIFIED SPEAKER: . . .(*laughter*). . .

VICE-CHAIR HOKAMA: Okay? That, that is *very* . . .(*laughter*). . . well, you folks know, exactly know how I feel about these things. But I would think that it may need to be an HSAC issue. We need to lobby and have this broken out so each County can address its liability to the best of their abilities. Thank you, Chairman.

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CHAIR PONTANILLA: Thank you, Member Hokama. So it's gonna be a very lively HSAC meeting that we have, or conference. At this time, the Chair would like to thank Mr. Young for being here this morning. . .and also his assistance in drafting the proposed bill to establish this Post-Employment Obligation Fund. And, Members, it's one of those current things that we need to take up in this Committee this morning or probably this afternoon.

. . . Again, thank you, Mr. Young, for being here--

MR. YOUNG: Mr. Chair.

CHAIR PONTANILLA: --for giving us this news that now we . . .are . . .*(laughter)*. . . faced with in trying to meet our obligations. Members, it's . . .11:05 right now, the Chair is considering a post-lunch break. So we'll return here--

COUNCILMEMBER VICTORINO: Pre.

COUNCILMEMBER JOHNSON: Pre.

COUNCILMEMBER VICTORINO: Pre.

UNIDENTIFIED SPEAKER: Pre.

CHAIR PONTANILLA: Oh, "*pre*-lunch break"--

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . . post, after lunch.

ALL: . . .*(laughter)*. . .

CHAIR PONTANILLA: Sorry.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: I had a good night's sleep and I still forgot that one . . .*(laughter)*. . . and we'll return here at about 11:20.

COUNCILMEMBER VICTORINO: That's fine.

CHAIR PONTANILLA: This meeting is in recess . . .*(gavel)*. . .

**RECESS: 11:05 a.m.**

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**RECONVENE: 11:29 a.m.**

CHAIR PONTANILLA: . . .(*gavel*). . . Thank you, Members, for the mid-morning break. At this time, the Chair would like to cover some outstanding . . .

. . . issues. Members, on Page 20. . .of Exhibit 1. I believe. . .Member Anderson passed out some, a . . .proviso for item. . .Highway 19-22, Item Number 1.

UNIDENTIFIED SPEAKER: . . .(*inaudible*). . .

CHAIR PONTANILLA: And. . .to insert in Highway 19-22, Road and Drainage Maintenance, Highway Fund, Number 2.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, right now we do have a Number 1. Okay, we're gonna add a Number 2.

UNIDENTIFIED SPEAKER: . . .(*inaudible*). . .

CHAIR PONTANILLA: Provided that prior to the ex. . .expenditure of maintenance funds, the Public Works Department shall transmit to the Council the agreement regarding construction of drainage easement by and between VP&PK (ML), LLC; Maui Lani Golf Investors, LLC; and the County of Maui for review and determination of acceptance of the drainage. . .drainage system and easement. Members, any objections?

COUNCIL MEMBERS: No.

CHAIR PONTANILLA: Thank you. Close that item.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Page 12 . . .

UNIDENTIFIED SPEAKER: 12?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . This is in regards to the CIP Coordinator that we're gonna be moving from Management into the Office of the Mayor. And the question that we have here is pending funding and . . .

*NOTE: Silence.*

CHAIR PONTANILLA: . . . the request for funding is 54,112 dollars, which reflects 8 months for that position.

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*NOTE: Silence.*

CHAIR PONTANILLA: . . . We're gonna add it in and we going . . . *(cleared throat)*. . . in the Mayor's budget. And the funding, once we reconcile, we'll take a look at the funding issue on how to fund this particular position. Right now. . .if Members have any cuts to be made, the Chair would gladly accept it at this time.

COUNCILMEMBER VICTORINO: . . . *(laughter)*. . . *(inaudible)*. . .

COUNCILMEMBER MOLINA: Mr. Chair? You talking about cut--

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: --cuts? And I, whenever and wherever. . .shall we proceed now?

CHAIR PONTANILLA: If you wanna fund this position. But the--

COUNCILMEMBER MOLINA: Oh . . .

CHAIR PONTANILLA: --the Chair is recommending that we do a review as far as where we at in the. . .total Budget for 2008, and then we can come back to this and say, okay, we got enough money, we don't have to cut.

COUNCILMEMBER MOLINA: Yeah.

UNIDENTIFIED SPEAKER: . . . *(inaudible)*. . .

COUNCILMEMBER MOLINA: We revisit.

CHAIR PONTANILLA: But keep in mind your cut.

COUNCILMEMBER MOLINA: Yeah.

CHAIR PONTANILLA: Okay. We may have to.

COUNCILMEMBER MOLINA: Thank you.

VICE-CHAIR HOKAMA: . . . Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: I would just say. . .you know, maybe instead of the red and the white Santa suit, we need the hockey mask and chainsaw--

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ALL: . . .(laughter) . . .

VICE-CHAIR HOKAMA: --attire.

COUNCILMEMBER VICTORINO: Vrrr.

CHAIR PONTANILLA: I know. After Mr. Young's presentation . . .(laughter) . . .

COUNCILMEMBER JOHNSON: . . .(laughter) . . .

CHAIR PONTANILLA: Okay, and then we do have Item Number. . .on Page 4, I think we don't have any information yet regarding the State Leg. . .on the use of non-County employees at the landfill. I, I think Hui Malama.

UNIDENTIFIED SPEAKER: Ka Lima.

COUNCILMEMBER BAISA: No--

CHAIR PONTANILLA: Ka Lima group.

COUNCILMEMBER VICTORINO: . . .(inaudible) . . .

CHAIR PONTANILLA: Yeah. So that's. . .unless Mr. Hokama has any information?

VICE-CHAIR HOKAMA: Chairman, we have no. . .news of change of status that I reported yesterday.

CHAIR PONTANILLA: Okay. Thank you.

COUNCILMEMBER VICTORINO: Mr. Chair? Just point--

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: I guess for my. . .information, we're now at the point where . . .

. . . we've got all the revisions that have been so. . .so far been made on consensus or agreed upon by most, if not all. Right?

CHAIR PONTANILLA: Yeah, according to Exhibit 1.

COUNCILMEMBER VICTORINO: Exhibit 1, right. And then. . .so what we're looking now is those that we have left unfinished for either funding purposes or whether a question whether. . .a change will be made from where it was to somewhere else, et cetera, right?

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CHAIR PONTANILLA: Yeah, with the move, funds. . .if you're gonna move something, like from say, we already agreed on a particular item--

COUNCILMEMBER VICTORINO: Right.

CHAIR PONTANILLA: --and you wanna move it from one department to another department or from one program to another program that. . .that money also moves along wherever you wanna put it in.

COUNCILMEMBER VICTORINO: Then the next question I had for you, Mr. Chair, is, we have, and there's a number of proposals, and I think couple other Council Members will be putting up proposals on real property tax which then could have a profound effect on what we're talking about--

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER VICTORINO: --the various Members. . .and the income level and some of the challenges we facing.

CHAIR PONTANILLA: Yeah, I understand.

COUNCILMEMBER VICTORINO: So I'm asking how does that fit 'cause I'm at--

CHAIR PONTANILLA: Okay--

COUNCILMEMBER VICTORINO: --the point where I got where I am, now you gotta tell me where I need to go.

CHAIR PONTANILLA: I understand where you coming from--

COUNCILMEMBER VICTORINO: Yes, sir.

CHAIR PONTANILLA: --but right now the Chair wanna make sure that Exhibit 1, all of the questions that we've had so far. . .is taken cared of. And then we'll go into the real property side--

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: --and then from there, I know a lot of Members have lot of changes in regards to the rates themselves. . .differ from the Chair's recommendation. So we'll take that up. . .sometime today.

COUNCILMEMBER VICTORINO: Okay, and then my final question to you, Mr. Chair, is so if at this time we wanted to delete. . .are we deleting anything or just what's here. . .say

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okay to what's here with the proviso that we can delete later and. . .add if we delete, add or whatever, or you want it done now? I'm sorry, and I apologize.

CHAIR PONTANILLA: Okay. Thank you for that question. Right now, what the Chair has just indicated . . .*(end of tape, start 2B)*. . . last night that we're gonna be looking into the Mayor's Office. . .expenditure and find out from the Mayor if. . .from the Office itself in regards to the increase in, in, to that office on that one CIP Coordinator.

COUNCILMEMBER VICTORINO: Uh-huh.

CHAIR PONTANILLA: 'Cause. . .someone had indicated that the Mayor may have enough funding to carry. We're gonna include that in the Mayor's Office, but we'll review again the total that has been taken so far by Staff to see, you know, if we do have extra money, you know, maybe we can move some of those dollars into. . .the Mayor's Office to take care of this problem.

COUNCILMEMBER VICTORINO: Okay. Thank you, Mr. Chair. And I apologize. I. . .not really clear.

CHAIR PONTANILLA: Oh, no, thank you for the question. Member Baisa, you had a question?

COUNCILMEMBER BAISA: Yes, I have my short list that I wanna remind everyone about, again.

CHAIR PONTANILLA: Okay. Fine. Thank you.

COUNCILMEMBER BAISA: Shall I do it now?

CHAIR PONTANILLA: Yeah, you can announce it now, but . . .

COUNCILMEMBER BAISA: I know you'll deal with it later, but I--

CHAIR PONTANILLA: Yeah--

COUNCILMEMBER BAISA: --just wanna bring it to the--

CHAIR PONTANILLA: Sure.

COUNCILMEMBER BAISA: --on the radar screen, so to speak.

CHAIR PONTANILLA: I do have some, too, that. . .the Chair would like to--

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

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CHAIR PONTANILLA: --also recommend--

ALL: . . .(laughter). . .

CHAIR PONTANILLA: --to this body here for reconsideration . . .(laughter). . .

COUNCILMEMBER BAISA: Uh--

COUNCILMEMBER VICTORINO: . . .(inaudible). . .

COUNCILMEMBER BAISA: --one of the issues is the . . .Ka, Kupuna Care money. And maybe Hokama. . .Chair Hokama can bring us up-to-date on what has happened to that money in the Legislature. If we have lost almost 800,000 dollars in that program, that's a serious problem that we need to deal with. The other is the Long-Term Care Partnership request for 250,000. And I've been able to identify 100,000 from the money we took away from the Homeownership--

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER BAISA: --Counseling. But we still need another 150. And you know the, the alternative and the ultimate thing may be that they won't need this money because if they cannot get other grants to match, it's a moot issue. But it'd be nice to have the pot available if they can draw down the money.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: And the third thing is, of course, the money for the Kidney Foundation. And I received the information this morning from Ms. Barron that we asked her for. And if we can consider putting that money back in the Budget, I'd just like to leave, leave that there.

CHAIR PONTANILLA: Thank you. And, and the, one of the Chair's. . .recommendation here is also to see if we can locate at least 480,000 for the West Maui. . .transportation area. So . . .

. . . if we can . . .

. . . Complete, Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Thank you. Okay, moving on.

. . . Pool Managers on Page 16.

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*NOTE: Very long silence.*

CHAIR PONTANILLA: . . . After hearing all of the discussion in regards to the Pool Managers and, and their. . .duties, what they gonna be doing, the Chair. . .is gonna recommend that we restore one more Pool Managers and delete two. That's a consideration.

COUNCILMEMBER VICTORINO: So, so Mr. Chair, we'd have a total of 3 instead of the original 5 they were asking for?

CHAIR PONTANILLA: Yes--

COUNCILMEMBER JOHNSON: Yes.

CHAIR PONTANILLA: --that's a consideration right now.

COUNCILMEMBER VICTORINO: Thank you.

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER MOLINA: No objection.

COUNCILMEMBER VICTORINO: No objection--

COUNCILMEMBER JOHNSON: No objection.

COUNCILMEMBER VICTORINO: --at this time.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . You guys know where the money going come from?

UNIDENTIFIED SPEAKER: Right . . .*(laughter)*. . .

CHAIR PONTANILLA: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: Well, well, well . . .*(inaudible)*. . . we get to that one, then.

COUNCILMEMBER ANDERSON: It's *your* recommendation.

ALL: . . .*(laughter)*. . .

COUNCILMEMBER MOLINA: Yeah, you proposed . . .*(laughter)*. . .

ALL: . . .*(laughter)*. . .

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COUNCILMEMBER VICTORINO: We're agreeing with you, sir.

COUNCILMEMBER MOLINA: . . .(inaudible). . .

CHAIR PONTANILLA: Okay, so. . .so we took care, let's see, one, two, three--

COUNCILMEMBER ANDERSON: How much is that . . .(inaudible). . .

CHAIR PONTANILLA: --four. . .I think--

COUNCILMEMBER VICTORINO: How much is one . . .(inaudible). . .

CHAIR PONTANILLA: --the request is, I don't know. Staff?

*NOTE: Silence.*

COUNCIL MEMBERS: . . .(inaudible). . .

COUNCILMEMBER VICTORINO: Well, I tell you what, 72,259 divided by 3.

MS. REVELS: Mr. Chair, when we completed our deliberations last night, the General Fund had a balance. So you could add this money. . .taking from the balance we had last night instead of making a further reduction. And I believe the Pool Guard was roughly 21,000 dollars.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Pool Manager?

COUNCILMEMBER JOHNSON: Pool Manager.

COUNCILMEMBER VICTORINO: Pool Manager.

CHAIR PONTANILLA: Pool Manager, yeah.

COUNCILMEMBER JOHNSON: Pool Manager.

CHAIR PONTANILLA: Yeah, thank you. Thank you, Staff. So that concludes . . .

COUNCILMEMBER VICTORINO: You know what. . .yeah.

CHAIR PONTANILLA: Yeah, that concludes, actually, Exhibit 1.

. . . So we await for the . . .State Leg in regards to the use of . . .

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COUNCILMEMBER VICTORINO: Ka Lima.

CHAIR PONTANILLA: . . . Ka Lima. And. . .okay.

. . . Members, this morning, Staff also provided you with. . .or distributed to you this morning a tentative list of proposed bills . . .

. . . that the Committee received which will also be considered in the Fiscal Year 2008 Budget bill and resolutions. Members, please let me know if you have any questions to this bills and we can review them sometime between today and May 2<sup>nd</sup>. And one of the proposals that was made by the Chair is in regards to the bill. . .regarding the . . .

. . . deployment of our resident into. . .active duty. So that would be Number 6. So, Members, please review the bills, and sometime today we'll review. . .those bills being proposed.

. . . Okay, Members, at this time we'd like to go into the real property tax rates. And if I may call upon Mr. Young, again. . .in regards to the rates that is being proposed by the Mayor. Mr. Young?

MR. YOUNG: Thank you, Mr. Chair.

. . . Based on the certification that was provided on April 19<sup>th</sup> in accordance with Maui County Code, Chapter 3.48, the rates that are proposed by the Mayor are consistent to keep the revenue. . .that is derived from each of the property classifications at a near. . .or near to flat. . .level from the current Fiscal Year. However, please bear in mind that at the time that the Mayor constructed or determined the proposed tax rates for each of the property classifications, it was prior to certification by approximately 45 days. And so since certification occurred after that point, there were some changes to the valuation which I believe. . .as I presented on the day of certification that should the Council decide to keep the proposed tax rates as the Mayor has offered them, they would result in . . .

. . . a few million dollars, about two million dollars more than what the Mayor had budgeted as part of her budget proposal. Should the Members decide to amend or revise any of the proposed tax rates, the documents and materials provided to your Committee on the day of certification will help to. . .to do the calculation for what the resulting revenue would be. I'm also available for any questions that you or the Members may have, Mr. Chair.

CHAIR PONTANILLA: Thank you. With that, Members, any questions at this time before we go into the Chair's proposal and your proposals in regards to the property tax rates?

**NOTE:** *Silence.*

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CHAIR PONTANILLA: . . . Seeing none, if Members can turn to Page . . . 2. And, Members, I gotta caution you on Page 2.

COUNCILMEMBER ANDERSON: Page 2 of?

CHAIR PONTANILLA: Of the--

COUNCILMEMBER JOHNSON: The Budget.

CHAIR PONTANILLA: --Appendix.

COUNCILMEMBER ANDERSON: Oh . . .

COUNCIL MEMBERS: . . . *(inaudible)* . . .

COUNCILMEMBER VICTORINO: Exhibit? Append, oh, Appendix . . . *(inaudible)* . . .

. . . Gee, fast one on me. . . Mr. Chair?

CHAIR PONTANILLA: Appendix B.

COUNCILMEMBER VICTORINO: Appendix B?

CHAIR PONTANILLA: Um. . . on March 20, 2007, the Budget Director provided us with a . . . addendum to this sheet. When you look at Page 2, it doesn't reflect the Mayor's proposal. And the correspondence of March 20<sup>th</sup>, the Budget Director indicate. . . indicates on the handout the proposed rates. . . as made by the Administration. So, Members, the Chair have . . .

. . . or has a proposed rate for all of the nine. . . PITT areas. And I'll go from the top to the bottom. And we'll move in that direction. Members, I know we're not gonna complete this whole thing in 15 minutes. We'll go as far as we can. Members, the Chair's recommendation at this time for Time Shares is to remain as. . . as is, \$14.

COUNCILMEMBER MOLINA: No objections.

CHAIR PONTANILLA: Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER \_\_\_\_: . . . *(inaudible)* . . .

COUNCILMEMBER \_\_\_\_: . . . *(inaudible)* . . .

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CHAIR PONTANILLA: Improved Residential, the Chair recommended 4 dollars and 70 cent. . .70 cents.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Any objections?

COUNCILMEMBER VICTORINO: Object.

COUNCILMEMBER BAISA: Yes, object.

COUNCILMEMBER ANDERSON: No.

. . . No objection.

CHAIR PONTANILLA: Wait . . .*(laughter)*. . .

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . . objections.

CHAIR PONTANILLA: Um. . .Member Victorino, comments on that one there?

COUNCILMEMBER VICTORINO: Yes, I have put forth a . . .proposed change from yours, Mr. Chair, with the, how they say is a good one, but I also wanted to see Unimproved Residence instead of at the 4.70 as proposed. . .I would like to see that--what is it, 4.70 or 5 dollars? What, what is it? I'm sorry. What did you propose, Mr. Chair? I'm sorry. I'm on the wrong--

CHAIR PONTANILLA: 4 dollars and 70 cents.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: And your proposal is 5 dollars and 25 cents.

COUNCILMEMBER VICTORINO: And I'd like to see my proposal at 5 dollars and 25 cents..

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

CHAIR PONTANILLA: We'll come back to Mr. Hokama. Member Molina?

COUNCILMEMBER MOLINA: And I'm. . .this is on Member Victorino's proposal?

CHAIR PONTANILLA: Uh, no, the Chair's proposal.

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COUNCILMEMBER MOLINA: Oh, the Chair's, your, your proposal--

CHAIR PONTANILLA: Yeah--

COUNCILMEMBER MOLINA: I'll support your proposal.

CHAIR PONTANILLA: --Member Victorino expressed his proposal at . . .previously.

COUNCILMEMBER MOLINA: I'll support your proposal.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: I'll. . .support the Chair's proposal.

CHAIR PONTANILLA: Thank you. Member Jo Anne. . .Johnson . . .*(laughter)*. . .

COUNCILMEMBER JOHNSON: Yes . . .*(laughter)*. . . I don't support.

CHAIR PONTANILLA: Okay, we'll come back. Member Baisa?

COUNCILMEMBER BAISA: Non-support for your proposal.

CHAIR PONTANILLA: Member Anderson?

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . You know, Chair, it'd be helpful if those Members who are not supporting your proposal state what they, what they'd prefer.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER ANDERSON: So that we kind of get an idea of where we're going here.

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay. Fine. Thank you.

COUNCILMEMBER ANDERSON: But in, in regards to your proposal, which. . .is matching the Mayor's proposal, which is a 30 cent reduction from last year's rate. I, I support that, Mr. Chair, because Improved Residential. . .Members, is where our renters live.

CHAIR PONTANILLA: Exactly. Thank you. Member Mateo?

COUNCILMEMBER MATEO: Chairman, I would support your, your recommendation.

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CHAIR PONTANILLA: Thank you. Member Hokama?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Kanalua.

COUNCILMEMBER \_\_\_: . . .(laughter). . .

COUNCILMEMBER \_\_\_: . . .(laughter). . .

VICE-CHAIR HOKAMA: You know, Chairman, I would love to reduce rates. . .but I'm just looking at the bills we already owe and, and so. . .you know, I would support a rate that would provide the same amount of revenues as the current year.

. . . That would be my thing for the whole, all categories--same revenue as the current year.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Same *revenue*, or same *rate*?

COUNCILMEMBER JOHNSON: Revenue.

CHAIR PONTANILLA: Same rate.

COUNCILMEMBER \_\_\_: Rate.

VICE-CHAIR HOKAMA: I'm looking--

COUNCILMEMBER VICTORINO: Same rate, you mean?

VICE-CHAIR HOKAMA: You know, the current budget year, we're looking at a 224 million dollar. . .revenue from real property in the existing year's budget. And. . .I would support the, this new budget with. . .the property tax would generate the same amount--224 million.

CHAIR PONTANILLA: Thank you.

. . . Member Johnson. . .your . . .

COUNCILMEMBER JOHNSON: In the Improved Residential, I would just say. . .because I'm kind of, you know, hoping that we do have the same revenue generated in that category, whatever the. . .rate would be, it should produce the same revenue that it did in '07, which would be 35,352,638. So that would be somewhere between 4.70 and the

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5 dollars. And that's what I would prefer so that at least we're not going down 2 million dollars. 'Cause everybody. . .you know, every time we go down--and you look at 2 million in one category, 2 mil. . .million in another category, and you look at it, and if those areas are all reduced . . .(sigh). . . we could have our 10 million dollars that we're looking for. So, you know, I would just support a rate, at least on Improved Residential, that produces the *same* level of income that we had in '07. 'Cause all of our expenses have gone up. Okay, that's my rationale.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: I support leaving the rates the same as this year. And the reason for that is, you know, *of course* we want to give everybody property tax breaks. We *understand* how hard people are suffering. And. . .but we also are suffering as a County and we have some major, major bills that were laid on us. And I think the more that we delay, those bills are gonna come due sooner or later. It's like putting something on a credit card or borrowing and having to pay interest on a debt. Whereas, if we left this alone and we could pay our debts, then we'd kind of start off much cleaner next year. And you know, I hate to do this because it's not a popular thing for any politician to talk about, but I think that's what we're here to do--is to be fiduciaries and to be responsible. And if everybody pays a little bit, then we can take care of our, our debts and not have this thing sitting in the middle of the floor that we're trying to figure out how to deal with. So I would really support that we try to hold the line. We're not increasing, we're just holding the line. Thank you.

CHAIR PONTANILLA: Thank you. And, and the Chair would like to provide a comment. When you look at the Improved Residential area, this is one area that we can help the, the renters in our community that are renting . . .

. . . you know, for. . .areas that they, they live in. But if the Members feel otherwise, other than the Chairman's recommendation. . .then that's fine. I, I gonna . . .

. . . call for a consensus on this or. . .an--

COUNCILMEMBER VICTORINO: . . .(inaudible). . .

CHAIR PONTANILLA: --approval of the Chair's--

COUNCILMEMBER BAISA: Chair?

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR PONTANILLA: --recommendation--

COUNCILMEMBER ANDERSON: Chair, you haven't asked--

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COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER BAISA: Chair, we're not finished.

CHAIR PONTANILLA: Oh, I'm sorry.

COUNCILMEMBER ANDERSON: We're not finished here.

CHAIR PONTANILLA: Member Anderson . . .(laughter). . . I thought you gave your comments while you said "okay".

COUNCILMEMBER ANDERSON: No. If you . . .

CHAIR PONTANILLA: Okay.

COUNCILMEMBER ANDERSON: . . . everybody got a second comment to what you just suggested and. . .and--you know, I, I have a feeling that . . .

. . . that we should be looking at the larger picture here before we start breaking down each tax. . .classification and making this decision one-by-one. And if the Members would please look at the handout that I passed out. . .I believe yesterday. And it's a chart that shows the real property tax rates for the State, so that we can get an idea, some *comparative* idea, Mr. Chair, as to how the, the property tax rates in the County of Maui line up statewide. And the reason I think this is important is that . . .

. . . you know, we *are* a corporation. And, and we do have a fiduciary responsibility to get the highest and best use out of the property. . .that this County taxes. And . . .

. . . it's my feeling that in times of economic. . .growth when properties that. . .realize increased value from that economic boom, that's reflective of increased profits because any, anybody that owns property on a commercial basis, that property is part of their balance sheet, their financial statement. And it shows up as an asset. And . . .

. . . just as an example. . .and I've got something else coming, or just, was just passed out--shows the. . .property assessed. . .property assessments for the last three years on a few selected properties. We only did this as a way of comparative analysis. We didn't look at all properties, we just picked out a few that were. . .on other islands so that you could get an idea of comparatively speaking. And, and I would venture to say . . .

. . . although we did this for these select hotel properties, it wasn't as a, to. . .you know, pull them out and focus on them. It was just that we didn't have time to do them *all*. We just tried to pick some that we knew. . .also existed on other islands. . .so you can get an idea of. . .how their. . .property valuations have increased. And as the property valuation increases for any commercially used property--whether it's Industrial, Commercial. . .or Hotel/Resort. . .*that* increases the assets of the company. . .in their fixed asset category, in

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their. . . variable asset category which is their *income* from their property. We know that they've all increased their income, too. So the balance sheets of commercial owned property owners has increased due to this economic boom. They've all realized increased profits. Our homeowners, Mr. Chairman, don't realize those. . . same increased profits. Homeowners don't own their property as an *investment*. They own it. . . you know, because it's a roof over their head and they need it. . . to live. And you know . . . *(sigh)*. . .

. . . currently, we're not able to. . . accept, I would think, and even in Unimproved Residential--people think that Unimproved Residential is reflective of speculative investors, people who buy raw land for the purpose of, you know, making a profit or speculating on its increased value, future increased value. But currently we don't have a way to separate that out. . . from those people who may hold property that was given to them by their families, and that they're holding on to in hopes that they can get water and put their kids on the property. So we can't single them out. . . in, you know, in a fair and equitable way. But we certainly can single out . . .

. . . commercial properties from the residential properties. And as I . . . *(sigh)*. . . if Members would follow along with this chart, I just wanna say. . . that . . .

. . . you know . . . *(sigh)*. . . everybody is so. . . hesitant to increase any kind of tax rates in this County. But we're all facing huge, huge. . . expenditures. And, and it's not just this unfunded retirement stuff. It's. . . inadequate infrastructure.

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: Right now our, our public facilities and infrastructure are underserved in. . . in. . . well, schools, schools . . . *(laughter)*. . . it's not our responsibility, but still it impacts our residents. So we are short in schools, we're short in parks, we're short in police, we're short in water, we're short in roads. Our infrastructure is inadequate for our *current* needs. On top of that, Mr. Chairman, our existing infrastructure is crumbling. . . from deferred maintenance. So we've got. . . to look at millions and millions of dollars to bring that existing infrastructure up to. . . up to par if we wanna be able to deliver continuing services. And specifically our sewage water lines, our water waterlines, our sewage treatment plants. I mean, we just heard it all, Members. And so in order for us to be able to fund all of these needs that our community has, *without* cutting. . . current services--nobody, I don't think anybody thinks that we're, you know. . . that we're flush, that we have, you know, more services, that we're providing more services than our community needs. So in order to maintain services, maintain all the millions of dollars that this County puts to. . . towards social service programs, we need to look at a way to get the highest and best use out of Maui County's property. . . tax rates in order to *feed*. . . these needs. And if, if Members will look at this chart, it gives you a comparison of how *low* our tax rates are, comparatively speaking, across the State. And I'm just gonna read off a few of 'em. Hotel and Resort. . . in Honolulu is 11 dollars and 98. . . 97 cents. Ours currently is 8 dollars and 20 cents.

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. . . In, in, on the Big Island, their Hotel and Resort is 9 dollars compared to our 8 dollars and 20 cents. Commercial on Oahu is 11 dollars and 90 cents. Ours is 6 dollars. Commercial on the Big Island. . .9 dollars, compared to our 6 dollars. Industrial--11 dollars and 97 cents. . .on Oahu, and the Big Island 9 dollars. We charge 6 dollars and 50 cents. So . . .

. . . you can, you know you can take a look at this yourself, Members, and see. . .how low our tax rates are compared to other islands. Mind you. . .our low tax rates have nothing to do. . .with the high visitor count that we have on this island, the high occupancy rate we have on this island, or the high room rates we have on this island. So anybody that thinks if we change, if we increase any of our rates that it's gonna affect our, the industry. . .it certainly doesn't bare out when you look at. . .other Counties. And you know, having the highest room rates, if, if we raise the Hotel rate--which my proposal is raising it a mere 30 cents. . .I'd like to see us go up to 9 dollars and be at least comparable with the Big Island.

. . . You know, if the corporation who runs the hotel. . .you, you look at some of these hotels that, that on this comparative analysis that I sent out--

CHAIR PONTANILLA: Member Johnson, can I interrupt?

COUNCILMEMBER ANDERSON: Anderson . . .*(laughter)*. . .

CHAIR PONTANILLA: Oh, Anderson.

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: The Chair is gonna go down by PITT Codes. And if you have a proposal to make, the Chair will entertain the proposal. Um--

COUNCILMEMBER ANDERSON: Well, Chair, I've already. . .I appreciate you're saying you're gonna use PITT Codes, but none of us have been given any PITT Codes. We've been given this chart to use.

CHAIR PONTANILLA: Uh--

COUNCILMEMBER ANDERSON: So my proposal--

CHAIR PONTANILLA: Yeah, on the extreme left, there's the PITT Codes.

COUNCILMEMBER ANDERSON: Oh, I see it.

CHAIR PONTANILLA: Right now, we're in zero, Time Share. And, and you can make your case as we go down so that we can move along.

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COUNCILMEMBER ANDERSON: All right.

CHAIR PONTANILLA: Thank--

COUNCILMEMBER ANDERSON: Well, I just--

CHAIR PONTANILLA: --you for that information.

COUNCILMEMBER ANDERSON: I just wanted to give the bigger picture here, Mr. Chair--

CHAIR PONTANILLA: Yeah--

COUNCILMEMBER ANDERSON: --because you know as we change one rate, it's gonna be reflective in another rate--

CHAIR PONTANILLA: Yes--

COUNCILMEMBER ANDERSON: --and if you don't see this in the big picture . . .

CHAIR PONTANILLA: If, if we leave the current rate as *is*, then . . .

. . . we'll gain 23.9 million dollars. 23.9. 24 million.

COUNCILMEMBER ANDERSON: . . . Right.

CHAIR PONTANILLA: Okay?

COUNCIL MEMBERS: . . .(*inaudible*). . .

VICE-CHAIR HOKAMA: The Mayor's proposal.

COUNCILMEMBER ANDERSON: Right.

COUNCILMEMBER BAISA: For all--

CHAIR PONTANILLA: In all categories.

COUNCILMEMBER ANDERSON: In all categories.

COUNCILMEMBER \_\_\_\_: Right.

COUNCILMEMBER ANDERSON: But I would remind Members that if we leave it the same in all categories, we are gonna be *definitely* impacting our residential community.

CHAIR PONTANILLA: Exactly. So we'll go PITT Code. Member Molina?

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COUNCILMEMBER MOLINA: Yeah, Mr. Chairman, just. . .just for clarification. So I know we were discussing the Improved Residential rate. So are we gonna still focus on that big--the reason I bring that up, because we had two Members that had requested some different rates from what you had. And I, you know, we had a written submission from Member Baisa and a written submission from Member Victorino. So I was wondering if they could be given, allowed--

CHAIR PONTANILLA: Okay--

COUNCILMEMBER MOLINA: --an opportunity to make comment--

CHAIR PONTANILLA: Yeah, to make it fair, we're gonna vote on this thing here.

COUNCILMEMBER MOLINA: Did, did Mr. Victorino--

COUNCILMEMBER ANDERSON: . . .*(inaudible)*. . .

COUNCILMEMBER MOLINA: --have a change to--

COUNCILMEMBER ANDERSON: . . . report, right?

CHAIR PONTANILLA: Yeah. He had a chance to explain in regards to why he wanted--

COUNCILMEMBER ANDERSON: Did he?

. . . He didn't explain it, he just said he wanted it--

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER MOLINA: I know. He, he just--

COUNCILMEMBER BAISA: He just said what he said.

COUNCILMEMBER VICTORINO: Mr. Chair, just to, just to expedite things, let me, let me just say it this way. Um. . .I would be perfectly content if we were to keep it at the rate it is *now*. I would vote in that direction. I would not support *your* proposal.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Okay?

CHAIR PONTANILLA: So the Chair--

COUNCILMEMBER MOLINA: All right.

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CHAIR PONTANILLA: The Chair is gonna go forward--

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: --and, and look for motions, and we take a vote on every PITT Code item as we, as we go along so that everybody has a fair chance in, in making amendment to the Chair's recommendation. And it's only fair that all of the Members here this morning have an opportunity to make amendments. You know, you don't have to *agree* with me. You know, that's fine with me.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER \_\_\_\_: We know that . . .*(laughter)*. . .

CHAIR PONTANILLA: So at this time, the Chair will like to continue on.

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: As far as the Time Share, the Chair is looking for a motion to accept the Chair's recommendation.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Any second?

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay. Thank you. Move and second. Moved by--

MS. BOUTHILLIER: Mr. Chair?

COUNCILMEMBER JOHNSON: Wait, wait.

MS. BOUTHILLIER: Who made the motion?

CHAIR PONTANILLA: Yes, I am gonna do that. Moved by Member Victorino, second by Member Johnson. Any discussion, Members?

COUNCILMEMBER VICTORINO: Correction, Mr. Chair. The second was by Councilmember Molina.

CHAIR PONTANILLA: Oh, I thought I--

COUNCIL MEMBERS: . . .*(inaudible)*. . .

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CHAIR PONTANILLA: --heard all this three say--

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*). . .

COUNCILMEMBER BAISA: Yeah, we all, we all agree.

CHAIR PONTANILLA: Okay. Any discussion, Members? Member Johnson?

COUNCILMEMBER JOHNSON: That's at the 14 dollar rate?

CHAIR PONTANILLA: Exactly.

COUNCILMEMBER JOHNSON: Okay. Um. . .fine.

CHAIR PONTANILLA: Thank you. All in favor of the Chair's recommendation, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you.

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:     APPROVE   Budget and Finance Committee Chair's recommendation relating to the Time Share real property tax rate at \$14.**

CHAIR PONTANILLA: Next one down, Improved Residential. The Chair's recommendation is 4 dollars and 70 cents.

COUNCILMEMBER ANDERSON: So moved.

COUNCILMEMBER MATEO: Second.

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CHAIR PONTANILLA: Thank you. Moved and, moved by Member Anderson, second by Member Mateo. Any discussion?

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: The reason why I have difficulty with that--and I totally understand that that intent is to benefit the renters. And I am in sympathy in benefiting renters. My concern is I am a renter. If my landlord gets a break on his taxes, I sincerely doubt that my rent is gonna be lowered.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: And that, so it has no teeth.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Conversely. . .if your landlord's property tax goes up, he's gonna pass that, that increase onto you. So this keeps it, you know . . .

. . . well, this keeps it level because, remember, Members, they all have increased assessed values.

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER \_\_\_: Uh-huh.

COUNCILMEMBER ANDERSON: You have to take that into consideration.

CHAIR PONTANILLA: Thank you . . .(*end of tape, start 3A*) . . . Discussion? Member Johnson?

COUNCILMEMBER JOHNSON: If we keep it at the intended rate, which is 4.70, is that correct?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER JOHNSON: Okay. That means that is . . .

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. . . in terms of revenue, it's 2,121,158 dollars less revenue than it was the year before.

CHAIR PONTANILLA: Yes.

COUNCILMEMBER JOHNSON: Okay. Uh. . .I will say what I said before. I, and. . .to keep the. . .let me ask Staff. To keep the revenue the same, what would the rate have to be in order to produce 35,352,638 or thereabouts?

MR. TAGUCHI: Chair Pontanilla?

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: If I can explain? The schedule that you're. . .looking at, in the column labeled "revenue at Fiscal Year 2007 rate", that represents what the current year's revenue would be if we applied the rate from Fiscal Year 2007. It is *not* the actual revenue of Fiscal Year 2007. It is an estimate of Fiscal 2008 Year's revenue at the old rate.

COUNCILMEMBER JOHNSON: Yeah, and, and I understand that. But I guess what I'm looking at is to produce the revenue which we got and keep it level. . .at the '07. You see where it's 35 million dollars?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: As just a point of information, then. . .if I understand the current budget and we, good thing we have the Budget Director and the Finance Director. . .I believe the current year's real property tax for '07 that was budgeted was below 200 million dollars.

CHAIR PONTANILLA: Right.

VICE-CHAIR HOKAMA: I think we're in the 197. . .198 million. So if we're gonna hold the, adjust rates to generate 190, let's say 200 million dollars, then, Members, bring your chainsaws because you're gonna have to cut 20-something million dollars more.

COUNCILMEMBER \_\_\_\_: Uh-huh.

COUNCILMEMBER BAISA: Right.

COUNCILMEMBER \_\_\_\_: . . .(laughter). . .

VICE-CHAIR HOKAMA: . . . And so, Mr. Chairman, I. . .would say that . . .(cleared throat). . . I appreciate the Staff catching that because I had assumed that the 224 was the current

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year's revenue numbers. So I would agree that my earlier statement was . . .misstated. And I apologize to the Committee. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion?

. . . There is, the Chair is looking for, the Chair got a motion from Member Anderson. . .a motion from Member Mateo. Any more discussion, Members?

COUNCILMEMBER JOHNSON: Um . . .

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Mr. Chair, if . . .we wish to make an amendment, you know, to your motion as a compromise. . .in between, let's say last year's rate and what you're proposing, this is the time to do it--is that correct?

CHAIR PONTANILLA: Yes. If you do have an amendment to the Chair's recommendation. . .Chair will welcome that amendment at this time.

COUNCILMEMBER JOHNSON: Okay. Mr. Chair, I move to amend to put the rate at 4 dollars and 80 cents. . .in the Improved Residential.

CHAIR PONTANILLA: Thank you. Second? Any second?

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Uh, I'll second for discussion, Chair.

CHAIR PONTANILLA: Thank you, Member Anderson. Discussion?

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . .

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . So . . .and Staff would have to tell me . . .*(laughter)*. . . because I don't have my computer in front, what would be the additional revenue produced by changing that rate by 10 cents.

MS. REVELS: Mr. Chair, the--

CHAIR PONTANILLA: Go ahead.

MS. REVELS: The change in revenue is 707,053 dollars.

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CHAIR PONTANILLA: Okay.

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . So--

CHAIR PONTANILLA: Any more--

COUNCILMEMBER JOHNSON: --an additional 707,000 in revenue.

CHAIR PONTANILLA: Okay. Any more discussion?

COUNCILMEMBER \_\_: . . .(inaudible). . .

COUNCILMEMBER JOHNSON: Yeah.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, Members, all in favor of the amendment, please say "aye".

COUNCILMEMBER JOHNSON: Aye . . .(laughter). . .

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Um. . .take a roll call here.

COUNCILMEMBER JOHNSON: There's only two "ayes".

COUNCILMEMBER BAISA: There's only two "ayes".

COUNCILMEMBER JOHNSON: There's only two "ayes" . . .(laughter). . .

COUNCIL MEMBERS: . . .(inaudible). . .

COUNCILMEMBER BAISA: Only two.

COUNCILMEMBER JOHNSON: Myself and . . .(inaudible). . .

CHAIR PONTANILLA: Okay. Fine. All in favor of the. . .all opposed--

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: --please say--

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COUNCIL MEMBERS: No.

CHAIR PONTANILLA: Thank you. Um . . .

COUNCIL MEMBERS: . . .(*inaudible*). . .

CHAIR PONTANILLA: There is seven “ayes” oh. . .seven “noes” and two “ayes”. The motion is--

COUNCILMEMBER VICTORINO: Defeated.

CHAIR PONTANILLA: --defeated.

**VOTE:       AYES:   Councilmembers Johnson and Molina.**

**NOES:   Councilmembers Anderson, Baisa, Mateo, Medeiros, Victorino,  
          Vice-Chair Hokama, and Chair Mateo.**

**ABSTAIN:  None.**

**ABSENT:   None.**

**EXC.:     None.**

**AMENDMENT TO MOTION FAILED.**

CHAIR PONTANILLA: Coming back to the main motion. . .to leave the rate at, as the Chair recommended, 4 dollars and 70 cents. Any more discussion?

. . . All in favor of the motion, please say “aye”.

COUNCILMEMBER ANDERSON: Aye.

*NOTE:   Silence.*

CHAIR PONTANILLA: . . . Roll call. Member Victorino?

COUNCILMEMBER VICTORINO: No.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

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COUNCILMEMBER MOLINA: No.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: . . .*(laughter)*. . . Member Johnson?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: We're voting on 4 dollars and 55 cents?

COUNCILMEMBER JOHNSON: No--

COUNCIL MEMBERS: . . .*(inaudible)*. . .

CHAIR PONTANILLA: 4 dollars and 70 cents.

COUNCILMEMBER ANDERSON: Oh, we're going back to that?

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: Yes . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Yes.

CHAIR PONTANILLA: And the Chair votes "yes". There's six "noes" and three "ayes". So, Members, the recommendation of 4 dollars, 70 cents by the Chair. . .has been defeated.

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**VOTE: AYES: Councilmembers Anderson, Mateo, and Chair Pontanilla.**

**NOES: Councilmembers Baisa, Johnson, Medeiros, Molina, Victorino, and Vice-Chair Hokama.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: None.**

**MOTION FAILED.**

CHAIR PONTANILLA: We go to the *Mayor's* proposal of 4 dollars and 70 cents--

COUNCIL MEMBERS: No.

CHAIR PONTANILLA: No?

COUNCIL MEMBERS: No.

COUNCILMEMBER \_\_: . . . (*inaudible*). . . 5--

CHAIR PONTANILLA: Okay, it reflects back to the 5 dollars.

COUNCIL MEMBERS: Yes.

COUNCILMEMBER \_\_: No.

CHAIR PONTANILLA: So 5 dollars would be the rate for PITT Code Number 2.

COUNCILMEMBER BAISA: Yes.

COUNCILMEMBER VICTORINO: That's correct.

CHAIR PONTANILLA: Okay, fine.

MR. TAGUCHI: Chair? Chair Pontanilla?

CHAIR PONTANILLA: Member [*sic*] Taguchi?

MR. TAGUCHI: Um. . . there is no, from, from my understanding, currently there is no motion--

COUNCILMEMBER VICTORINO: Yes.

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MR. TAGUCHI: --for a 5 dollar rate. Someone needs to make that motion.

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Thank you. Thank you.

COUNCILMEMBER BAISA: Chair, I move that we set the rate for PITT Code 1 at 5 dollars.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Okay. Moved by Member Baisa, second by Member Victorino, PITT Code 1 to be as is, 5 dollars. This is for Improved Residential. Any discussion?

COUNCILMEMBER BAISA: Yes, very briefly. We need the money.

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

COUNCILMEMBER BAISA: Thank you.

CHAIR PONTANILLA: . . .*(laughter)*. . . Thank you.

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Chairman, I, I . . .

. . . just wish to help the Members so I'm just gonna share this information. Currently, for this year, we are, we have levied tax rates to collect 32 million dollars at the 4 dollars. . .at the current 5 dollar rate, Chairman. Of course, the Finance Director has provided us with their new taxable valuations for the '08 category. So I guess at, if you look at the. . .4.70, we will be increasing revenues by approximately 1-point. . .2 million dollars. At the. . .wait, I need to see, I don't see the 5 dollar rate. Oh, at the 5 dollar rate, we're gonna in, increase levy by. . .3.3 million dollars . . .

. . . over the current year's revenue. . .numbers. So. . .I, I just share that that. . .looking at the rate itself can be deceiving, Members. You need to calculate that against the taxable assessment in that category, times the rate, and then the difference between the proposed number you want, you're trying to achieve and what we currently getting this year. Because the difference is the increase onto the property owners.

CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: Thank you, Chairman.

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CHAIR PONTANILLA: Thank you. Hearing that, Members, any more discussion?

. . . The motion is to accept the 5 dollar rate. . .for PITT Code 1, Improved Residential.  
All in favor, please say “aye”.

COUNCILMEMBER VICTORINO: Aye.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: . . . You gonna ask for the “no” votes, Chairman?

CHAIR PONTANILLA: “No” votes?

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . . No.

VICE-CHAIR HOKAMA: No.

COUNCILMEMBER MOLINA: No.

CHAIR PONTANILLA: Uh. . .Members that saying “no”, please raise your hand.

*NOTE: Pause.*

CHAIR PONTANILLA: . . . One, two, three. . .four. . .five. . .six “noes”.

. . . Okay--

COUNCILMEMBER ANDERSON: Could we do a roll call, Chair?

CHAIR PONTANILLA: --I’ll take a roll call. Member Victorino?

COUNCILMEMBER VICTORINO: Yes.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: On the 5 dollar rate?

CHAIR PONTANILLA: On the 5 dollar rate.

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . .

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COUNCILMEMBER MEDEIROS: . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Um.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Um. . .no . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Um. . .Chair is voting “no” on this one here.

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: . . . So the motion for 5 dollars is defeated.

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**VOTE: AYES: Councilmembers Baisa, Medeiros, and Victorino.**

**NOES: Councilmembers Anderson, Johnson, Mateo, Molina,  
Vice-Chair Hokama, and Chair Pontanilla.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: None.**

**MOTION FAILED.**

CHAIR PONTANILLA: We go back to . . .

COUNCILMEMBER JOHNSON: . . .(laughter). . .

COUNCILMEMBER MOLINA: Move--

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

COUNCIL MEMBERS: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: Make a motion.

COUNCILMEMBER MOLINA: Mr. Chairman?

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: . . . I move to . . . I move for a 4 dollar, 85 cents rate.

COUNCILMEMBER JOHNSON: Second.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Huh?

. . . Mr. Chair?

CHAIR PONTANILLA: Okay, move. . . moved by Member Molina . . .

COUNCILMEMBER MOLINA: Second--

CHAIR PONTANILLA: . . . Member Molina's proposal is for a 4 dollar and 85 cents rate.  
Second by Member Johnson.

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COUNCILMEMBER MOLINA: Yeah, I . . . Mr. Chair, if I could speak to the motion? I'm hoping this is somewhat of a happy medium between those who want the 4.70 and those who want the 5 dollars. I believe at 4.85 it should generate over, roughly over a million if. . . unless I stand to be corrected. If Staff could comment on what 4.85 would generate?

MS. REVELS: Mr. Chair, the increased revenue would be 1,060,579.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: . . . (sigh) . . . I'd like to not interrupt this motion on the floor, but after the motion is done, I'd like to make a suggestion, Mr. Chairman . . .

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: . . . before we continue, if I may.

CHAIR PONTANILLA: Any more discussion on this matter here?

. . . If, all in favor of the motion of 4 dollars and 85 cents, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Okay, thank you.

COUNCILMEMBER \_\_\_: Noes?

CHAIR PONTANILLA: Any "noes"?

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . No.

*NOTE: Silence.*

CHAIR PONTANILLA: One, two, three "noes"; six "ayes". Thank you.

. . . Motion is carried, 4.85.

MR. TAGUCHI: Chair Pontanilla, can we identify the "noes"?

CHAIR PONTANILLA: I beg your pardon?

MR. TAGUCHI: Can we identify the Members voting in the negative?

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CHAIR PONTANILLA: Okay. Members voting negatively is Member Anderson, Member Mateo, and the Chair.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

CHAIR PONTANILLA: The Chair. Yeah.

**VOTE: AYES: Councilmembers Baisa, Johnson, Medeiros, Molina, Victorino, and Vice-Chair Hokama.**

**NOES: Councilmembers Anderson, Mateo, and Chair Pontanilla.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: None.**

**MOTION CARRIED.**

**ACTION: APPROVE the Improved Residential real property tax rate at \$4.85.**

COUNCILMEMBER MEDEIROS: Chair?

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No, I'm sorry.

CHAIR PONTANILLA: Okay, fine. The Chair notes the time, and at this time the Chair would like to call the . . .

. . . lunch break.

COUNCILMEMBER ANDERSON: Mr. Chairman?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Yeah, I asked if I could speak to--

CHAIR PONTANILLA: Okay, fine.

COUNCILMEMBER ANDERSON: --make a suggestion. You know . . .*(sigh)*. . . here we are, gang, down to the wire.

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COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: And this is probably the most important decision we will be making in the last six weeks of day-in and day-out meetings. And . . .we're conducting this almost like a lottery.

CHAIR PONTANILLA: . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: I would suggest . . .*(laughter)*. . . that during the lunch break--we all received this chart. It's on our computers. Members, you can go in and change these rates and see what the . . .the end result will be. And you know, I . . .I, I'm assuming that we all presented to you our version of this rate early on when you asked for our proposals. But it wasn't shared with the other Members. So, I would suggest if it would be possible, that maybe we take an extended lunch break, everybody put in what they think they are going to wanna support for the rates. Let the Staff give us a, a collated, combined chart that gives the comparison to show what, who is supporting what rate, what the revenue. . .realization would be from that rate, different from what your proposal is. Because your proposal is what's currently in and used to balance all of the expenditures that we've made decisions on over the last couple weeks. So rather than. . .you know, all this back and forth and if that doesn't fly let's try this. . .you know, I'd like to see this in a comprehensive way--

CHAIR PONTANILLA: Yeah. Thank you--

COUNCILMEMBER ANDERSON: --so that I know if I'm voting on something. . .what the . . .the net effect is gonna be. Thank you.

CHAIR PONTANILLA: Thank you. Member Anderson, I, I did receive four proposals. And I think right now we're trying to make adjustments to meet the unfunded liability. And this is where our hang up is right now because prior to going into the proposed rates, we were almost there in regards to the 2008 Budget. So now because of the . . .presentation by Mr. Young this morning--

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: --you know, we're at a frenzy in how the heck. . .how we're gonna . . .*(laughter)*. . . make up 10-point, oh. . .yeah, 10.3 million dollars. One way is to leave the rates the way it is. . .you know and, and we'd be done right now. But I think some of us would like to take care of some. . .issues that we had--not only from last night's testimony, but you know, some of the residents that have called not only my office and probably your office in regards to real property tax. And, and the most area that, and the area that they really are interested in is the Homeowners property tax rate, as well as trying to get some rental relief on the Improved Residential. So, Members, as recommended by Member Anderson, you know, as I say, I received four proposals. And if you could go in, you know. . .create a proposal of, where *you* wanna be, we can

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certainly correlate or have these things out on a spreadsheet so, so, so that everybody has a, an idea on how each Member. . .you know, is taking a look at this proposed rates. *Again*, this four. . .proposals. . .are made based on what have been discussed so far and does not include, basically, the 10.3--

COUNCILMEMBER ANDERSON: The . . .(*inaudible*). . .

CHAIR PONTANILLA: --million dollars--

COUNCILMEMBER ANDERSON: Yeah.

CHAIR PONTANILLA: --that we're faced with.

COUNCILMEMBER ANDERSON: Right.

CHAIR PONTANILLA: So with that, Member Molina?

COUNCILMEMBER MOLINA: Yeah, one quick comment, Chairman. So I can support Members submitting it in writing so, just to help expedite things because we're against the clock. If you don't submit any change in writing, I think you, as the Chair, don't need to recognize it then--

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: --I, I'm fine with that, Chair.

CHAIR PONTANILLA: Yeah. If there's no submission, then I, I would assume that those that not submitting is agreeable--

COUNCILMEMBER JOHNSON: . . .(*inaudible*). . .

CHAIR PONTANILLA: --to the Chair's recommendation.

COUNCILMEMBER ANDERSON: And, Chair. . .the thing that's beneficial in doing this--and, and it's not that hard, Members, because the Staff's already done the work.

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER ANDERSON: You know, it's a. . .what do you call, Excel sheet. So you just punch in the rate and you--

CHAIR PONTANILLA: You just punch in your numbers and--

COUNCILMEMBER ANDERSON: Yeah, and it gives you the--

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CHAIR PONTANILLA: --you got the totals.

COUNCILMEMBER ANDERSON: --the answer. And, and the reason I think this is also helpful is what happens when you get all nine proposals and five Members or more all have the same rate. . .we're done . . .

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: . . . on that category.

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: Thank you, Chair.

CHAIR PONTANILLA: So, Members, you take this lunch break and come up with your proposal--

COUNCILMEMBER MEDEIROS: . . .*(inaudible)*. . .

CHAIR PONTANILLA: --so that--

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: --we can have some consensus.

COUNCILMEMBER VICTORINO: So, Mr. Chair, what time will we be returning 'cause I've heard different conversations, but what time would you like us to return . . .*(inaudible)*. . .

CHAIR PONTANILLA: The Chair hasn't decided that yet.

COUNCILMEMBER \_\_\_\_: Yeah.

COUNCILMEMBER VICTORINO: Okay. Well, that's--

CHAIR PONTANILLA: Member Johnson?

CHAIR PONTANILLA: Yes. My question is from Staff. If we're looking at the 10 million dollars, they kind of approximately know where we are in terms of the budget adds, deletes, and everything. . .if we're looking at revenue generation, do we have a ball park figure of where we have to come up in order to get close to balancing?

MS. REVELS: Mr. Chair? It really depends on how much money you wish to add to the Emergency Fund. . .and which adds the Committee wishes to support.

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COUNCILMEMBER JOHNSON: Okay. So in other words, we may shift around some money to . . .in, in the Budget . . .(laughter) . . .

CHAIR PONTANILLA: Uh . . .

MR. TAGUCHI: Chair Pontanilla?

COUNCILMEMBER BAISA: Mr. Chair?

CHAIR PONTANILLA: Yeah, I, I don't wanna convolute the--

COUNCILMEMBER JOHNSON: Yeah, I know.

CHAIR PONTANILLA: --the whole budget, okay? I, I just wanna get this thing done--

COUNCILMEMBER JOHNSON: Well--

CHAIR PONTANILLA: --the most efficient means as possible.

COUNCILMEMBER JOHNSON: --let me, let me ask my question differently, then. If we looked at 224,137,866 which was--

CHAIR PONTANILLA: . . .(inaudible) . . .

COUNCILMEMBER JOHNSON: --what *would* have been generated if we did not tamper with the rates this year at all, is that gonna be sufficient wiggle room in order to take care of the 10 million dollar obligation?

MR. TAGUCHI: Chair--

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: Chair Pontanilla. . .the Budget as current, the current status of the Budget still includes certain sections that must be revisited. It will be difficult to determine your request based upon where those numbers, *if* those numbers are going to be increased. For example, there's. . .I think some considerations in various areas. . .where. . .it is not, it is to be revisited. If those numbers are inputted, it'll. . .definitely affect the request you're making. If I could make a suggestion, perhaps during the lunch break, you could approach Staff. . .individually and we can try and help to see what your request will be. But at this time, it will be very difficult to get those numbers to you.

COUNCILMEMBER JOHNSON: Okay.

MR. TAGUCHI: In addition. . .the Staff has prepared an additional worksheet, an electronic spreadsheet which will be emailed to your office which will give you the, the number of,

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the amount of revenue increase at different rates in comparison to the Chair's proposal. In other words, it'll identify for you the total increase to the budget as it currently stands.

COUNCILMEMBER JOHNSON: Uh-huh.

MR. TAGUCHI: So that will be emailed to your individual offices during the lunch break.

COUNCILMEMBER ANDERSON: Question.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Chair, just one brief comment. I see 10 million additional dollars as a *floor*. And I think it's gonna have to be bigger than that because we have other things we wanna do. So I see that as a *minimum* that we need to increase by. Thank you.

CHAIR PONTANILLA: Thank you. Member Anderson, followed by Member Medeiros.

COUNCILMEMBER ANDERSON: Thank you. Thank you, Staff, for that. . .offer. I just wanna clarify that the Budget as it *stands* is targeting to budget against the Chair's proposed revenues of 215,889. . .215,889,745. . .give or take. . .because I know we have some rate changes that we haven't calculated.

UNIDENTIFIED SPEAKER: Right.

COUNCILMEMBER ANDERSON: But. . .I mean, that was your *target* revenue figure for us to balance against--

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: --Mr. Chair, correct? Okay. Thank you.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Chair. So as it stands, if, during the break we're gonna go in and, and complete this report, PITT 0 and PITT 1 have been decided upon. Is that--

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: --correct? Okay. Thank you.

COUNCILMEMBER ANDERSON: At 4.85?

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CHAIR PONTANILLA: At 4.85.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Any more questions, Members?

. . . If not, the Chair will call our lunch break and we'll return here 2 o'clock.

*NOTE: Silence.*

CHAIR PONTANILLA: This meeting is in recess . . . *(gavel)* . . .

**RECESS: 12:30 p.m.**

**RECONVENE: 2:03 p.m.**

CHAIR PONTANILLA: . . . *(gavel)* . . . Members, the Budget and Finance Committee meeting is now reconvened. Members . . . *(cleared throat)* . . . I do have one item--uh, by the way, Staff is trying to compile the information that you provided to the Staff this afternoon in regards to the spreadsheet for real property tax. But in the meantime, Members, if you can turn to Page 11 of Exhibit 1, Chair would like to make a recommendation. And this is in regards to . . .

COUNCILMEMBER BAISA: What page is that?

CHAIR PONTANILLA: . . .let me see . . .

COUNCILMEMBER ANDERSON: Page 11?

COUNCILMEMBER VICTORINO: . . . *(inaudible)* . . .

CHAIR PONTANILLA: Page--

COUNCILMEMBER BAISA: Of Exhibit 1?

COUNCILMEMBER VICTORINO: . . . *(inaudible)* . . .

CHAIR PONTANILLA: Page 11.

COUNCILMEMBER VICTORINO: Oh.

COUNCIL MEMBERS: . . . *(inaudible)* . . .

COUNCILMEMBER BAISA: Got it.

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*NOTE: Silence.*

COUNCIL MEMBERS: . . .(inaudible) . . .

CHAIR PONTANILLA: Hang on.

COUNCILMEMBER \_\_\_\_: Yeah.

CHAIR PONTANILLA: Okay. On the top of the Page, Item Number 40.

COUNCILMEMBER JOHNSON: . . .(inaudible) . . .

COUNCILMEMBER VICTORINO: Item 40?

CHAIR PONTANILLA: Grant to Boy Scouts of America.

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: Uh. . .the Chair would like to . . .

. . . on, on the “provided” area, oh, Grant to the Boy Scouts of America. . .change the title to Grant to . . .

. . . oh, wait. Uh, the Grant to Boy Scouts of America is okay. But on the “provided” . . .that the grantee raises matching funds from non-County sources and the funding will go to Camp Maluhia septic tank. . .system or septic system upgrade.

MR. TAGUCHI: . . . Chair? Chair Pontanilla?

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: So the, so you want the grant to be named Grant to Boy Scouts of America *for* . . .?

CHAIR PONTANILLA: For Camp Maluhia Septic System Upgrade.

MR. TAGUCHI: Thank you.

CHAIR PONTANILLA: Thank you. And, Members, this will give clarity that the money being provided. . .to the Boy Scouts will need to be matched as well as the use of the 140,000 dollars will go directly to the Camp Maluhia septic system upgrade. Do I hear any objections?

COUNCILMEMBER VICTORINO: No.

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COUNCILMEMBER \_\_\_: No.

CHAIR PONTANILLA: Thank you.

*NOTE: Silence.*

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: That was one quick one.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .*(inaudible)*. . .

*NOTE: Silence.*

CHAIR PONTANILLA: Members, at this time the Chair would like to call a . . .

. . . 15 minutes is okay?

MR. TAGUCHI: Um. . .Chair Pontanilla, we're accumulating the matrix now. We should be done within the next 15 minutes. However, I'm not sure how much Members. . .Members need in terms of time to re. . .review the current proposals or if they wanna wait to review the current proposals until we get the matrix.

CHAIR PONTANILLA: Okay. Fine. Members, once we get the. . .proposals, do you need time to, how much time do you need to review those proposals?

VICE-CHAIR HOKAMA: Five minutes.

CHAIR PONTANILLA Five minutes?

COUNCILMEMBER \_\_\_: Uh-huh.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . . fast.

CHAIR PONTANILLA: Okay. Fine. So, at this time, the Chair will call for a 15-minute. . .recess. And we'll reconvene at 2:25.

COUNCILMEMBER ANDERSON: Chair, one question, quick.

CHAIR PONTANILLA: Member Anderson?

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COUNCILMEMBER ANDERSON: Do we have hard copies of everybody's proposal?

CHAIR PONTANILLA: Um, Staff--

COUNCILMEMBER ANDERSON: Have they been passed out?

MR. TAGUCHI: We need to deliver one more proposal which we are working on right now. Other than that, you should have all nine. . .eight copies would be total.

COUNCILMEMBER ANDERSON: So I would suggest that maybe be, before we leave the Chambers we wait for that one more hard copy. Then during the break we can be reviewing--

CHAIR PONTANILLA: Oh, okay. Fine. We can do that.

COUNCILMEMBER BAISA: Good idea.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR PONTANILLA: . . . Oh, okay. Members, at this time the Chair would like to call a five-minute recess . . .*(gavel)*. . .

**RECESS: 2:08 p.m.**

**RECONVENE: 2:18 p.m.**

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened. Members, we received all of the proposals from you. And Mr. Fukuoka, right now, is doing the Xeroxing. So. . .he's gonna be here shortly. The Chair would like to call. . .Members, how much time do you need to review the proposal?

COUNCILMEMBER \_\_\_\_: Ten minutes.

COUNCILMEMBER ANDERSON: Ten minutes at least--

CHAIR PONTANILLA: Ten minutes?

COUNCIL MEMBERS: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay, the--

COUNCILMEMBER ANDERSON: Fifteen, please.

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COUNCILMEMBER \_\_\_: . . .(*inaudible*) . . .

CHAIR PONTANILLA: Okay, 15 minutes? Okay. Ken should be down here? Okay. Member, Members, the Chair is gonna call a 15-minute recess and we'll reconvene at 2:35. So this meeting is recessed . . .(*gavel*) . . .

**RECESS: 2:19 p.m.**

**RECONVENE: 2:41 p.m.**

CHAIR PONTANILLA: . . .(*gavel*) . . . The Budget and Finance Committee meeting is now reconvened. Thank you, Members, for that short break while the Staff prepared the various proposals. The Chair would like to make a statement first. In regards to the Chair's proposal, looking at the Fiscal Year 2008 Budget, the Chair took . . .consideration in the tax rate . . .structure. If you note, the Chair came to a starting number that we worked off in regards to our Fiscal Year 2008 Budget. But, Members, before we go into the tax rates, I just wanna remind the Members--are, are we comfortable or are we sure that the process that we have just gone through. . .the cuts that we made, the additions that we made. . .while we're going through this Fiscal Year 2008 Budget, that we made all of the necessary things that needed to be cut?

. . . I, I just wanna make it comfortable for the Members such that . . .if you need more time to review--and I, and the reason why I said if you need time for review, we gotta do our . . .due diligence in regards to our expenditures that we foresee in this 2008 Budget. But if the Members are willing to move forward, the Chair will move forward. Again, the Chair has proposed a real property tax rate for various PITT categories. . .prior to what was discussed earlier this morning. But we must understand that, did we do our share. . .in the review process that we've completed so far? Members, if you need more time to take a look at the numbers that we had proposed. . .to make sure that we, we have done our due diligence in regards to looking at County government, taking a look at the numbers that are being provided to the people that provide service for the people of Maui County? And if you feel comfortable with that, then the Chair will move forward on this real property tax. So . . .Member Johnson?

COUNCILMEMBER JOHNSON: Yes, Mr. Chair. And because some of the items that, I guess, I wanted, you know, with, within my proposal, I guess other people had things that they wanted to include that we never really, we haven't quite resolved--depending on what the revenue side was plus with the information we got from Mr. Young earlier . . .(*end of tape, start 3B*) . . . if we wanna . . .(*laughter*) . . . do those things first and figure out whether they're gonna be covered or not or we go through revenues first, it doesn't much matter to me because. . .whatever the revenue numbers are that we set, we have to work within that budget. And it *may* produce enough money for us to generate at least. . .some money to go in over and above what we have currently planned, above the 9 million dollars. And that's what I'm looking at. I also. . .we didn't discuss about the Emergency

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Fund because I know currently the Mayor had proposed 1.8 million transfer for Emergency. Your recommendation was about 1.2 million. So we haven't addressed that because that's also. . .depending if people wanna put in that full amount, that's gonna make a difference, too. So . . .(laughter). . . I guess, it's which came first--the chicken or the egg. So for me, I have no problem going through the revenue side and then figuring out. . .what are willing to charge our taxpayers. And, and actually I think some of the proposals that we have in all cases would give us additional revenues. So I don't really think we're that far off. Even on the items that I had, you know, if I adjust for, I guess my transfer from the Emergency Fund of what we were gonna be putting in which is different from yours, that. . .that made my number lower. So. . .that's all I have, Mr. Chair, but I, you know, it's. . .whatever the body chooses.

CHAIR PONTANILLA: Thank you. Again . . .

. . . if, if you Members. . .if the Members wanna. . .have more time to review to make sure. . .you know, Chair is willing to give you that opportunity. And, and as Mr. Kalbert Young provided with us this morning . . .(laughter). . . this bombshell--

ALL: . . .(laughter). . .

CHAIR PONTANILLA: --you know, another recommendation was made and. . .by a Member of our, our Committee, you know, what would happen if we don't fund it all. . .if we fund partial. And I think right now everybody is. . .not "everybody", but the proposals as indicated would probably get us there in regards to the balance of the unfunded liability. But I wanna make sure that you guys are comfortable in the. . .in, in regards to the proposed Fiscal Year 2008 Budget that we spent a lot of time on, that we've done our due diligence in regards to the County government as well as the services that are provided by some of the members of our community. Members, any. . .Member Baisa?

COUNCILMEMBER BAISA: Chair, I have a question that I'd like to ask the Budget. . .the Finance Director. But it appears he stepped out of the room.

CHAIR PONTANILLA: Um. . .Mr. Pablo, can we have Kalbert. . .Kalbert come back up here into the Chambers?

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

CHAIR PONTANILLA: . . . Okay. Fine.

**NOTE:** *Pause.*

COUNCILMEMBER BAISA: . . . Mr. Young, we have before us a matrix of the Members' recommendations and a bottom line as to what their proposals will net us in terms of additional revenues to offset the, the unanticipated debts or additional matters that we may want to deal with. Could you please--and I don't wanna put you on the spot, but I

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think it's *very* important as we make this big decision, as to what you would think *might* be a comfortable figure that you need on this bottom line. 'Cause we have a big varying, wide range from, you know, several hundred thousand to many million. If you could, please?

MR. YOUNG: . . . Thank you, Ms. Baisa. Having only briefly looked through where you folks are on the budget for the *entire* Countywide budget and understanding that. . .you know, you had the unfair surprise this morning of some pretty big ticket items, I believe the Budget is somewhere. . .short and out of balance in excess of 11 million, based on the. . .the additional 10 million--if the Members so choose to fund the, the. . .Post-Employment Benefits [*sic*] Fund to its full amount in the Fiscal Year '08. I believe it's someplace around the 11 million dollar range. But I would have to defer to Committee Staff because they may be more intimately aware of where they, the budget balance is at.

COUNCILMEMBER BAISA: So. . .so that I am clear in mind, this is not *19 million-plus*?

MR. YOUNG: Well. . .the Budget as it currently stands already has the annual ex. . .the annual expense for EUTF, which is 7 million.

COUNCILMEMBER BAISA: Right.

MR. YOUNG: That's how much we always, and that is already budgeted in Countywide Fringe Benefit expense.

COUNCILMEMBER BAISA: That's clear.

MR. YOUNG: Yes. And the Budget as proposed by the *Chair* has an amount for the Post-Employment Benefits [*sic*] Fund which is. . .my understanding is 9 million. But the 9 million includes *3 million* that the Mayor's proposed budget had come down with as *additional* funds as the amount to consider for the unfunded liability for ERS or EUTF, 3 million. The Mayor included 3 million.

COUNCILMEMBER BAISA: Uh-huh.

MR. YOUNG: And the Council, the Budget and Finance Chair's proposal, as Exhibit 1, includes an additional *6 million* to that 3 million, moved over into the Post-Employment Benefits [*sic*] Fund line on the Exhibit 1. And that brings that total amount to 9 million. So for the, if the Committee wanted to fund the Post-Employment Benefits [*sic*] Fund to its full amount in FY '08, which his 19.3 million, there already is, before you. . .as the budget stands and proposed, 9 million in there. So you would have to, only have to come up with an additional 10,300,000, essentially.

COUNCILMEMBER BAISA: So the proposal before us that show a 10 million dollar net effect would be sufficient?

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MR. YOUNG: I believe it will be sufficient to address the amount of the this morning for the unfunded liability. However, the *overall* budget, I believe, is still not completed yet, so I can't tell you if it's fully in balance or if the other expenses and initiatives that you folks are considering may require more or less funding. That I will have to defer and leave up to Committee Staff.

COUNCILMEMBER BAISA: Okay, let me ask one more, one more different way . . .(laughter) . . .

MR. YOUNG: Oh, I'm sorry.

COUNCILMEMBER BAISA: Okay. So we need 10 mil for the . . .ERS. . .ER, ERS proposal, EUTF or whatever you wanna call it.

MR. YOUNG: That is correct.

COUNCILMEMBER BAISA: And we still need additional money to balance the budget?

. . . And, and that total is about how much, what's your best guess?

MR. YOUNG: Yes, my, my quick guess is about . . .everything, 11 million. So--

COUNCILMEMBER BAISA: So--

MR. YOUNG: --10--

COUNCILMEMBER BAISA: --21 mil is--

MR. YOUNG: No, no--

COUNCILMEMBER JOHNSON: No.

COUNCILMEMBER BAISA: No?

COUNCILMEMBER JOHNSON: No.

MR. YOUNG: No, 11 million total.

COUNCILMEMBER JOHNSON: 11.

COUNCILMEMBER BAISA: 11 for everything?

MR. YOUNG: Yes. But--

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COUNCILMEMBER BAISA: Oh . . .

MR. YOUNG: --again--

COUNCILMEMBER BAISA: I understand. I'm just trying to get an idea so we know if we're in the ball park or not.

MR. YOUNG: I, looking at the this sheet with the different Member's proposal on the different rates, I would say you are clearly in the ball park.

COUNCILMEMBER BAISA: Okay. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any more questions?

. . . Member Medeiros?

COUNCILMEMBER MEDEIROS: Thank you, Chair. Now. . .the questions you. . .entertaining right now is. . .just on the real property tax rates?

CHAIR PONTANILLA: The question I'm posing to you, all of you is I got your proposal. We came out to . . .

. . . a make. . .not "matrix", but the proposals put on a spreadsheet that shows all of the different rates that are being noted by each Council Member and, along with the Chair's proposal. And prior to going into deliberations into this real property tax proposals, that the Chair had asked the Members if they're comfortable enough in regards to the review that we've gone through up to this point. . .in regards to the Fiscal Year 2008 Budget which includes the County of Maui as well as the needs within our community. I wanna make sure that you are comfortable enough in, in. . .before we go forward with this real property tax proposal. Meaning that did we take a look at the efficiencies of County government, the efficiencies of also our nonprofit organizations or agencies such that if you are comfortable with that, hey, I have no problems in going forward. . .at this time.

COUNCILMEMBER MEDEIROS: Thank you, Chair. So if there's other things on the Budget and if there's something we wanted to revisit, we would do that later?

CHAIR PONTANILLA: Um. . .we can consider that. And all I'm saying, Members. . .as we went into this Budget process, the Chair had. . .created a matrix of all the different PITT Codes in regards to real property tax prior to what we had discussed this morning. And the Chair's recommendation, although as, not as low as the Mayor's recommendation in regards to real property tax reductions, the Chair. . .created a matrix that would have provided relief to our people, our homeowners. . .the Unimproved Residential area. . .the Conservation area, Agriculture, Industrial. . .as well as Commercial. And the Chair has shown reductions in the Apartment area, hoping that this will help the people that are renting apartments at this time. As well as the Homeowners area, giving relief, more

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relief to the homeowners. If you look at the matrix, you will note that except for a few, the Chair's proposal has gone down, shows a reduction.

COUNCILMEMBER MEDEIROS: . . . Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. So, Members, are you ready to move forward?

COUNCILMEMBER \_\_\_: . . .(inaudible) . . .

CHAIR PONTANILLA: Or you wanted, if you want that extra ten minutes, then . . .

. . . Okay, fine. Thank you.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, Members, when we left off, we left off on the . . .Improved Residential area. And we were all in agreement of a 4 dollars and 85 cents rate, which was a reduction to the Fiscal Year '07 rate by 15 cents. Okay, moving on--

COUNCILMEMBER VICTORINO: What? I'm sorry, Chair . . .(inaudible) . . .

COUNCIL MEMBERS: . . .(inaudible) . . .

CHAIR PONTANILLA: Um. . .that was on the Chair's proposal, and we acted on PITT Code 0 and PITT Code 1.

COUNCILMEMBER VICTORINO: Okay. That's correct.

COUNCILMEMBER JOHNSON: Yeah.

COUNCILMEMBER MOLINA: Yeah.

COUNCILMEMBER BAISA: Yep.

COUNCILMEMBER JOHNSON: Um--

CHAIR PONTANILLA: Okay, Member Johnson?

COUNCILMEMBER JOHNSON: Mr. Chair, when, when I was reviewing this, there were some areas where it *seemed* that there were at least five Members that had figures that were pretty close.

CHAIR PONTANILLA: Uh-huh.

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COUNCILMEMBER JOHNSON: Can we go through those areas first, where there seems to be at least consensus in those?

CHAIR PONTANILLA: Uh--

COUNCILMEMBER JOHNSON: I mean, it's just . . . *(laughter)*. . . it's your meeting, but it's just--

CHAIR PONTANILLA: Yeah, I was gonna go down--

COUNCILMEMBER JOHNSON: --a suggestion.

CHAIR PONTANILLA: --as, you know, right down the PITT Code so that we be consistent rather than jumping all over the place.

COUNCILMEMBER VICTORINO: That's fine.

CHAIR PONTANILLA: Okay. We're looking at PITT Code 2. . . Apartment--

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I'd like to make a suggestion . . . *(cleared throat)*. . .

. . . If we could do . . . sort of like a consensus for a first round--

COUNCILMEMBER \_\_\_: Yeah.

COUNCILMEMBER ANDERSON: --and then get a printout for what that's gonna . . .

COUNCILMEMBER JOHNSON: Produce.

COUNCILMEMBER ANDERSON: . . . produce? Thank you . . . *(laughter)*. . . Before we do any final votes so that, you know, we're not **voting** . . .

. . . for a fixed rate on each individual class without knowing what the overall total's gonna be--because we're not **voting** on each person's proposed total proposals. . . which gives us the figure that we know we're gonna get. So. . . I'm just suggesting that maybe we could do a consensus first and then get a printout of what the revenues would realize from that before we make a final vote.

CHAIR PONTANILLA: Okay. The Chair would consider that.

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. . . Earlier we did it through. . .making a motion on the Chair's proposal, and if there were any amendments to the Chair's proposal . . .

COUNCILMEMBER BAISA: Yeah.

CHAIR PONTANILLA: . . . you know, amendment was made and, and we went forward. But the Chair will consider Member Anderson's request in regards to see where we at in, in regards to consensus.

. . . Now you gotta make me. . .give me some time because I need to look at that where we have a lot of consensus on. The Chair will call for a . . .short recess. Members, remain in your seats.

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: Recess . . .*(gavel)*. . .

**RECESS: 2:59 p.m.**

**RECONVENE: 3:03 p.m.**

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened.

. . . Members, before we call on Mr. Young, the Chair would like to share the information in regards to consensus. On the Apartment, we have a consensus of 4 dollars and 55 cents. For the Commercial rate, we *don't* have consensus. For Industrial rate, we don't have. . .consensus.

. . . For the Agricultural rate, we do have consensus of 4 dollars and 50 cents. For the Conservation area, we have consensus for an increase of, to 4.75. For the Hotel/Resort, we have consensus. . .to remain at 8.20. For Unimproved Residential, we have consensus. . .at 5 dollars and 86 cents. For the Homeowner, we don't have consensus.

COUNCILMEMBER ANDERSON: . . . Yes, we do.

COUNCILMEMBER BAISA: We have five--

COUNCILMEMBER ANDERSON: We have five at 2 dollars.

COUNCILMEMBER BAISA: --at 2 dollars.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: We have.

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CHAIR PONTANILLA: I'm sorry, five, yeah, Mr. Victorino. Okay. We have consensus on 2 dollars. . .with Mr. Victorino in there.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: So those are the areas that we do have consensus at this time.

COUNCILMEMBER BAISA: Only two to go.

CHAIR PONTANILLA: So there's--

MR. TAGUCHI: Chair Pontanilla?

CHAIR PONTANILLA: --two areas that we need to work on.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: Chair Pontanilla, by consensus you mean you have a majority of Members?

CHAIR PONTANILLA: A majority of the. . .the Members. . .for those. . .figures that I just read off.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Thank you. For some reason. . .my Excel's not letting me make any changes, so I'm wondering if Staff--

CHAIR PONTANILLA: Yeah, I'm gonna have Staff--

COUNCILMEMBER ANDERSON: If they could use the consensus figures and then your figures for the two that we don't have consensus--

CHAIR PONTANILLA: Okay, fine.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: --just so we can see where we're at--

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

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CHAIR PONTANILLA: Okay. At this time, we do have Mr. Young here. I, I don't know if anyone has any questions for Mr. Young at this time.

COUNCILMEMBER BAISA: No.

COUNCILMEMBER ANDERSON: I might have one question for him.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Give Staff chance to do their thing. Um. . .Members, on the . . .handout that we got originally from Mr. Young. Looks like this, it's got all the pie charts on it.

. . . It gives us a breakdown of last year's assessed valuation as it, with a comparison to this year's assessed valuation. And you know . . .*(cleared throat)*. . .

. . . the rates and the assessed valuation go hand-in-hand. And so I hate to see us making a decision. . .without looking at. . .exactly how the rates have increased in each variable. . .various class. And our. . .breakdown sheet doesn't give us that. So I'm just gonna quickly read off so everyone knows, I did a, a brief. . .round figure for increases. Improved Residential went up 600 million. Apartment went up 670 million. Commercial went up 130 million. Industrial went up 187 million. Agriculture went up 364 million. Conservation went up 13 million. Hotel valuations went up 1 billion. . .233 million. Time Shares went up 148 million. Unimproved Residential decreased 16 million. And the Homeowner valuation increased 665 million. So my question to you, Mr. Young, is the 16 million decrease in the un. . .of the assessed valuation for the Unimproved Residential, is that more than likely attributable to land that was previously not built on now having been built on and moved to the Improved Residential or Homeowner class?

MR. YOUNG: . . . That would be my speculation and guess, Ms. Anderson--is that these are, these are parcels that have moved from for whatever reason being undeveloped or un. . .not, not being used for residential housing being moved to either the Improved Residential class or the Homeowner class.

COUNCILMEMBER ANDERSON: Okay. Thank you.

MR. YOUNG: The reason why I say those two classes in particular is because if you look at the count change for those two classes, they have a large count change--

COUNCILMEMBER ANDERSON: Oh, I see.

MR. YOUNG: --as a result.

COUNCILMEMBER ANDERSON: Yeah.

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MR. YOUNG: Yeah.

*NOTE: Silence.*

MR. YOUNG: . . . As opposed to saying if these, these Unimproved Residential properties move to, say, the Apartment class.

COUNCILMEMBER ANDERSON: Oh, man--

MR. YOUNG: Right?

COUNCILMEMBER ANDERSON: --I'm glad you brought that to my attention. Because when we look at the class count . . .

. . . is that fair to say that, then . . .

. . . if you add the Improved Residential change of 281 units and. . .add to that . . .

. . . um, ooh . . .

MR. YOUNG: Homeowner.

COUNCILMEMBER ANDERSON: . . . Homeowner . . .

MR. YOUNG: Uh-huh.

COUNCILMEMBER ANDERSON: . . . uh. . .that looks like we have. . .100 and . . .

. . . 1,462 new living units--

MR. YOUNG: New--

COUNCILMEMBER ANDERSON: --in this last year.

MR. YOUNG: New tax parcels. Correct.

COUNCILMEMBER ANDERSON: That would be. . .a living unit?

MR. YOUNG: Yes.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Not "new tax parcels", but "new *units* to live in".

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MR. YOUNG: Um. . .well, on. . .the information that's presented on this handout is, I can only attest to it as "tax parcels". You know, if the parcel, say--

COUNCILMEMBER ANDERSON: Okay, but I mean if--

MR. YOUNG: -- has like an ohana unit on it, it you know--

COUNCILMEMBER ANDERSON: Oh, I--

MR. YOUNG: --single-family ohana--

COUNCILMEMBER ANDERSON: Okay, I got you.

MR. YOUNG: --there might, there might be a net out of 2, but--

COUNCILMEMBER ANDERSON: Right.

MR. YOUNG: Yeah.

COUNCILMEMBER ANDERSON: . . . Okay. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Director?

. . . If not, thank you. I'd like to call on our Staff in regards to the increase in revenue by taking up all of the . . .

. . . consensus numbers. At this time, I'd like to call on the Staff. . .Ms. Revels?

MS. REVELS: Thank you, Mr. Chair. Including the Improved Residential change that was approved before lunch, of 1,060,579, we also have a change in Agriculture which totals 982,562; change in Conservation, total 17,500 dollars; Unimproved Residential is 285,965, for a total increase in revenue of 2,346,605 dollars.

CHAIR PONTANILLA: . . . Questions, Members?

COUNCILMEMBER ANDERSON: Yeah, is that an--

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Does that include the two. . .that we don't have consensus on, Commercial and Industrial?

MS. REVELS: That is the change between the proposals that we have just discussed and the Chair's rate. So the Time Share and the two we did not change, those, that change in revenue is already included in the Chair's proposal.

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COUNCILMEMBER ANDERSON: I see what you're saying. So the, so what you, what you've just given us is the 5, the . . .the consensus votes we have. You, you're telling us that that 2 million is the *increase*.

MS. REVELS: That is correct.

COUNCILMEMBER ANDERSON: Not enough, Chair.

CHAIR PONTANILLA: Thank you. Mr. Young, again. . .I, I. . .I'd just like to ask you this question again one more time.

. . . *If* we don't . . .

. . . meet our obligation of 19 million 300 thousand dollars, but, but we, we include in addition to the 9 million dollars that's already there in regards to the unfunded liability by another 3 million dollars. . .again, are we safe to say or is it a big question marks. . .mark in regards to our borrowing capacity? And how do we, or how can we explain to. . .well, not "explain", but--first of all if you can answer my first . . .(laughter). . . question . . .(laughter). . .

COUNCILMEMBER VICTORINO: . . .(laughter). . .

MR. YOUNG: Certainly, Mr. Chair.

. . . It should not affect our borrowing *capacity* because the County of Maui has an, has a very large ceiling in terms of how much debt it *can* assume. It would affect . . .

. . . the raters *opinion* about the County's willingness to address its *liabilities*. But with that being said, we must understand that every single jurisdiction in the *country* will be facing the same issues and every single jurisdiction in the *State* will *also* be facing the same issues. And it is. . .you know, *likely* that the other jurisdictions in the State. . .will also not be able to meet their full liability. So relatively speaking if Maui was to demonstrate its fortitude and prudence that we've created the fund and that we have set aside a sizable portion, I believe that will go a very long way in the opinion of the raters to perhaps. . .at least garner their opinion to hold Maui as. . .you know, that we have done the financially prudent thing and we are prepared and we have *demonstrated* because of your extensive deliberations to create the fund and to set aside funds, that we have deliberated enough over it to show financial soundness and, and forethought. So I, I think. . .if, if we can't get to the 19. . .you know, again, I wouldn't say it's, we're not an Orange County, it's not, doesn't signal the bankruptcy of the, of the County, but it, it. . .the, we just have to appreciate that we won't be able to meet that liability and we will have to financially just report that as such.

CHAIR PONTANILLA: Thank you.

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VICE-CHAIR HOKAMA: Chair?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: You know, for the Council to just come up with about 10 percent more real property tax to take care this...assessment we got this morning from Mr. Young. . .is hard for anybody. Anybody. And it's harder now that we have a general agreement of 2 dollars per 1,000 for Homeowners, which will generate 3.3 million dollars less than this year's Budget. *Less*. 3-point million dollars *less* than this year's Homeowner's real property revenues. Okay? So we're giving our homeowners about a 6 percent decrease.

. . . So like the balloon. . .we. . .we squeezing for the reduction. There's gonna be a bulge. . .somewhere else. And what is fair? 'Cause at 8.20, Hotel, we're gonna ask them to pay 15 percent more than the current year.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . So I hope we not just looking at the Mayor's number and our number. Because that is not a true reflection of what's going on this afternoon. It needs to be compared against this year's revenues. Not the Mayor's proposal.

. . . So I hope the Members take that in account--6 percent reduction in Homeowners. And that is with increased *inventory*.

. . . Inventory. So, Chairman, we're gonna make it through this year. I have no doubt. God bless you guys next term.

CHAIR PONTANILLA: . . .*(laughter)*. . . Thank you very much, Mr. Hokama . . .*(laughter)*. . . And, and to be fair to the Administration, what was presented to us by the Mayor on her Fiscal Year 2008 Budget . . .

. . . doesn't reflect any of the--except for what was prudent of her to include in there some monies to, to address this unfunded liability. I thought we had it licked by including 6 million dollars more to make it 9 million dollars. And, and all of a sudden, here we're looking at it, a number that is mind-boggling to us--10.3 million dollars. Members, as Mr. Hokama has said, yeah, we gotta take a look at, you know, what was generated in 2007. . .as a starting point. You know, it brings out good points. You know, we reducing rates. . .well, without. . .when we made this proposal, we reduced rates to help our residents here in Maui County. And we did the prudent thing. . .not knowing what was gonna be hit. . .on this 10.3 million dollars. Now we at the quandary, you know, how to meet this obligation. As Mr. Young had said, all of the different Counties are, you know, faced with this gigantic. . .obligation. Do we fill the void of 10.3 million dollars or we

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add 3 to 5 million dollars to what is currently funded? You know, I, I don't think any County or even the State, you know, gonna meet their obligation in '08.

. . . For the Chair, you know, I'm willing to take a stand, say, and . . .

. . . not fully fund the 10.3, but looking at a more realistic figure that we, we can afford, and the people can afford at this time. Member Johnson?

COUNCILMEMBER JOHNSON: Yes. And. . .Mr. Young, because I know a lot of times our revenue projections tend to be conservative when we're looking particularly at, sometimes our Carryover, stuff doesn't get expended, plans change, also in revenues, sometimes there . . .*(end of tape, start 4A)*. . . this time we get a bump up because I guess we had additional revenues that we did not anticipate receiving. So if we were to fund, let's say. . .two-thirds of the obligation or get as close as we could to funding the full obligation and then the Mayor knowing, you know, when we complete our Fiscal Year for '07. . .is it **possible** that we could still meet the deadline . . .*(laughter)*. . . and have a mid-year or even towards the end of the year have a. . .a better idea of how we could adjust our budget to take care of this obligation? Do you believe that's also a possible solution if the Mayor comes forward and makes a budget amendment?

MR. YOUNG: I, I think that's, that is possible. We. . .and I think if that is the case, you know, of course I would speak with the Mayor and. . .and evaluate whether or not it would be prudent to do so. I think in terms of the Carryover/Savings, we did try to present a conservative estimate of the anticipated Carryover/Savings for FY '07, the current year we're in--in terms of the constructing the budget. So there is a fair amount of that already spoken for in the FY '08 Budget construction.

COUNCILMEMBER JOHNSON: I know we just got word today that there's additional revenues coming in from visitors or, you know, from State coffers. So. . .I guess what I'm asking you, you know, because none of us has a crystal ball--

MR. YOUNG: Uh-huh.

COUNCILMEMBER JOHNSON: --is that. . .if we can. . .consider some options and at least look at the possibility of funding incrementally. . .some of these obligations or the future obligations, I. . .I just wanna know if that's something. . .and I realize you can't speak for the Mayor, but if the Mayor would be willing to consider that. And also, because in the Mayor's proposal there's 1.8 million dollars that she. . .has proposed or has asked the Council to transfer to the Emergency Fund. I realize, yes, emergencies are really important, but I think that we are faced with an emergency . . .*(laughter)*. . . in this case, too. So the Chair has proposed, roughly, 1.2 million dollars going into the Emergency Fund. If we were not to put in that money and then use that to fund this obligation. . .by putting that in the new fund that we're creating for the unfunded liabilities, do you think that also would be something that's supportable?

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MR. YOUNG: . . . I would have to say that, you know, I . . .

. . . I think the Administration would have to discuss further because it is a . . .there, there's a number of fronts that financially the County must address. And the Emergency Fund. . .we don't know when an emergency would come. We, the Administration does feel that it is prudent to build this fund. It will only be the fourth year of the existence of that fund. It is a, it is a fund that Maui was very smart in terms of when it created it because now all the other Counties are following suit. Because that is another factor that, again, agencies look at, expect to see reserve funds set aside. So I am not prepared to say whether or not the Administration would be recommending to fund EUTF liabilities at the expense of emergency savings. But I'm sure it's, it's something that, you know, I can discuss further with the Mayor.

COUNCILMEMBER JOHNSON: Okay. I, I would really like to know that 'cause even if we didn't--I'm not saying completely to de-fund it because there's. . .I don't know, a little over 8 million dollars already in that fund--

MR. YOUNG: Yes.

COUNCILMEMBER JOHNSON: --whereas years ago we had nothing. So we're ahead of the game in that respect, but. . .what I just want to find out is. . .because we're getting this information late--

MR. YOUNG: Yes.

COUNCILMEMBER JOHNSON: --and reading between the lines of the transmittal from your Department and with the Mayor's comments, I think what she's open to, or at least what it appears is that she's open to, is some kind of compromise. So I would be really interested in knowing what the Administration's feelings were on that and perhaps funding, we already put in a projected lower amount for the Emergency Fund contribution for perhaps funding something. . .but certainly not all of that.

MR. YOUNG: Yes. Certainly. . .you know, we, we acknowledge that the Administration is only coming by this information late as well. So we have not had the opportunity to fully examine the strategy in terms of funding. . .this liability should the Council not be able to appropriate the full amount. So there are several options that we will have to explore. And in truthfulness, I have not had the opportunity to. . .to speak with the Mayor on, on a potential strategy. So you know, it is late in the game and, and we recognize that. And. . .you know, for the Council's knowledge, it also. . .is. . .a challenge for the Administration to try and deal with this as well because it is a large number and a high expectation. So we appreciate your efforts on it. And you know again, apologize that unfortunately because of the timing of it, it comes to you folks at the late hour.

COUNCILMEMBER JOHNSON: Yeah, and, and Mr. Chair, I think, too, that some of our Capital Improvement Projects . . .

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. . . it, it might be prudent for us to also look in our different Districts and see if there are things that, you know, we as a community maybe could do in segments. In other words, if we split some of these things into phases. And I'm sure that if some of the bids come in . . . *(laughter)*. . . the way that everything else has been going, the Administration, actually you may *not* be able to fund or you may *not* be able to proceed with some of the projects if the bid continue on the way they have been. So . . . Mr. Chair, I, I'm willing to look at *not* funding the *entire* obligation, but I would like to get as close as we possibly can.

CHAIR PONTANILLA: Thank you, Member Johnson. And, again, I, I, I just wanna . . . reiterate in regards to the comment that was made by Member Hokama. With the existing rate as is, we should be looking at that particular number, you know, in '07. . . with the existing rates, you know, it would generate a revenue of 224 million dollars. . . before, you know, we started to reduce taxes. But the Mayor, as well as the Chair. . . you know, maybe that should be a starting point. And I hate to . . . because I made a commitment that we're gonna be improving our infrastructure, our parks area, our roads, our sewer, our water, you know, we cannot jeopardize not doing those infrastructure improvements because we've neglected to improve those infrastructure for the last, probably. . . decade, decade and a half. You know, and, and that's the reason why the numbers are so high--because we . . . didn't do the right thing at that time. So we're faced with this monster, and it's gonna be, now, upon our backs to see what we can do with that monster. And I'm willing, you know, as Member . . . *(laughter)*. . . Johnson suggested, you know rather than funding the full 10.3 million dollars, that we'd look at a number that we can afford.

. . . Or we go back to the existing rates that I see in the front of me, Fiscal Year 2007.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: . . . *(cleared throat)*. . . You know, it's a damned if you do and damned if you don't situation right now. And I thank you for your guidance. I think all of us sit here and . . . along with the expertise and knowledge of Council Chair Hokama and want to try to do the best for the people of Maui County. I agree, we have waited too long to do a lot of the capital improvements. And they have deteriorated. And we don't want to be like Oahu where every week you hear two, three water mains break and you have sewer spills all over the place. And then we gonna have EPA and everybody else on us. Okay? Our people don't deserve that. No one deserves that--more so, the residents. Okay? So the funding that we've put together for all the CIP that are really necessitated, I find it hard to say okay, Lahaina, you don't do it. . . Wailuku don't do it, we going do Kihei. . . or leave Molokai out and Hana going get taken care of. What makes any one of those communities more important than the other? They're *our* communities. You never hear me saying "my community" because all of our communities are *our* concern. Okay? So I think we've got to really look hard where we can *fairly* keep rates similar or the

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same. . .reduce a little if we can. But I think people will understand if we show *results*. Results are important. We can talk the talk, Mr. Chair, but if we don't walk the walk, then they'll be on us. If we don't get our there and fix our sewers and our water systems and everything else and two years or four years or six years it's still the same way, anybody that's going be sitting in this chair is gonna catch the wrath of the public. The people are gonna be on them. So I believe whatever we come up with--and all of us are willing to work together--but I will not sacrifice capital improvement anymore. We need open space. So that's been said, that's very important, so we need to keep that. We've gotta protect the environment. We've gotta do a lot of things. Either Band-aid it or for the right reason. . .for our people. So we've come to this point, we've worked hard to get the budget. Now we gotta look at the numbers and say what is fair to all. Okay? And I hope the people who are watching, the people who'll read about this, the people of Maui County will understand that the decisions we've come up with today or the next few weeks is for their best interest. It ain't for mine. I don't think it's any one of these nine people in this room or anybody in the Administration. It's really for their wellbeing. And I'm sorry somebody has to pay. . .and that's the real challenge we face--who. Because we always go after the big businesses. Yeah, we can go after them to get little bit more. I think we all agree they can afford a little more and not our seniors, not our disabled, you know the people who can least afford it, low-income. But we've gotta have a good balance, ladies and gentlemen. We've gotta find that balance. And, Mr. Chair, you've worked real hard to put it out. And I'll support whatever you come up with, along with my fellow colleagues here. But I do not, I repeat, I will not say don't do the CIP. I will not put 'em off any further. We cannot, should not, and will not do that. At least in my vote will never be that way. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino.

. . . Member Baisa?

COUNCILMEMBER BAISA: Eloquent speech, Mr. Victorino. And I agree with you 100 percent--we can no longer not deal with dead, broken, rusting, waterlines and water tanks, sewers that are aging, roads that are not fixed. We gotta bite the bullet and do what we have to do. Deferred maintenance only gets more expensive every year, as we know. I'm appalled when I look at the cost of CIPs. It's 5 million here, 10 million there, 15 million there. And if we don't do it, it's gonna get worse and worse. So we gotta bite the bullet. And if it means holding the tax rates from last year and maybe adjusting a couple that, where we think, you know, it would cause the least pain, we gotta do it.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Chair?

. . . Mr. Chairman?

CHAIR PONTANILLA: Oh . . .(laughter). . . Member Anderson?

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COUNCILMEMBER ANDERSON: Um . . .

. . . You know . . .

. . . I appreciate that there is, you know, a consensus on some of these rates. However . . .

. . . you have to take it in it's. . .you have to take all the rates in their totality to see. . .because one affects the other. In other words, I did not wanna raise any of the rates . . .

. . . that would affect people who are residents of the County. And so I tried to stick with the reduced rate that the Mayor presented with us because . . .

. . . we're all dealing with increased assessed valuations. So you have to take that into consideration. And, and if I could ask Mr. Young briefly, did I hear you say that the assessed valuations have gone up about 20 percent?

MR. YOUNG: . . . We're seeing those properties that are related to businesses and retail, such as. . .Time Share, Hotel, Commercial, Industrial. . .on average, they will have increased in that 20 percent area.

COUNCILMEMBER ANDERSON: And what about residential--Homeowner, Apartment, Improved Residential?

MR. YOUNG: For residential--Apartment and. . .Improved Residential, Homeowner--we're seeing valuations a little bit less than that. . .in the 12 to 15 percent increase on average.

COUNCILMEMBER ANDERSON: Twelve to 15. And when you said Commercial, you. . .at 20 percent, were you including Hotel?

MR. YOUNG: All the business components--so that would be Hotel/Resort, Time Share, Commercial, Industrial.

COUNCILMEMBER ANDERSON: Okay, so we got residential properties including Homeowner, Apartment, and Unimproved. . .or Improved Residential between 12 to 15 percent increase in valuation. And then all the other Commercial properties, almost 20 percent.

MR. YOUNG: Please understand that that's on *average*, yeah.

COUNCILMEMBER ANDERSON: Right.

MR. YOUNG: Across the entire County. There's different geo. . .geographical areas that might have, that will, of course, see more--

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COUNCILMEMBER ANDERSON: Right.

MR. YOUNG: Others that will see less.

COUNCILMEMBER ANDERSON: But just for the, you know, for the . . . purpose of discussion right now. . . those general. . . averages are good to remember when we're setting the rates. And so. . . what I'm trying to get at, Mr. Chair, is that I'm assuming that all of us looked at the rates that we proposed as a package deal. And so what I did is I re, I kept the, the residential properties at the reduced rate. . . that was proposed by the Mayor so as not to. . . and, and it was my understanding that she reduced the rate. . . calculated to absorb that increase in the assessed valuation so that there would not be an appreciable increase in the tax bill for these people. And, and I think that we need to do that because . . . *(sigh)*. . . we cannot keep allowing the soaring market value rates to people who have no intention of selling their home. . . to affect their bottom line. People who are on fixed incomes, retirees . . .

. . . you know, not a whole lot of people have discretionary income that they can just put to an increased tax bill. However, Commercial property owners do. They're the ones that are walking away with the profits. And, and so I made my increases in those properties who have realized increased profits, increased cash flow. You know, they're the ones who can afford this. And as I said, we are *far* below the tax rates of every place else in the State. . . with the exception of Kauai for. . . not really anything except single-family residential. And they don't have Homeowner, so it's not really a comparison. But everybody, every place else, we are far below the tax rates that. . . their counties have been enjoying for years. And so that's why I increased, and, and still even with the increases that I put--I increased Commercial by 50 cents. That's still way below what other islands are charging. . . close to 12 dollars in Honolulu, 9 dollars on the Big Island, almost 8 dollars on Kauai.

. . . I increased Industrial by 50 cents. That still makes. . . at, at. . . 7 dollars, that makes it still 2 dollars below the Big Island. . . 95 cents below Kauai, and 4 dollars below. . . Oahu.

. . . Hotel/Resort. I increased it. . . from 8 dollars and 20 cents last year to 8.75. And I, I'd be willing to go back to the 8.50 that I originally proposed, which was only a 30 cent increase. 8.50, 8.75, 8.70--we've got those three increases proposed across the board from various Members. Members, that still puts us way below the 12 dollars on Oahu, the. . . 9 dollars on the Big Island. The only one, and, and 95 cents below Kauai, which is at 7.95. So . . .

. . . I'm sorry, above Kauai. And, and you know, they're a special circumstance. I think that they're rate is so low because their properties, the rate went low when they had Iniki and it never went back up. And so that isn't a fair comparison either.

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. . . I just think we need to be fiscally responsible as--I mean, basically, we're a corporation, Mr. Chairman . . .(laughter). . . We're the Board of Directors. And it's our fiduciary responsibility to make sure that we have enough income to not only run the County, but to take care of its deficits. And the deficits we have are in our infrastructure and in our . . .benefits to the retirees that worked for this County. And if we don't make that up. . .in . . .in the only revenue source that we have this flexibility to do so, then we're just passing the problem on to the next Council, to the next generation, to the next Administration like . . .people before us have done. . .and have passed this problem into our laps. So are we gonna step up to the plate and . . .and ask everybody to participate, those who are most able to participate?

. . . That's, you know. . .and that's why I, I made the increases in the areas that I did and then, and then did not increase those other areas. And, Mr. Chairman, that results in 10.3 million dollars. And you know, we've got another person with increases that give us, gives us 22.8 million. Uh. . .Ms. Johnson has 10.3 million. And Mr. Victorino has 10.8 million in increases. And whoa, Mr. Medeiros, he's got, oh, I'm sorry, he's only got 1.7 million.

COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER ANDERSON: I thought that was a billion . . .(laughter). . .

ALL: . . .(laughter). . .

COUNCILMEMBER ANDERSON: It's kind of lined up a little wrong . . .(laughter). . . But anyway--

COUNCILMEMBER VICTORINO: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: --my point is, Mr. Chair, is that you know let's not get stuck here on just because there's, you know, five rates that seem to have a consensus. Because what we really need to do is look at the whole picture. And so. . .you know, I'm, I have explained *my* package. And I'm hoping that, you know, maybe some of the other Members who felt we needed some increases in the commercial areas . . .

. . . or those who *didn't* put any increases in the commercial areas can maybe take a second look and recognize that somewhere along the line we have got to do this. We have got to increase our revenue from real property. And I think we need to do it from those who can most afford to do it. And until we can get a cap on our escalating property valuations in the residential class, I don't see any, any other way to do this. So, thank you, Mr. Chair, for the time.

CHAIR PONTANILLA: Thank you, Member Anderson, for your comments.

COUNCILMEMBER VICTORINO: . . .(laughter). . .

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CHAIR PONTANILLA: And, again, you know, I reiterate when you look at your Fiscal Year '07, the tax rates as well as the revenues generated. . .for that tax rates that we currently are paying, the total revenue is 224 million dollars. And what was just presented, you know, the revenues would. . .as I look at. . .could go as high as 222, 223 million up to 230-somewhat million.

. . . One of the areas that I don't know if all of you Members have the same concerns. . .as we look at the tax rates, I, for one, take a look at you know how much its gonna cost each PITT Code. And if there are any negative effects on people that work for these. . .these entities. . .if it's gonna affect them, the working people. And if it does, you know, it is prudent. . .*(laughter)*. . . for us guys to look, look down actually. . .we all call it the food chain, but I call it the people chain. You know, who's gonna pay in the end? Will it be the little guy that's working in the grocery store because he's affected if there is a layoff? We need to consider all of those issues. And, and Members, this is not easy. Not easy for the Chair right now. I, I just wanna. . .I was hoping that Mr. . . .*(laughter)*. . . Mr. Young would have given us some good news this morning--

COUNCIL MEMBERS: . . .*(laughter)*. . .

CHAIR PONTANILLA: --saying that you have 30 years to pay 300 million dollars. But you know, faced with 19 million dollars in one given year, 'eh, that's hard to swallow--unless we go back to the existing rates. Looking at it, you know, the 224 million dollars basically would cover the cost of the proposed Budget that we have, as well as take care of the unfunded liability. You know that would have been slam dunk. But we need to be conscious about, you know, how do we take care our people in regards to their real property tax issues with the County. So you know. . .not easy. It's not easy. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, and, and I totally appreciate, you know, that this puts all right behind the 8-ball. One of the things that I think I'm looking at just--if I look at the big picture, basically *you* as an individual can only do so much and people living on a fixed income, in terms of your *individual* income can do very little because many of our people are working three jobs already. You can't work a fourth job. The visitor industry, of course, you know, early on, we had several proposals. My philosophy was to free up other money in the Budget. Okay, I looked at it one way to say take from the pot that seems to be sufficient to carry on and take care of its own needs. That was the way I looked at it. Other people did not. So my philosophy, though, is that. . .one way or another we're all gonna pay. . .*(laughter)*. . . We're either gonna pay now or we're gonna pay in the future. And what we pay in the future, as. . .Member Baisa said. . .it's, it's just gonna have a snowball effect and it is gonna become worse because the dollars that we can collect today will actually lessen our financial burden in the future. I think also next year we're gonna be facing, perhaps, a downturn when I look at Homeowner category. Already, I think you read in the paper there's some softening in the market. So that trend takes about a year to get to us. I just predict that what's gonna happen is if we don't get

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as much as we possibly can in a *banner year*--because it is a banner year. Look at the construction industry. That's Commercial, Industrial. Look at all the new trucks. If. . .I have not seen an old truck. And these are all of the, you know, the tandem trucks with the additional haul in the back, they're all brand new and they're painted with these fancy paint jobs. Somebody's making money. Our hotels. . .I mean, one is completely gutting and refurbishing. Somehow we've got to look at if the industry is making the money, then at that point in time, they have the greatest capability to actually help bolster us up. What is the greatest impact we have? From our visitor industry. One way or the other, it's either, it's helping us . . .(laughter). . . you know to gain additional revenues, but it's also placing a tremendous burden on our infrastructure--which is why we have all these CIP projects. I've asked for an analysis, you know, to, to look at whether everybody's paying their fair share. But I think what I'm inclined to do, Mr. Chair, is kind of along the lines of what you're looking at--not necessarily going back to the complete old rates. I, I would look at where can the segment of our. . .I guess our economy, where can that be absorbed the most easily. It is *least* easily absorbed from the homeowners and the renters. *That's* where it's the least easily absorbed. So that's where I would lessen the impact. I would put the greatest burden on an industry that can simply say, okay, so you'll have to pay another 10 dollars for your hotel room or another 5 dollars for your rental car, or a little bit more you know for this particular service. I would rather do that because right now with the time share industry, with cruise ships, with people having tremendous popularity, you know, Maui's role in the, I guess the tourism scheme, people are coming. And you need to take advantage of that while you can. So I'm willing to go with your proposal, but look at reductions and possibly even some bump up in those industries that can manage and go back to the old rates. . .but give relief to, I think, the Homeowner class and perhaps the. . .Improved Residential and maybe Apartment. Because those are the areas that I think are least likely able to absorb this. And keep in mind they are already gonna get a hit from water rates. . .from sewage rates. . .trash collection. . .and you know, the other things that we're putting in. So that's my two cents . . .(laughter). . . Mr. Chair.

CHAIR PONTANILLA: Thank you, Member Johnson. Yeah, we still got those two con. . .to contend with. Members, at the time, the Chair would like--oh, Member Molina?

COUNCILMEMBER MOLINA: Yeah, Chair, I was just gonna ask before you break, can you crack the whip on us because . . .(laughter). . . we're up against the clock and we'll have ample time to make comments and whatnot, but we gotta get going. Please? Thank you, Chair.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR PONTANILLA: Thank you . . .(laughter). . .

COUNCILMEMBER MOLINA: I no like come back tomorrow . . .(laughter). . .

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CHAIR PONTANILLA: Oh, I, I don't wanna come back tomorrow, but I think this is a very important issue that we have right now. And, and--

COUNCILMEMBER \_\_\_\_: . . .(inaudible) . . .

CHAIR PONTANILLA: --the Chair would like to make a recommendation--

COUNCILMEMBER VICTORINO: Go ahead.

CHAIR PONTANILLA: --in, in regards to either we fully fund this liability or we, we fund partial . . .(end of tape, start 4B) . . . Uh. . .Member Hokama, before we take a break.

VICE-CHAIR HOKAMA: Chairman, of course if . . .

. . . we can live within the *people's* means. . .it would be the best to fully fund our requirements. If we are able to live within the means. . .that, that we just need to put the best percentage forward. You know? But. . .let's, you know, what . . .(sigh) . . . I come from, I came from the public sector, Chairman, just like you.

CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: Okay? Uh. . .I would say everything being equal, I would agree, on a conceptual level, many of the comments this afternoon. Okay? I guess I, I, I, I *hope* the visitor industry is making money, Chairman, because we're not helping them with the capital improvements they need to do to stay competitive with all the other peers worldwide. Okay? So when a hotel shuts down--like the Kapalua Bay. . .right. . .they have no generation, income during the reconstruction period. Yet we still expect them to pay the full tax bill.

. . . Okay? I think if you wanna compare *rates* with other Counties, then be fair. Look what it generates, what's the percentage of the budget. 'Cause I currently believe, Chairman, that Big Island rate, their budget is smaller than ours.

. . . And what is the revenue percentage that it generates? We should be deciding whether or not under hotels they should pay 36, 40 percent of the bill for real property. Is that a fair or unfair amount? Because I miscalculated. We giving our Homeowners a 15 percent *reduction*. . .in revenue generation. Okay? They currently provide, you know, almost 23 million. We're gonna ask them to pay 19-and-a-half. Is that fair, 8 percent of the total requirements for Homeowners? Then we can talk about just rates. But rates by itself means nothing to me.

. . . 'Cause I bet you our valuations and their valuation I'm sure are totally different. The size of the inventory is totally different.

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. . . Their property tax category is also different, Chairman. I think in Agriculture, you can get a Homeowner's exemption for their house, but the Ag category applies for all the land. They don't get homeowner's for the whole land, parcel that we give. So we not even **taxing** on the same basis. . .by the Counties. So just to look at rate. . .in my perspective, is not a fair comparison by itself of the **whole** taxation program.

. . . You know, Chairman . . .(sigh). . . this is a harder budget than people think because people think there's money. They heard the State say 700 million dollar surplus. There's great **expectations** of where they want the money to go. But subtract your collective bargaining agreements, subtract the liabilities that we are being told of. Okay? We're already committed to infrastructure. Subtract that. If we only had to take care of core services mandated by Charter, I think we'll be in very good position this afternoon. Okay?

. . . But you know how much we put into grants and aids? That's not a requirement, but we do it 'cause the community ask us to. All that money could go against the liability. We could pay in advance. . .multiple years if we didn't put monies elsewhere. Okay? And then when everybody gets bad news from the Legislature, who do they come running to? Council.

**NOTE:** *Silence.*

VICE-CHAIR HOKAMA: . . . And so I would say, Chairman, maybe we need to talk about percentages and what is fair for each category to pay. . .and then have them ante up.

. . . But I think this afternoon, Chairman. . .in my estimation, I hope you're right because I expect to be here Sunday.

COUNCILMEMBER \_\_\_: . . .(laughter). . .

CHAIR PONTANILLA: Thank you, Mr. Hokama. Member Baisa?

COUNCILMEMBER BAISA: I'd just like to make one quick comment in regard to Homeowners. I did not reduce the Homeowner's category much. And the reason for that is I have **great** empathy for the **small** homeowner who has a very **modest** home, could be a senior that, you know, home's been in the family 50, 60, 70, maybe as many as 75 or even 100 years. But we also have homes that are **extremely** luxurious, 5-, 10-million dollar homes. And I think one of the **problems** we have in this category is there's no differentiation **between** those kinds of homes. Everybody gets the same exemption. Everybody gets the same rate. And I think as you mentioned just last evening, I think that's a consideration that we have to look at--is somehow **separating** luxury homes from, you know, just regular modest homes that people need to have a roof over their head. And that provides some big inequity right there.

CHAIR PONTANILLA: Thank you. Any more discussion at this time?

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. . . Members, the Chair is gonna call a recess. And we'll reconvene at 4:10. This meeting is in recess . . .(gavel). . .

**RECESS: 3:55 p.m.**

**RECONVENE: 4:16 p.m.**

CHAIR PONTANILLA: . . .(gavel). . .

COUNCIL MEMBERS: . . .(inaudible). . .

CHAIR PONTANILLA: . . .(cleared throat). . .

COUNCIL MEMBERS: . . .(inaudible). . .

CHAIR PONTANILLA: . . . Excuse me, Mr. Takamine?

COUNCILMEMBER VICTORINO: . . .(laughter). . .

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: He like get started, yeah.

CHAIR PONTANILLA: Thank you, Members for that recess. The Budget and Finance Committee meeting is now reconvened. And the . . .Chair would like to continue on. As stated earlier and as part of the Fiscal Year 2008 proposal, the unfund, unfunded liability, the obligation that we have, the Chair is gonna. . .remain at his 9 million dollars . . .

. . . figure in the unfunded liability as our share. . .not "our share", but as a *number* that will be placed in the Fiscal Year 2008.

**NOTE: Silence.**

CHAIR PONTANILLA: . . . Discussion?

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: Chair, is that. . .what's the basis of your decision not to try to get the . . .

CHAIR PONTANILLA: Well--

COUNCILMEMBER ANDERSON: . . . 19 million?

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CHAIR PONTANILLA: --the Chair's proposal shows 9 million dollars at present.

COUNCILMEMBER ANDERSON: Right. Right.

CHAIR PONTANILLA: And the Chair is proposing to go with 9 million dollars. If you, I do have. . .consensus with the 9 million dollars?

COUNCILMEMBER ANDERSON: . . . I, I'm just asking what the basis of that. . .that decision is.

CHAIR PONTANILLA: Uh--

COUNCILMEMBER ANDERSON: Basically you're saying we don't need to put aside another 10 million?

CHAIR PONTANILLA: We know we have 19.3 million dollars that we gotta contend with. The Chair had proposed earlier in the Fiscal Year . . .(laughter). . . 2008. . .while we were drafting this. . .Budget at 9 million dollars. The Chair is gonna go with the 9 million dollars. And if the Members have *any* proposals to make, then the Chair will. . .entertain that. But as of now, the Chair is looking for consensus on the 9 million dollars.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . . I would ask you to consider. . .are you open to that, sir?

CHAIR PONTANILLA: Um, yes.

VICE-CHAIR HOKAMA: And it would be revenue neutral. I'm not just asking you to add, Chairman. My understanding, in, in the current version we have 9 million for the. . .Post-Employment Fund.

CHAIR PONTANILLA: Yes.

VICE-CHAIR HOKAMA: And we've boosted up to 3 million the Emergency Fund. I would ask that we. . .maybe reduce the Emergency Fund--because that is an important fund, too, from a credit--

CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: --standpoint also for the County to borrow in the future, Chairman. I would say if we put 1 million, we can show at least 50, over 50 percent commitment to

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the full obligation. And I, I think we can make a defense when we go before the rating agencies of our . . . dedication toward *addressing* the liabilities as well as preparing our overall . . . financial picture with the continued buildup, although smaller this year . . . in, under the Emergency Fund. So I would say shift a million from Emergency . . . put 2, which is still slightly more than the Mayor had requested, and then shift 1 million to the liabilities portion so we can say we're over the 50 percent mark.

CHAIR PONTANILLA: Thank you. Members, you've heard Mr. Hokama's . . . suggestion. The Chair is open to other suggestions.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: So if we only set aside 9 million this year, rather than the 19 million that's required, does that mean we're gonna have to set aside 29 million next year?

CHAIR PONTANILLA: Um. . . if we're gonna be liable for 19 million dollars every year, which we *don't* know. . . yes.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . *(laughter)*. . . And . . .

. . . And so, how. . . boy, 19 million's bad enough, Mr. Chair. But, you know, to increase it to 29 million. . . and you know, a lot of the CIPs that we're making commitments to this year. . . basically for infrastructure improvements or rather. . . *repairs*. . . then we are also committing to fund the CIPs next year. In other words, you can't go half way, you gotta. . . you know, if you start the repair, and you're ripping it up and you're, you, you can't go half way. So it's only gonna make it more difficult in. . . trying to come up with an additional *20 million* next year. Um . . .

. . . I'd like to see us come to some firm. . . decision on what property tax rates we're gonna go with so that we have a firm bottom line revenue figure . . .

CHAIR PONTANILLA: Um--

COUNCILMEMBER ANDERSON: . . . before we start making those kind of decisions.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, I. . . of course, my. . . my proposal to you and the Members, Chairman, is very simplified. Okay? And, again, unfortunately we are at 11 o'clock with one hour to spare before--

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CHAIR PONTANILLA: Uh-huh.

VICE-CHAIR HOKAMA: --the midnight bell goes off--

COUNCILMEMBER VICTORINO: . . .(laughter). . .

VICE-CHAIR HOKAMA: --as, as a, you know, illustration. But lot of the things that we are trying to deal with in this afternoon is gonna take a lot more time for us to make the right adjustments so that we don't have the negative impacts. Because I think one of the things, to me, has come and it may be the time where we're going to need to create different rates for building and land. . .especially of the scenarios we hear of local families with sizable amounts of land and little value in the house. And if we are gonna capture more revenue from those that put in the million dollars investment in a *house*. . .it may be time for us to tax the *building* portion. . .more accordingly than the land. Because as our Code states on the exemption, the exemption is first taken off the house. And if there's any balance left, then it's deducted from the land. So if we raise the rates in the *building*. . .I know for a fact, you know, my home on Lanai is valued at only 100-something thousand for the building. And I gonna get that fully deducted from the home exemption and I'm gonna have some deduction on the land. But if you have that million-dollar house, that 300,000 is still deducted, but you're still going pay taxes and let's say we raise the tax to hotel rate. 700,000. . .700 times 8-something is just the tax on the building. That doesn't hurt the local family that is land-rich and house-poor. Okay? But we cannot do all this recalculations at this point in time, Chairman, because we may . . .(laughter). . . again, I may be making an error in. . .my generalizations this afternoon. Just as much as we really better look at Agriculture. Why would we give someone that is not a *productive* true farmer. . .ability to have homeowners on Agricultural land? Because you giving them Ag rate--there one benefit. You going get homeowners--you get the second benefit. And I don't have a problem supporting and giving subsidy to true agriculture. But I will not support hobbyists.

. . . But then again, do we have enough time to do all the calculations? Maybe if we agree not to sleep and work 'round the clock, we can wrap this up by Sunday. Okay? But I giving, I mean, I'm saying that there's many things we can do. . .but *not* at this juncture, Chairman. We're gonna have to really crack after budget. But I think the time has come, we might need to look at different rates for building and land. Thank you.

CHAIR PONTANILLA: Thank you, Mr. Hokama. And, and that's. . . basically the commitment I made last night to, to review our real prop. . .real property tax structure to make sure that our people as well as our industries are taxed properly. And thank you for your comments, Mr. Hokama. Members, any more comments?

. . . Ms. Baisa?

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COUNCILMEMBER BAISA: Thank you, Mr. Chair. I have difficulty. . .with not trying to pay off the. . .the debt this year. Because what it does is transfer it to next year. And I have concerns because we're already hearing that our real estate market is softening, which means that we may have less revenue next year. And you know when I watched the departments come in--especially, the department like, of Solid Waste. . .and we had such wonderful projections for the next, I think was like 20 years from Mr. Taylor, there were a couple years in there, there was a big spike. Some, one year was like 54 and one was like 57 *million*. And I'm not sure exactly when those are gonna hit, but they're coming. And so I hate for us to be carrying a debt that is gonna saddle future Councils and limit the, their ability to, you know, deal with our expenses. It's really, to me, a question of bite the bullet and do *something* now and review *immediately* following budget session--the whole property tax situation--so that we'll be much better prepared to do this next time. . .or do nothing and run the risk of having a real serious challenge before us next year in terms of money. So. . .I, I'm concerned. Thank you.

CHAIR PONTANILLA: Thank you, Ms. Baisa. Members, any more. . .comments? Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. Chairman, I think this whole perception, I think is really. . .it's kind of bewildering to me, yeah, because we all know, obviously, if we knew the number as we went *into* the process, we would not have celebrated Christmas in April. And here we are at this point. . .you know, we're just waiting for the numbers to come out so we know what to add to the Budget. I mean, you know, the, it, it's a tough time. But I think we need to move on. The "perception" that I reference is the perception that we're looking at increasing and raising taxes to meet this immediate need. This has not happened just overnight. This was compounded through years. And it's not gonna end today or with this Budget. It'll continue on. So I'm grateful for your wanting to readdress the tax classification or the categories, issues after budget because we will be able to create additional categories, and if the not the categories, tiers of the categories so we can adjust the rate more adequately. I'm worried about rushing into this right now. Because I don't know what the right number is.

. . . So I just. . .would prefer if, you know, I had the ability of making that decision, deal with the 2007 rates and move on.

CHAIR PONTANILLA: Thank you--

COUNCILMEMBER MATEO: Thank you, Chair.

CHAIR PONTANILLA: --Member Mateo. Members, any more discussion?

COUNCILMEMBER VICTORINO: . . . Mr. Chair?

CHAIR PONTANILLA: Member Victorino?

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COUNCILMEMBER VICTORINO: Yeah, I, I, I don't, I. . .I think everybody has said something or another and everybody makes or brings a good point. I tend to go either one of two ways. And, and at this late hour, before I really do turn into a pumpkin. . .one is to agree with. . .Councilmember Mateo, stay with the 2007 rates and adjust from there. Or. . .Councilmember Hokama. . .add the few, those monies in so we have something to start off. . .so we can look towards this debt 'cause this debt is coming. And so we have had the tsunami of our seniors and now we get this. . .hurricane of debt and I don't know what next, you know, we going have cyclones, hurricanes, tsunamis, everything. And the people of Maui County have to understand that we are doing the best we can, but we are doing it for their sake. Again, I repeat, I don't wanna see our CIP projects put off. We cannot do that any longer. I think you agree. We agree. The Mayor, the Administration, everybody says "yes". Okay? But we gotta show results. 'Cause in business, like anything else, you don't show results, you're out of business real quick. We've got a monopoly. We're called a County government. We have a duty to do these things. So with that said and done, I will support either one of those points of view, or some kind of thing, but to sit here and continue to say, well, let's raise this, let's raise that, let's not, let's. . .let's decide what we wanna do so that the. . .everybody in this room knows what we. . .what we can do and what debt we're gonna pay off. 'Cause we gotta pay some of this debt off. But all? And I'd like to be like Councilmember. . .Councilmember Baisa say pay it all off. . .but the reality is it puts a lot of burden on a lot of people if we do that. So maybe we pay half. And hopefully it'll be less. Maybe that's a pie in the sky. Maybe I'm dreaming too much. But I'm also being realistic--we don't have a firm number. All these numbers have been *estimated*. Good estimations. . .ready, pretty accurate. . .but they are estimations. And if the market gets soft next year, we may be coming in asking for bigger raises--I mean, and when I say "raises", I'm talking raising real property tax *rates* again. So maybe staying with the same might be the most prudent way. Or like Councilmember. . .Council Chair Hokama said, take this money, at least we got this money set aside to start paying the debt. But something's got to be done and we gotta decide now 'cause the people want a decision. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you.

. . . Member Molina?

COUNCILMEMBER MOLINA: Thank you, Chairman. I'm sorry I don't have the gift of gab or as long-winded as some of my colleagues. . . (*laughter*). . . who speak so eloquently. I just wanna get to the point, Mr. Chairman. You know, we were asked to go back. . .make all our own adjustments, our proposals and here we are two hours, almost two hours later we haven't done nothing practically. So I think Member Mateo may have had the right idea, let's just not make any changes, keep it to '07 rates, add the 1 million dollars that rec. . .Chairman Hokama is recommending to go over the 50 percent threshold for the employee fund, post-employee fund. . .and go to it from there, Mr. Chairman. Because. . . I don't wanna come back Sunday. This. . .this is just getting ridiculous. I mean, you know, we have been, this Council has been criticized for placing a lot of work on itself. And I don't know, some of the folks who making that argument may have that

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right. . . may be right. But let's get with it, Mr. Chairman, we gotta get some decision making going here. 'Cause. . . I wanna move. I feel like I just wasted two hours here . . . *(laughter)*. . . I mean no offense to my colleagues, but we gotta get going, make a decision. And I think Member Mateo hit on the head--let's just leave the rates alone and. . . we have this big, huge gorilla on our back with the. . . Health Fund and the retirement fund. I mean, let's. . . let's, let's do something, Mr. Chairman. Please. Thank you.

CHAIR PONTANILLA: Thank you, Member Molina. We're trying to. . . do something.

COUNCILMEMBER VICTORINO: . . . *(laughter)*. . .

CHAIR PONTANILLA: . . . *(laughter)*. . . We're trying to. Our focus right now is trying to settle the 19.3 million dollars of unfunded liability. And. . . part of the requirements to provide for that unfunded liability is through real property tax. The Chair appreciate all of the comments that the Members have. . . brought up. And the Chair at this time would like to move on. . . similarly like we started this morning--taking each PITT Code. . . as is. Members, as you know, the. . . the Chair's recommendation based on the real property tax also included the 9 million dollars for unfunded liability. Members, we're gonna move into the Apartment category.

. . . The Chair's recommendation is 4 dollars. . . 55 cents. The Chair would. . . like a. . . motion to support the Chair's recommendation at this time.

COUNCILMEMBER JOHNSON: So moved.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MATEO: Second.

CHAIR PONTANILLA: Second by. . . moved by Member Johnson, second by Member Mateo. Discussion?

COUNCILMEMBER JOHNSON: No discussion.

COUNCILMEMBER MEDEIROS: Apartment.

COUNCILMEMBER VICTORINO: Apartment? Oh, okay.

COUNCILMEMBER JOHNSON: We got consensus.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay. All in favor of the motion, please say "aye".



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CHAIR PONTANILLA: Second by Member Molina. Discussion?

COUNCILMEMBER JOHNSON: Yes, we had rates that were. . .I guess in a range. We had 6.50 and several Members. . .several of the Members picked 6. Also because the Commercial area is. . .is doing very well. . .(laughter). . . and I really believe that they're capable of absorbing the increase right now. Whereas our homeowners cannot. I think it's fair. I don't think it's going to add an undue burden into that category, and it certainly. . .is at a time when they should be able to absorb it. So. . .that's my justification for doing the 6.25.

CHAIR PONTANILLA: . . . 6.25?

COUNCILMEMBER ANDERSON: I thought 6.50?

CHAIR PONTANILLA: 6.20?

COUNCILMEMBER JOHNSON: No, I said 6 dollars and 25 cents, which was *in between* 6.50 and the 6 dollars. I just split the difference.

CHAIR PONTANILLA: Thank you. Any more discussion, Members?

. . . All in favor of the amendment, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Opposed?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Okay, Chair is gonna take roll call. Member Victorino?

COUNCILMEMBER VICTORINO: Aye.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

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CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Aye.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Aye.

CHAIR PONTANILLA: And the Chair votes “no”. So seven “ayes”, two “noes”.

COUNCILMEMBER MEDEIROS: 6.25.

COUNCILMEMBER JOHNSON: 6.25.

CHAIR PONTANILLA: And the rate for Commercial is 6.25

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Victorino.**

**NOES:     Vice-Chair Hokama and Chair Pontanilla.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:     None.**

**MOTION CARRIED.**

**ACTION:   APPROVE amendment to main motion.**

CHAIR PONTANILLA: Okay, Members, moving on to the Industrial PITT. . .PITT--

MS. BOUTHILLIER: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Oh, I’m sorry.

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COUNCILMEMBER JOHNSON: . . .(laughter). . . Main motion as amended.

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

CHAIR PONTANILLA: Going back to the main motion as amended. . .of the rate of 6 dollars and 25 cents for the Commercial. . .all in favor of the motion, please say “aye”.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. Any “nays”?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: And the Chair votes “no”.

MR. TAGUCHI: . . . Chair Pontanilla, so the count was seven--

CHAIR PONTANILLA: Seven “ayes”, two “noes”.

**VOTE:       AYES:       Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Victorino.**

**NOES:       Vice-Chair Hokama and Chair Pontanilla.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:    APPROVE the Commercial real property tax rate at \$6.25.**

CHAIR PONTANILLA: Okay. Moving on the Industrial area, the Chair recommendation is 6 dollars. Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Thank you. Any second?

VICE-CHAIR HOKAMA: Second.

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CHAIR PONTANILLA: Second by Member Hokama. Discussion?

COUNCILMEMBER JOHNSON: Mr. Chair?

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Move to amend the rate to 6 dollars and 50 cents.

COUNCILMEMBER ANDERSON: Second.

CHAIR PONTANILLA: Thank you. Any discussion to the rates being moved to 6 dollars and 50 cents?

COUNCILMEMBER JOHNSON: My only justification was because quite a number of the Members had moved towards that rate and knowing the obligations that we have, I think that's a fair rate.

CHAIR PONTANILLA: Thank you. Any more discussion at this time on the amendment?

... Thank you very much. All in favor of the amendment, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Opposed?

*NOTE: Silence.*

CHAIR PONTANILLA: ... Let the record shows eight "ayes", one "no"...the Chairman--

COUNCILMEMBER JOHNSON: ...*(laughter)*...

CHAIR PONTANILLA: --of the Committee.

UNIDENTIFIED SPEAKER: ...*(laughter)*...

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Vice-Chair Hokama.**

**NOES:     Chair Pontanilla.**

**ABSTAIN:   None.**

**ABSENT:     None.**

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**EXC.: None.**

**MOTION CARRIED.**

**ACTION: APPROVE amendment to main motion.**

CHAIR PONTANILLA: Going to the Agricultural rate--

COUNCILMEMBER JOHNSON: No, you have to move on the main motion--

CHAIR PONTANILLA: Oh, I'm sorry.

COUNCILMEMBER JOHNSON: --as amended.

CHAIR PONTANILLA: Uh. . .all in favor of the motion as amended. . .for the Industrial rate of 6 dollars and 50 cents, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. Motion carried.

. . . Seven "ayes". . .eight "ayes" and one "no".

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Um . . .

COUNCILMEMBER MEDEIROS: Seven and two.

COUNCILMEMBER VICTORINO: Seven and two.

CHAIR PONTANILLA: Seven-two. Eight "ayes" and two "noes".

COUNCILMEMBER MEDEIROS: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Yes.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you.

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**VOTE:       AYES:   Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Victorino.**

**NOES:   Vice-Chair Hokama and Chair Pontanilla.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:   None.**

**MOTION CARRIED.**

**ACTION:   APPROVE the Industrial real property tax rate at \$6.50.**

CHAIR PONTANILLA: The next area, Agriculture. The Chair recommended 4 dollars and 25 cents. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Moved by Member Victorino.

    . . . Any second?

*NOTE:   Silence.*

CHAIR PONTANILLA: . . . No "seconds"?

COUNCILMEMBER VICTORINO: Mr. Chair?

COUNCILMEMBER JOHNSON: Go with majority.

COUNCILMEMBER BAISA: Majority.

VICE-CHAIR HOKAMA: . . . What is the--

CHAIR PONTANILLA: Although majority, the Chair is gonna continue on as far as the way we do our voting at this time.

COUNCILMEMBER VICTORINO: Mr. Chair?

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: Mr. Chair?

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COUNCILMEMBER VICTORINO: May I?

COUNCILMEMBER \_\_\_\_: . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I move to, to adopt--

CHAIR PONTANILLA: Member Anderson, I, I need a second first if there's any.

COUNCILMEMBER JOHNSON: No.

COUNCILMEMBER VICTORINO: Okay, there was no second--

COUNCILMEMBER ANDERSON: We didn't get a second. That's why . . .*(laughter)*. . . I'm offering--

COUNCILMEMBER JOHNSON: That's why--

CHAIR PONTANILLA: Okay, fine.

COUNCILMEMBER JOHNSON: --she's offering--

COUNCILMEMBER BAISA: Yeah.

COUNCILMEMBER JOHNSON: --a new--

COUNCILMEMBER VICTORINO: And that's--

CHAIR PONTANILLA: Okay, motion dies.

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . . Mr. Chair?

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Mr. Chair, I asked to be recognized first, if I may?

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: And *that* was my motion--to raise the rate, return the rate to 4.50 per 1,000.

COUNCILMEMBER ANDERSON: Second.

COUNCILMEMBER VICTORINO: Okay. Thank you, Mr. Chair.

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CHAIR PONTANILLA: Thank you.

. . . Moved and--

. . . It is moved by Member Victorino, second by Member Anderson to . . . propose a new rate of 4 dollars and 50 cents for Agriculture. Is there any discussions?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: I would move to increase . . . *(end of tape, start 5A)* . . .

CHAIR PONTANILLA: Thank you. There's a motion to increase the rate to 6 dollars. Any--

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Second?

COUNCILMEMBER ANDERSON: There's already a motion on the floor for 4.50.

VICE-CHAIR HOKAMA: Move to amend.

COUNCILMEMBER VICTORINO: Second--

CHAIR PONTANILLA: Okay--

COUNCILMEMBER VICTORINO: --for discussion purposes.

CHAIR PONTANILLA: Okay. Moved. . . moved to amend by Member Hokama, second by Member Victorino. Discussions? Member Hokama?

VICE-CHAIR HOKAMA: Chairman, as I understand the Code now. . . if we are looking at exclusive Agricultural activities and, and. . . let's, let's take the. . . the potential Upcountry farmer. Let's say he has 20 acres of land. . . and he has productivity of 1,000 dollars per acre. Which I was told is on the high side. . . so you times this by 20 acres. . . that's 20,000 dollars.

. . . Okay? Then he has the, part of the formula, we divide that, the County then divides that by 1,000, so the number is **20**. Then you add the tax rate and let's say you take my 6 dollars.

. . . That's a **120** dollar tax bill.

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. . . Okay? And the way we have *now*. . .if they have a home and they qualify for a homeowners, they going pay. . .20 times. . .2 dollars. They going be below the minimum tax.

. . . So. . .how are we gonna look at Agriculture, Chairman? How are we gonna look at ag land?

. . . If you don't believe me, there's Mr. Teruya.

CHAIR PONTANILLA: . . . Thank you, Member Hokama. Members, any more discussion?

COUNCILMEMBER JOHNSON: Um . . .

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Yes, I would like to hear from Mr. Teruya because. . .I'm. . .I'm just. . .you know, a little . . .(laughter). . . I guess I'm not understanding that if you're trying to help out the. . .people that are farming, how would this. . .hurt them or help them . . .(laughter). . . I just wanna make . . .(laughter). . . sure.

MR. TERUYA: Ms. Johnson, for parcels that are *exclusively* used for farming, Chair Hokama's response is correct. If you do have a homesite, it's a little bit differently, but we can go into many, many examples. But a, a parcel that is exclusively used for ag. . .like whether it's dedication or agricultural use, the productivity rate per, per acre is relatively low. And . . .

. . . an example would be as low as 60, maybe, per acre. . .and maybe as high as a thousand or two thousand at the most, probably. We can get into more examples if you need to, but I don't have them readily available.

COUNCILMEMBER JOHNSON: Well, let's just say somebody has a house and maybe two acres, and they have a small farming or, organic farm--something of that sort. Is this going to unduly *burden* them in terms of the--you know, because I have no idea what the *valuations* are in terms of their real property assessment 'cause I haven't seen that many, like in other words, farmers don't come to me showing me their tax bills. Usually, it's the residential homeowner. So . . .

MR. TERUYA: On a two-acre lot, if you have a quarter-acre set aside for the homesite . . .

COUNCILMEMBER JOHNSON: Uh-huh.

MR. TERUYA: . . . and you have a home exemption, you not even in Ag anyway, you're in Homeowner class. But. . .the value of the homesite if you didn't have a home exemption is. . .quarter of the two acres. So if your. . .two acres is worth 600,000, you're only

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taxing about 150. And 150 for the land value is relative low in, according. . .accordance to what the highest and best use value is.

COUNCILMEMBER JOHNSON: Uh-huh.

MR. TERUYA: So . . .

COUNCILMEMBER JOHNSON: So, so if what. . .Council Chair Hokama's saying, if we follow that, then. . .it's *not* going to unduly burden someone who has a genuine agriculture activity going on in their farm.

MR. TERUYA: Yeah, be. . .the proposed rate, I believe is 6 dollars. We're talking about 1.50 per thousand. I don't. . .I don't wanna say what is *too much* for somebody, but I don't think a dollar-fifty per thousand is much on 150 dollars of valuation. 'Cause 150,000 divided by 1,000 is 150. 150 times a dollar-fifty is . . .

. . . 200 bucks.

COUNCILMEMBER JOHNSON: Okay.

COUNCILMEMBER ANDERSON: . . . Chair?

CHAIR PONTANILLA: Member Anderson? Before I go to Member Anderson, Member Johnson, are you done?

COUNCILMEMBER JOHNSON: Yes--

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER JOHNSON: --I'm through. He answered--

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER JOHNSON: --my question.

COUNCILMEMBER ANDERSON: I just. . .put the 6 dollar rate in for Agriculture, we would realize. . .above your rec, recommended rate, Mr. Chair, an extra 6.877 million, almost 7 million.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you. Members--

COUNCILMEMBER MEDEIROS: Chair?

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CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes, you know, after have, hearing Chair Hokama's explanation and supported by Mr. Teruya's explanation, I, I, I would, you know, support Chair Hokama's proposal.

CHAIR PONTANILLA: Thank you. Any more discussion. . .on the amendment?

. . . At this time, the Chair will call for the vote. And, Members, I'm gonna call each. . .and, every single one of you. Okay?

COUNCIL MEMBERS: . . .*(laughter)*. . .

CHAIR PONTANILLA: Not "okay", I *will* . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: Okay. Member Victorino. . .in regards to Member Hokama's amendment to move the 4 dollars and 50 cents as made earlier to 6 dollars?

COUNCILMEMBER VICTORINO: Yes.

CHAIR PONTANILLA: . . . Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Based on what I've just learned, I will support it.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Thank you. Member Anderson?



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**EXC.: None.**

**MOTION CARRIED.**

**ACTION: APPROVE amendment to main motion.**

CHAIR PONTANILLA: Back to the main motion as amended. All in . . .

COUNCILMEMBER VICTORINO: . . . You can go on.

CHAIR PONTANILLA: Amended main motion is to remove 4 dollars and 50 cents. . .and in its place, 6 dollars for the Agricultural rate.

. . . Any discussion? Member Victorino?

COUNCILMEMBER VICTORINO: Agree, yes.

COUNCILMEMBER JOHNSON: No--

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes.

COUNCILMEMBER JOHNSON: Um . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: I, I thought you said "any discussion" . . .*(laughter)*. . .

. . . Oh, I'll just vote "yes".

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Member Anderson?

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COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: And the Chair votes “no”.

COUNCIL MEMBERS: . . .*(inaudible)*. . .

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Vice-Chair Hokama.**

**NOES:     Chair Pontanilla.**

**ABSTAIN:  None.**

**ABSENT:   None.**

**EXC.:     None.**

**MOTION CARRIED.**

**ACTION:     APPROVE the Agricultural real property tax rate at \$6.**

CHAIR PONTANILLA: Moving to Conservation . . .*(cleared throat)*. . . the Chair’s recommendation is for 4 dollars and 70 cents. Chair would like to entertain a motion.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Thank you. Any second?

. . . Okay, motion--

COUNCILMEMBER MOLINA: Second for discussion.

CHAIR PONTANILLA: Okay. Second by Member Molina. Any discussions?

. . . Member Victorino?

COUNCILMEMBER VICTORINO: Yes, Mr. Chair, that’s one of the areas where I have seen not much of an increase as far as. . .as far as the appraised value is concerned over the last few years. Probably one of the smaller parts of our. . .and lot of this land is conserve, conservation. Hopefully this will be some of the things that we’re looking to purchase,

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such as...our hope to get, one day, Lipoa Point and areas of that putting in...in conservation and protecting it for the future. So I'd like to keep that rate the same as, as you had recommended, 4.70.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Member Johnson?

COUNCILMEMBER JOHNSON: Move to amend the Conservation rate to 4 dollars and 75 cents.

CHAIR PONTANILLA: Thank you. Is there any second?

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Okay, moved by Member Johnson, second by Member Medeiros to amend the main motion to 4 dollars and 75 cents. Any discussion?

... Member Anderson?

COUNCILMEMBER ANDERSON: Um...you know, Conservation land...people seem to think that it is untouchable, but--

COUNCILMEMBER JOHNSON: ...*(laughter)*...

COUNCILMEMBER ANDERSON: --it's not. There's a lot of building going on. And...you know, there's various subclass, various subclasses of conservation land. And...just through...

... watching what's going through the Planning Commission. Lot of people are getting leases from DLNR on this land and they're building **big** homes on it. So...as much as I'd like to keep the value down...with the potential that we may be buying some of it...then again, we may not. So I think they need to take the bite just like everybody else. And, so I would support the 4...75.

CHAIR PONTANILLA: Thank you. Any more discussion?

*NOTE: Silence.*

CHAIR PONTANILLA: ... Okay. All in favor of the amendment...to 4 dollars and 75...Member Victorino?

COUNCILMEMBER VICTORINO: No.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Aye.



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*NOTE: Silence.*

CHAIR PONTANILLA: . . . Member Victorino?

COUNCILMEMBER VICTORINO: No.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: I'm sorry . . . *(laughter)*. . . Member Molina?

ALL: . . . *(laughter)*. . .

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros . . . *(laughter)*. . .

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member . . . *(laughter)*. . . Johnson?

COUNCILMEMBER JOHNSON: Do I--

VICE-CHAIR HOKAMA: . . . *(inaudible)*. . .

COUNCILMEMBER JOHNSON: --get two votes, too?

ALL: . . . *(laughter)*. . .

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?



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CHAIR PONTANILLA: It's been moved by Member Johnson, second by Member Anderson to increase the Hotel/Resort rate from 8.20 to 8.50. Any discussion?

COUNCILMEMBER JOHNSON: Um, Mr. Chair, the only reason that I'm doing that is because I look at the spread of where various Members were putting the rate, and. . .we had a, a higher rate proposed, but I'm willing to look at the 8.50 because I think that . . .

. . . you know, earlier comments made. And also the viability of the industry right now at *this* point in time, I, I would say that. . .this is a fair rate. Thank you.

CHAIR PONTANILLA: Thank you. Any more discussion?

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I think it's *more* than a fair rate. They're still getting a good deal.

. . . Again. . .Hawaii County's 9 dollars, Oahu. . .City and County of Honolulu, almost 12. And they have similar like properties and. . .hasn't put any of them out of business.

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: I'm not gonna support the amendment. I think at the 8.20, they'll be paying. . .they're currently paying about 70.1 million. With your proposal, Chairman, they'll be paying 80.3 million. And unfortunately, on an island like mine, Chairman, our whole community is depending on the resorts. Something happens on Lanai, the whole island gets impacted. We don't get visitors . . .

. . . you're gonna see the furloughs. Doesn't come back, we going see termination. Okay? For me, it's an *island* impact, not a, just one component of this whole engine on this island. To me, it's an *island* impact. I'm not gonna jeopardize my island.

CHAIR PONTANILLA: Thank you. Any more discussion?

. . . Member Johnson, followed by Member Mateo.

COUNCILMEMBER JOHNSON: Yes, for my second and final time. Last year when I was going through a lot of the rates and my questioning with Finance, one of things that happened is because of the huge bump in assessment . . .

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...*(sigh)*... there were almost, I...there were so many appeals in the Hotel category, in that classification. And I believe that many of them were granted. So don't think that just because this is what's projected, that's the revenue that you're gonna get because some of these appeals will be granted. And then your revenue will go down. So that's where I feel that by setting the rate slightly higher, it's gonna at least protect the income that we're getting. That's my rationale. Thank you.

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: Chairman...thank, thank you, Chairman. I was more leaning towards the 8.50...proposal. Mr. Hokama provided me with a...a wakeup call, I think, when I take a look at the very few hotel accommodations and the like on my island. And they're already struggling at this point back home. And I...not able to do this for them. I will stay with the 8.20.

CHAIR PONTANILLA: Thank you. Any more discussion, Members? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Chair. You know, I, too, on our island of Hana, we only get...*(laughter)*... one hotel. And it's the major employer. And if we jeopardize that hotel's viability, we jeopardize the whole community. So I'll be supporting Chair Hokama's proposal.

CHAIR PONTANILLA: Thank you. Members--

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Yeah, you know, I appreciate...the outer island...folks' concerns. But, you know, unless you look at the assessed valuation of the property in question and you look at what this 30 cent increase...means in...in their property...tax...

... I think, you know, it's kind of...well...

... crying wolf because...30 cents per thousand valuation isn't gonna add up to a whole lot if the, unless the property is something like a Grand Wailea...where the assessed valuation is quite large. Um...

... and...

... it doesn't seem to...the 9 dollar rate on the Big Island, the 12 dollar rate on...on Oahu hasn't put them out of business. And as I said...

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. . . *all* of the properties have realized unprecedented hotel rooms. . . hotel room rates in the County of Maui, not to mention occupancy rates. So I can appreciate their concerns, but I don't think it's gonna amount to that much money. And if it does, you know who gets to pay it? The visitor who's staying in their hotel. So . . .

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*). . .

COUNCILMEMBER ANDERSON: . . . for the property class that. . . produces . . .

COUNCILMEMBER \_\_\_\_: . . .(*sigh*). . .

COUNCILMEMBER ANDERSON: . . . almost, well, the current valuation is 9 *billion* dollars . . .

. . . 9.8 billion dollars.

. . . I think that they can certainly afford this 30 cent increase to help us pay for the in, infrastructure, Mr. Chairman. . . that they and their visitors use. They enjoy all of our resources. The visitors don't come and just stay in the hotel. They go out and they use our roads, they use our beaches, they use our water, they use our landfill, they use our sewer. They're using all of our natural resources on top of that. And it's not fair for us to put increases to other people and the *biggest* economic benefitter in this island doesn't share in that increase. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Any more discussion, Members?

. . . Chair is gonna take the vote now. . . as amended. . . making the rate for Hotel 8 dollars and 50 cents. Member Victorino?

COUNCILMEMBER VICTORINO: After hearing my colleagues speak, though I agree with some of 'em, I will have to say "no" because I'd like to preserve the jobs, especially for our little island communities, Molokai, Lanai--

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: --and Hana.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: No.

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CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: . . . No.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Yes.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: And the Chair vote. . .yes on, uh, “no” on the amendment.

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: Let the record shows that there’s seven “ayes” and two “noes”.

VICE-CHAIR HOKAMA: No, opposite way.

MR. TAGUCHI: Chair Pontanilla?

CHAIR PONTANILLA: Um, sorry. . .two “ayes” and . . .*(laughter)*. . . seven “noes”  
. . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: Ooh . . .

**VOTE:       AYES:     Councilmembers Anderson and Johnson.**

**NOES:     Councilmembers Baisa, Mateo, Medeiros, Molina, Victorino,  
                          Vice-Chair Hokama, and Chair Pontanilla.**

**ABSTAIN:   None.**

**ABSENT:    None.**

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**EXC.: None.**

**AMENDMENT TO MOTION FAILED.**

CHAIR PONTANILLA: . . . Back to the main motion as amended--uh, not "amended", back to the main motion of 8 dollars and 20 cents. Chair's gonna take the vote. Member Victorino?

COUNCILMEMBER VICTORINO: Aye.

CHAIR PONTANILLA: Member Hokama?

COUNCILMEMBER ANDERSON: Any discussion, Chair--

CHAIR PONTANILLA: I'm sorry?

COUNCILMEMBER ANDERSON: --on the main motion?

CHAIR PONTANILLA: Any discussion?

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . . I'm wondering if Mr. Teruya. . .can give us any assessed values for Hotel Hana?

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Or for . . .

COUNCILMEMBER VICTORINO: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . . I, I've got assessed valuations for the larger hotels. But I'm wondering if he has anything with him that can help us.

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Currently, no.

COUNCILMEMBER ANDERSON: Yeah. Thank you.

CHAIR PONTANILLA: Thank you. The Chair is gonna take the revote. . .on the main motion of 8 dollars, 20 cents. Member Victorino?

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COUNCILMEMBER VICTORINO: Aye.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Aye.

CHAIR PONTANILLA: And the Chair votes “aye”. There’s six *[sic]* “ayes” and three *[sic]* “noes”. Motion is carried.

**VOTE:       AYES:     Councilmembers Baisa, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:     Councilmembers Anderson and Johnson.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:     None.**

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**MOTION CARRIED.**

**ACTION: APPROVE the Hotel/Report real property tax rate at \$8.20.**

CHAIR PONTANILLA: For Unimproved Residential, the Chair's recommendation is 5 dollars and 35 cents. Chair is looking for a motion.

COUNCILMEMBER ANDERSON: So--

COUNCILMEMBER VICTORINO: Moved.

COUNCILMEMBER MOLINA: Second for discussion.

CHAIR PONTANILLA: . . .*(laughter)*. . . Moved by Member Victorino, second by Member Molina. Discussion?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Member Victorino?

COUNCILMEMBER VICTORINO: Yes, Mr. Chair, I'd like to amend. . .the main motion to change it to 5.86--

COUNCILMEMBER JOHNSON: Cannot--

COUNCILMEMBER VICTORINO: --as it was currently . . .

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: . . . as it currently is, stands.

COUNCILMEMBER JOHNSON: Point of order, Mr. Chair.

CHAIR PONTANILLA: Thank you . . .*(laughter)*. . . Member Johnson?

COUNCILMEMBER JOHNSON: Can you amend your own main motion?

VICE-CHAIR HOKAMA: Yes.

COUNCILMEMBER VICTORINO: Yes, I can.

COUNCILMEMBER JOHNSON: Oh, okay.

CHAIR PONTANILLA: . . .*(inaudible)*. . .

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COUNCILMEMBER JOHNSON: I just wasn't sure.

COUNCILMEMBER VICTORINO: I can do anything I need to.

CHAIR PONTANILLA: Okay--

COUNCILMEMBER VICTORINO: Thank you, Ms. Johnson.

COUNCILMEMBER JOHNSON: Thank you.

COUNCILMEMBER VICTORINO: I know my Parliamentary Procedures . . . *(inaudible)* . . .

CHAIR PONTANILLA: Thank you, Mr. Victorino. Members, any more discussion?

UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . .

VICE-CHAIR HOKAMA: . . . Second to the--

COUNCILMEMBER ANDERSON: . . . *(laughter)* . . .

VICE-CHAIR HOKAMA: --amendment. . .5.86.

UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . .

CHAIR PONTANILLA: Member Molina, you second the mo--

COUNCILMEMBER MEDEIROS: Yes.

CHAIR PONTANILLA: You seconded the . . .

COUNCILMEMBER MOLINA: The original.

CHAIR PONTANILLA: Oh, I'm sorry. I'm looking for a second on the . . .

UNIDENTIFIED SPEAKER: Amendment?

CHAIR PONTANILLA: . . . amendment.

VICE-CHAIR HOKAMA: Second.

CHAIR PONTANILLA: Second by Member Hokama.

**NOTE:** *Silence.*

CHAIR PONTANILLA: . . . Any discussion?

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*NOTE: Silence.*

COUNCILMEMBER BAISA: . . . Chair. . .if the . . .

CHAIR PONTANILLA: Who?

. . . Any discussion?

COUNCILMEMBER BAISA: I'll defer to Mr. Victorino--

CHAIR PONTANILLA: Oh, I'm sorry.

COUNCILMEMBER BAISA: --who made the motion.

CHAIR PONTANILLA: Oh, you did?

COUNCILMEMBER BAISA: I'm not, no, he made motion, but I, I'd like to say something, but I'll defer--

CHAIR PONTANILLA: Okay, fine--

COUNCILMEMBER BAISA: --to him.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: . . .*(laughter)*. . .

COUNCILMEMBER VICTORINO: Mr. Chair, I will allow Ms. Baisa to say what she need to say.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Thank you.

COUNCILMEMBER BAISA: Thank you. I. . .would like to speak against the amendment.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: I'd like to support your recommendation. I see a inequity in this Unimproved Residential category. It's been, I've been given to understand that the rate or the higher rate is based on *potential*. And I have personal experience with a piece of property that is, has *no* potential because it has no access to water, a substandard road, and cannot be developed. So I don't know what the *potential* is. Thank you.

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CHAIR PONTANILLA: Thank you. Any more discussion?

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: . . . I won't in. . . support the increase either because. . . you know. . . I, I don't recall what the rate was, maybe Mr. Teruya does. Several years ago, the rate was. . . *not* at 5.86 and we made an increase based on the *assumption* that Unimproved Residential was basically . . .

. . . property owned by speculators holding it for development. But we have a lot of families on Maui who have family land passed down to them. They've been holding on to it, some of them for generations *hoping* to get water so they can develop it for their family. . . for the next generation. And this is the land that's gonna be sold off. . . because they have no income from it, yet they're paying property taxes. And with the increased assessed valuation in this category, Mr. Chairman, you know. . . we. . . I can't find my one, we did have a. . . a decrease, I think of 16 million, but that's reflective. . . of the properties that *were* unimproved that were able to *be* improved. Many of those properties, I'm sure, are in Wailea. It was a lot of zoned vacant land in Wailea that was getting. . . classified under un. . . Unimproved Residential that's now Improved. Um. . . so you know, we're gonna get 'em when they develop the property. Why punish them now while they're just holding on to the property in hopes that someday they can use it? So I cannot support the increase in this, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any more discussion at this time? Okay, we'll take a vote. Member Victorino?

COUNCILMEMBER VICTORINO: Aye.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: No.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: No.

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CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: We're voting on the amendment at 5.86?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Yes.

CHAIR PONTANILLA: Thank you. And the Chair votes "no". Let, the record shows that there's five "ayes" and 4 "noes". The amendment. . .I'm sorry--

COUNCIL MEMBERS: . . .(*inaudible*) . . .

CHAIR PONTANILLA: Four "ayes" and *five* "noes".

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: Amendment dies.

**VOTE: AYES: Councilmembers Mateo, Medeiros, Victorino, and Vice-Chair Hokama.**

**NOES: Councilmembers Anderson, Baisa, Johnson, Molina, and Chair Pontanilla.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: None.**

**AMENDMENT TO MOTION FAILED.**

CHAIR PONTANILLA: Back to the main motion. . .to 5 dollars and 35 cents. Any discussion?  
Member Johnson?

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COUNCILMEMBER JOHNSON: When you look at the differential in the revenue in this particular classification. . .as an overall . . .(laughter). . . theme, I guess, or scheme of all the rest, the amount of income produced from this category is *not* going to be that much different from what we would have gotten had we kept the rate at 5.86. So that's why I'm gonna support the 5.35 rate.

CHAIR PONTANILLA: Thank you. Any more discussion, Members? Back to the main motion. . .of 5 dollars and 35 as the rate for Unimproved Residential. Member Victorino?

COUNCILMEMBER VICTORINO: Aye on the main motion.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: . . . No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Aye.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: And the Chair votes "yes".

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

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CHAIR PONTANILLA: Let the record show there's seven "ayes" and two "noes". The motion is carried.

**VOTE:       AYES:   Councilmembers Anderson, Baisa, Johnson, Medeiros, Molina, Victorino, and Chair Pontanilla.**

**NOES:   Councilmember Mateo and Vice-Chair Hokama.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:    APPROVE the Unimproved Residential real property tax rate at \$5.35.**

CHAIR PONTANILLA: Members, to the Homeowner's classification, the Chair's recommendation is 2 dollars. And the Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Molina. Discussion, Members?

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . . Move to increase to 2.40.

COUNCILMEMBER VICTORINO: Second for discussion purposes.

CHAIR PONTANILLA: Okay, Members, there's a amendment by Mr. Hokama to increase the rate to 2 dollars and 40 cents. . .second by Member Victorino. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, this would still be below the current rate. And . . .

. . . this would raise approximately 600,000 dollars more than the current year . . .

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. . . amount that we have budgeted. We have budgeted about 20. . .22.9 million dollars. At 2.40 would generate approximately 23 million 600. . .thousand dollars. So with the new inventory and whatnot, I consider this a . . .a flat, flat proposal. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion on the amendment? Member John. . .uh, Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. Mr. Teruya, if I may? When the Mayor proposed her rates, it's my understanding that she reduced the rates in order to prevent the *increased* assessed valuation from resulting in higher property taxes to each one of these classes. So at the 1.85 rate that she proposed, does that cancel out the 12 to 15 percent increased assessed valuation?

MR. TERUYA: Yes. The 1.85 that I believe the Mayor proposed was for a flat budget within the class.

COUNCILMEMBER ANDERSON: So at the 2 dollar rate that. . .the Budget Chair proposed . . .

. . . well, we can see what that does. That gives us an increase of--how would that . . .

. . . is there any way we, we can figure out what percent increase that would be above the flat rate?

. . . See what I'm trying to arrive at? A percent increase--we were told that the assessed valuations for residential properties went up 12 to 15 percent. And if her 1.85 canceled out that assessed valuation increase. . .and we went with 2 dollars instead of 1.85. . .then we're looking at how much of that percent increase . . .

. . . being reinstated, I guess, of assessed valuation?

MR. TERUYA: What, what's hard is I don't have the amended numbers from the Homeowner category. Because I believe last year the Council increased the tax. . .home exemption and lowered the rate. So what was *certified* was actually *amended* by the change. So I couldn't. . .I came on short notice. I was, I didn't . . .(laughter). . . even bring a calculator or my files.

COUNCILMEMBER ANDERSON: . . .(laughter). . .

MR. TERUYA: So I couldn't really tell you. But the 1.85 was projected to, to flatten it.

COUNCILMEMBER ANDERSON: For flat.

MR. TERUYA: Yeah, so I don't have the amended numbers with me.

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COUNCILMEMBER ANDERSON: Okay. Well . . .

. . . certainly--

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: --the amendment is for. . .I'm sorry, 2.40?

CHAIR PONTANILLA: 2 dollars and 40 cents.

COUNCILMEMBER ANDERSON: Forty cents. So that certainly is. . .you know, when, when the previous rate was 2.50, at this amended rate. . .it's fair to say that the. . .increased assessed value from 12 to 15 percent. . .is still gonna be there. I mean, for 10 cents difference. . .they might see a 10. . .10 percent to 12 percent increase in their . . .(end of tape, start 5B). . . So I cannot support the increase, Chair. I, I support yours . . .

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: . . . at 2 dollars.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Yes. Question for Mr. Teruya.

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER BAISA: Mr. Teruya, this increase if we go to 2.40, how will it affect or which group of taxpayers is it gonna affect most? Being that we have a 300 dollar. . .I mean, 300,000 dollar exemption for Homeowners, I would *guess*, having lived on Maui for a very long time, that many of our local residents who have had homes for a very long time. . .don't have homes that are worth a whole lot than, more than 300,000 dollars. So is it gonna be a burden on *them*, or does it kind of affect the higher-priced homes more?

MR. TERUYA: I can't give you the. . .the actual number. But it will impact, maybe. . .everything over 330,000 dollars. Because, I say that because 300,000 is the exemption. But at 330,000 it's, you still might be paying minimum tax. Um. . .I don't, I'm not prepared to tell you, give you a better analysis on how much it's gonna be impacted, but the Homeowner class went up, I think Kalbert, Mr. Young said it went up about 12 to 15 percent. So. . .at 2.40. . .um . . .

. . . it's really . . .(laughter). . . hard without my, my computer. Yeah.

COUNCILMEMBER BAISA: . . . Lance?

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CHAIR PONTANILLA: Thank you, Member Baisa. Members, any more discussions on the amendment?

. . . If not, the Chair would like to call the vote. Member Victorino?

COUNCILMEMBER VICTORINO: No.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: No.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . .(*inaudible*). . .

CHAIR PONTANILLA: And the Chair votes “no”. So there’s eight “noes” and one “aye”.  
Motion is carried . . .(*cleared throat*). . . Members--

MR. TAGUCHI: Chair, motion fails.

COUNCILMEMBER VICTORINO: Fails.

**VOTE:       AYES:   Vice-Chair Hokama.**

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**NOES:** Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.

**ABSTAIN:** None.

**ABSENT:** None.

**EXC.:** None.

**AMENDMENT TO MOTION FAILED.**

CHAIR PONTANILLA: Oh, back to the main motion . . .

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: . . . leaving the rate, oh not . . .(laughter). . .

COUNCILMEMBER JOHNSON: 2 dollars.

CHAIR PONTANILLA: . . . leaving at the . . .the Homeowner's rate to the Chair's proposal of 2 dollars. Member Victorino?

COUNCILMEMBER VICTORINO: Yes.

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: . . . Member . . .(laughter). . . Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: Member Anderson?



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CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now reconvened. Members--uh, Member Anderson?

COUNCILMEMBER ANDERSON: Yeah, I just got some really disturbing information, Mr. Chairman. My Aide looked up the Hotel Hana Maui. . .in the real property assessment records. And . . .(*sigh*). . . you know what? Hotel Hana Maui is classed under property, I mean, under *Apartment* for property class. And that's because they have condominiumized the property. So they're not *paying* the Hotel rate. They're paying the *Apartment* rate.

COUNCILMEMBER BAISA: . . .(*inaudible*). . . break.

COUNCILMEMBER ANDERSON: Yeah, who we just gave a break to.

. . . I'd like to have Mr. Teruya *explain* this. . .loophole that seems to be. . .known by several attorneys. . .and certain property owners, but not by *this* body.

CHAIR PONTANILLA: Thank you. Mr. Teruya?

MR. TERUYA: In the case of Hotel Hana Maui, what happened was a year or two ago, they went under the condominium property regime whereby. . .I believe each building was condominiumized. So each building is a CPR. Under the current ordinance, 3.48.305.C, condominiums are declared by their actual use. Therefore, portions of the hotel, which would be the lodging units and the lobby area, were classified as Hotel.

. . . I believe the commercial area where the art galleries are were classified as Commercial. And. . .there's other units that would be, like the spa and pool area, that were classified as Apartment or Commercial, commercial use.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Yeah, and Mr. Teruya what would prevent any other, and, and, and this is not interval ownership, Members. Um. . .what would prevent any other hotel from condominium. . .condominiumizing their property in a similar manner in order to avoid the Hotel rate?

MR. TERUYA: Um. . .I believe, I don't know the condominium process, but even Maluhia at Wailea was a large residential, I mean Hotel zoned parcel that was condominiumized to 14 residential units. . .next to the Renaissance, I believe. So I'm not sure of the *process*, but it can be done if you have units. You can condominiumize a property--whether it's actual "condominiums" like you're thinking of or residential lots that can be condominiumized.

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COUNCILMEMBER ANDERSON: So let's just say a hotel like the Grand Wailea. . .who as far as I know is *not* time share, yet. They could condominiumize their property. . .and that could be horizontal as well as vertical. Is that correct?

MR. TERUYA: . . . Yes, the. . .I'm not sure of how you condominium, the process of condominiumization, but I would assume so because the WorldMark Club. . .did it. You can pretty much condominiumize anything. And according to our ordinance, the condominiumization, when you go through condominiumization your, declare your use in your ordinance, according to the ordinance.

COUNCILMEMBER ANDERSON: So the person who's. . .promoting or. . .processing the condemn, condominiumization. . .conversion of the property, they will declare the use. So if they want . . .

. . . I, I still don't understand. I can see getting commercial. . .declaring a parcel, a part, a portion of the parcel or portion of the property. . .Commercial because it's for retail stores. But how do they get the. . .the *dwelling* units as *Apartment* rather than Hotel when the *use* is hotel?

MR. TERUYA: Well, according to the ordinance, Apartment would be anything long-term rental, anything over six months. So although you have. . .Hotel *zoning*--let's say, for example, one of the units in Hotel Hana Maui, they're gonna. . .they're not gonna rent. . .that would be, fall under the Apartment classification.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Then how did they get Apartment for all of their property?

MR. TERUYA: No, the Hana, Hotel Hana Maui has various . . .

COUNCILMEMBER ANDERSON: Like you said--

MR. TERUYA: . . . classifications. Yes.

COUNCILMEMBER ANDERSON: --Commercial--

MR. TERUYA: Like I said, the hotel lobby area and the lodging units *are* in the Hotel/Resort classification.

. . . Those that would have the *Apartment* classification are the, the lower area where the bung--

COUNCILMEMBER ANDERSON: Bungalows?

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MR. TERUYA: They have--not the “bungalows”, I’m sorry. The, they have ten--

COUNCILMEMBER ANDERSON: Sea cottages?

MR. TERUYA: --CPRs, yeah, adjacent, they’re all stacked up against each other that went out for individual *sale*.

COUNCILMEMBER MEDEIROS: Yeah, that was--

MR. TERUYA: And those units, if they’re not rented, they would be classified as Apartment.

COUNCILMEMBER ANDERSON: I see. Okay, thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Anderson.

. . . Any more. . . questions for Mr. Teruya? Member Johnson?

COUNCILMEMBER JOHNSON: No, I. . . I just wanted to add to that that *that’s* one of the concerns that have been raised because many of the properties on the west side--Royal Lahaina, I believe even the Ritz-Carlton, you know, a lot of these areas, they are being reconfigured. . . even IntraWest is being classified as a residential condominium. And yet some of the *uses* will be very different. So I don’t know how it’s gonna impact, but ultimately it’s gonna impact revenues.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. One quick question for Mr. Teruya. You mentioned under ordinance, 3.48. . . whatever . . .

MR. TERUYA: 305.

COUNCILMEMBER ANDERSON: 305.

MR. TERUYA: C.

COUNCILMEMBER ANDERSON: C . . . *(laughter)*. . . Thank you. Um. . . so I’m assuming that that is under our purview. And is there anything at the State level that would prevent us from adjusting this County ordinance to prevent that kind of thing from happening?

MR. TERUYA: I do not believe so. I believe in the last meeting that I was here, Chair Hokama brought it up that both the Big Island and the Kauai County do not have actual use as part of their ordinance. It is the underlying *zoning* that determines their classification.

COUNCILMEMBER ANDERSON: Okay. Thank you. Thank you, Chair.

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CHAIR PONTANILLA: Thank you. Thank you. Members, any more questions for Mr. Teruya at this time? The Chair would like to call on Staff to give us a number in regards to the real property tax and the increase in revenues.

MS. REVELS: Thank you, Mr. Chair. With all of the changes we just made, there is an increased revenue of 9,327,945 dollars.

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*) . . .

MS. REVELS: Over the Chair's proposal.

VICE-CHAIR HOKAMA: What is the total revenue?

COUNCILMEMBER JOHNSON: What's the total?

. . . What is the total?

CHAIR PONTANILLA: Members. . .I instructed the Chair to . . .(*sigh*). . . not "Chair", the Staff to provide us this number. I'm gonna have the Staff work on presenting us. . .a total after--oh, you have it now?

MS. REVELS: Yes.

CHAIR PONTANILLA: Okay, fine. Go ahead.

MS. REVELS: The total revenue with all of these changes is 221,859,649 dollars.

CHAIR PONTANILLA: Jeez.

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*) . . .

CHAIR PONTANILLA: . . . Okay, Members? So we got a new number to. . .2 million, 221 million 859 dollars. . .um 59 thousand dollars. So when we come back from our dinner break, we'll continue on . . .(*laughter*). . . in our discussion in the 2008 Budget. So, Members, if we can come back at about. . .7:45?

**NOTE:** *Silence.*

COUNCILMEMBER \_\_\_\_: Eight.

CHAIR PONTANILLA: Six . . .

COUNCILMEMBER JOHNSON: Seven.

CHAIR PONTANILLA: 6:45?

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COUNCILMEMBER ANDERSON: Chair, do you have any estimate of how late we'll be working tonight?

CHAIR PONTANILLA: Uh . . .

COUNCIL MEMBERS: . . .(inaudible) . . .

CHAIR PONTANILLA: . . . it all depends on the questions that we ask. I, I know we're pretty close on the numbers, Members, although we show a million dollars less what we projected for. . .to meet the. . .our unfunded liability. You know, the. . .we continue to work on, on trying to refine the numbers. So I, I know we're pretty close.

. . . Hopefully, not too long.

COUNCILMEMBER ANDERSON: So. . .not to long--

CHAIR PONTANILLA: I cannot--

COUNCILMEMBER ANDERSON: . . .(laughter) . . .

CHAIR PONTANILLA: --promise you that--

COUNCILMEMBER ANDERSON: . . .(laughter) . . .

CHAIR PONTANILLA: --we not going come here tomorrow morning. Uh. . .I'm, for sure we're gonna finish late.

COUNCILMEMBER ANDERSON: *That's* what I wanted to know. Thank you.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER \_\_\_\_: . . .(inaudible) . . .

CHAIR PONTANILLA: Okay, Members, at this time, the Chair would call for a dinner break. And we're gonna return at 6:45.

. . . This meeting is in recess . . .(gavel) . . .

**RECESS: 5:30 p.m.**

**RECONVENE: 6:57 p.m.**

CHAIR PONTANILLA: . . .(gavel) . . . The Budget and Finance Committee meeting is now reconvened. Thank you, Members. At this time, the Chair. . .would like to . . .

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. . . have the Members review the real property tax revenue. . .analysis after going through the real property takes. . .*tax* rate. Members, at this time, I'd like to call on the Staff to provide us with a . . .synopsis on the revenue analysis that was done by Staff. Staff?

MS. REVELS: Thank you, Mr. Chair. The Time Share rate was left at 14 dollars. So there was no change in revenue from the Chair's proposal. The Improved Residential rate was changed to 4 dollars and 85 cents, which increased revenue 1,060,579 dollars. The Apartment rate was changed to 4 dollars and 55 cents--excuse me, that remained the same at 4 dollars and 55 cents, there was no change in revenue. The Commercial rate was changed to 6 dollars and 25 cents, which was a difference in revenue of 666,965 dollars. The Industrial rate was changed to 6 dollars and 50 cents, which was a difference of 704,971 dollars. The Agricultural rate was changed to 6 dollars, with a difference in revenue of 6,877,931 dollars. The Conservation rate changed to 4 dollars and 75 cents, which is a change in revenue of 17,500 dollars. The Hotel/Resort rate was, remained at 8 dollars and 20 cents. The Unimproved Residential rate remained at 5 dollars and 35 cents. And the Homeowner rate also remained at 2 dollars. For a total change in revenue of 9,327,945 dollars.

CHAIR PONTANILLA: . . . Thank you.

. . . Members . . .

*NOTE: Silence.*

CHAIR PONTANILLA: . . . The 9,327,945 dollars is the difference from the Chair's recommendation. Staff . . .

. . . can you give us a total by . . .

. . . of the difference from the Council, from the Chair's recommendation. . .because we added in the CIP Coordinator in the Mayor's Office and the Pool Manager from the. . .to the Parks and Recreation area, the total funding is now what?

MS. REVELS: Total funding available is 9,125,302 dollars. That also takes into account the increase in the Open Space Fund and the Affordable Housing Fund which is increased proportional since the Charter requirement to have 2 percent and 1 percent go into those funds.

CHAIR PONTANILLA: Thank you. Again, give me the numbers. 9 million . . .

MS. REVELS: 9,125,302 dollars.

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CHAIR PONTANILLA: Thank you. Okay, Members, as...as the Chair had proposed in regards to...funding the unliability [*sic*] fund for the County of Maui ERS and UTF [*sic*] programs...

... the Chair is open to recommendation in regards to the 9.1 million dollars. Member Hokama?

VICE-CHAIR HOKAMA: Chairman...I had a conversation with our Director of Council Services. And...

... I was slightly off calculation. He would recommend to us, he made a recommendation to me that I would ask the Committee to adjust Council Services budget by 50,000 dollars so that we can...so that I may make the appropriate adjustments that the Members want considered for individual office accounts.

CHAIR PONTANILLA: Thank you. And the number, again?

VICE-CHAIR HOKAMA: 50,000 dollars.

CHAIR PONTANILLA: Thank you.

*NOTE: Silence.*

CHAIR PONTANILLA: ... Questions? Discussion? Member Johnson?

COUNCILMEMBER JOHNSON: Yes. Because there were some unresolved issues, I, I think...I, you know, I, I can only speak to the ones that I had brought up. Are there any other, I guess...revisiting issues that we have to go through? 'Cause I know I still had some, you know, I mean, some of them were minor, but some of them, like the 480,000 for the Lahaina Bypass Now...recommendation to expand bus transit routes for West Maui; and I believe the 250,000 for the care corps, for the long-term care. And I don't know. Several Members had also had the Iao Theater air conditioning, but I don't know, you know, if the Members desire to move forward with that now. And I know that that would affect what we have here, but also...we haven't discussed what we're gonna do with the Emergency Fund...you know, if we're gonna make the full transfer.

CHAIR PONTANILLA: And I think Member Baisa had one more--

VICE-CHAIR HOKAMA: ...(*inaudible*)...

CHAIR PONTANILLA: --the Kidney Foundation.

COUNCILMEMBER BAISA: Yes, 70,000.

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CHAIR PONTANILLA: Thank you. Staff, if those numbers were to be added. . .what number are we looking at?

COUNCILMEMBER MEDEIROS: 9,100,302 . . .

*NOTE: Silence.*

MR. TAGUCHI: . . . Chair Pontanilla, can you repeat the numbers please?

CHAIR PONTANILLA: Uh . . .

COUNCILMEMBER JOHNSON: You want me to just--

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER JOHNSON: --repeat--

CHAIR PONTANILLA: Uh, Johnson, if you could--

COUNCILMEMBER JOHNSON: Sure.

CHAIR PONTANILLA: --repeat the numbers?

COUNCILMEMBER JOHNSON: There was 480,000 which would have been in the Transportation. . .budget under consideration, and that was for the bus transit. There was. . .I believe, 300,000. . .several of the Members had recommended for the Iao Theater air conditioning, but I don't know where that stands because we never took a vote. We have Member Baisa's 50,000 reconsideration for Kidney Foundation. We also had the. . .250,000 for the grant with the one-to-one match, and that would be--

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: Oh, well. . .no, we don't have a hundred . . .*(laughter)*. . .

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: Do we have, excuse me.

MS. REVELS: The 100,000 dollars that we deleted earlier is included in my new figure of 9 million and 150--

COUNCILMEMBER JOHNSON: Oh. So it would be the full 250,000, then. So that would be for the Maui Community College. It would be in the form of a grant with a required match. And that would be for the care corps, for the long-term care.

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. . . And I had, I had another one. And you know that was for, it was in my original proposal. That was 41,000, I think, for the Business Improvement District. I had a 125,000 request to bump up Council Services to do the cost of community--I'll call it, for lack of a better term, cost of community services for the visitor industry. That would be a study done. . . developed through Council Services. And. . . I think I had requested 15,000 dollars for professional services. . . for. . . Public Works, and that would be under their professional services section to update the International Building Code for people with disabilities.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER JOHNSON: That was all I had . . . *(inaudible)*. . . whatever anybody else has . . . *(laughter)*. . .

MS. REVELS: Mr. Chair, that would take the total number of funds available to 7,814,302 dollars.

CHAIR PONTANILLA: Thank you. At this time, the Chair will recognize the West Maui transportation; the 50,000 for Kidney Foundation; and 250,000 dollars for the Maui. . . Long-Term Care Partnership program.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you, Member Johnson, for providing us with those totals.

COUNCILMEMBER JOHNSON: Yes, and I, and I also wanted to know, note that. . . I had requested an additional 400,000 dollars for the roadway improvements, but because we are into this . . . *(laughter)*. . . I guess, cut mode, I am not going to make an issue of it because I think everybody. . . is cognizant of where we are financially. And I would. . . I would also suggest at this time that we look at what we're moving into the Emergency Fund so we can help to balance.

CHAIR PONTANILLA: Thank you. I'm gonna ask for consensus from the Members in regards to the additions that are being made at this time. Um . . .

. . . Member Hokama, for 480,000 dollars for West Maui transportation?

VICE-CHAIR HOKAMA: Fine.

CHAIR PONTANILLA: Thank you. Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR PONTANILLA: Member Medeiros?

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COUNCILMEMBER MEDEIROS: Support.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Support.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Thank you. So we'll include 480,000 dollars for West Maui transportation as the . . .LBN Study shows. For the . . .Kidney Foundation, 50,000 dollars? Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: . . . Support with reservations.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Support with reservations.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: No, because I felt that we had given the money for services. And that's where I *prefer*--that the money go into direct services to help our citizens.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Yeah, support.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Support.

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CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Thank you. The Chair will support the recommendation. So we'll include it into our . . .Fiscal Year Budget. For the 250,000 dollars for Maui Long-Term Care, Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Support with reservations.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Support.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Okay. Chair will also support the request of 250,000 dollars. Thank you. Staff, what, what is the total now?

*NOTE: Pause while Committee Staff calculated the total.*

MS. REVELS: . . . That would make the total 8,395,302 dollars.

*NOTE: Silence.*

COUNCILMEMBER BAISA: . . . Repeat, please.

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COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: . . . Again, Gayle?

MS. REVELS: One moment.

*NOTE: Pause while Committee Staff recalculated the total.*

MS. REVELS: . . . Just one moment. I wanna double check that number.

CHAIR PONTANILLA: Thank you.

*NOTE: Very long pause.*

MS. REVELS: . . . That number is 8,345,302 dollars.

COUNCILMEMBER JOHNSON: Oh . . .*(inaudible)*. . .

MS. REVELS: Which includes the Kidney Foundation, which I didn't have in my original number.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you.

COUNCILMEMBER MEDEIROS: Chair?

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Does that subtotal. . .reflect Chairman Hokama's request for Council Service budget adjustment?

CHAIR PONTANILLA: Um . . .

MS. REVELS: No, it does not.

CHAIR PONTANILLA: No, it does not. We--

COUNCILMEMBER MEDEIROS: Are we gonna--

CHAIR PONTANILLA: Yeah. Um . . .

. . . Member Hokama . . .

. . . in regards to the request by Council Services of 50,000 dollars?

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VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Aye.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Support.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Support.

CHAIR PONTANILLA: Thank you. So if you can deduct also that 50,000 dollar request by Council Services?

*NOTE: Silence.*

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: Yeah.

CHAIR PONTANILLA: And the new number?

MS. REVELS: . . . 8,295,302 dollars.

CHAIR PONTANILLA: Thank you. Okay, Members . . .*(cleared throat)*. . . we have 8,295,302 dollars. As the Chair had indicated, that. . .the Chair had proposed to put into our Post-Employment. . .Fund of 9 million dollars.

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. . . What is the . . .Members recommendation in regards to the Chair's recommendation?

VICE-CHAIR HOKAMA: Balancing the fund.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Support.

CHAIR PONTANILLA: Thank you. Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yes.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes.

CHAIR PONTANILLA: Thank you. Okay, adding 8,295,302 dollars to the Chair's recommendation of 9 million dollars. Staff? The new number?

COUNCILMEMBER MEDEIROS: 17,295,302 . . .

MS. REVELS: Adding that number would balance us out to zero, Mr. Chair.

COUNCILMEMBER MEDEIROS: Oh.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: Very good.

COUNCILMEMBER MEDEIROS: . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

MR. TAGUCHI: . . . Chair Pontanilla?

CHAIR PONTANILLA: Uh. . .Mr. Taguchi?

MR. TAGUCHI: As we are moving rather quickly and a lot of times these adjustments. . .and the related overhead takes. . .some calculation, I would wanna. . .let the Members know

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that although we are saying we are *balanced*, we still need to take the *time* to *review* all the entries we are making because we're making entries *rather* quickly.

COUNCILMEMBER BAISA: . . .(inaudible). . .

MR. TAGUCHI: So I just wanna have, let the Members know that because I . . .although we *appear* to be balanced, we need time to reconfirm everything.

VICE-CHAIR HOKAMA: Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: With the Committee's . . .with no objections from the Committee, I would ask that we allow the Committee to make the appropriate . . .adjustments in the various accounts, including fringes to balance the Budget.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: No objection.

CHAIR PONTANILLA: Any objections, Members?

COUNCILMEMBER MOLINA: No objection.

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Thank you.

. . . Okay, the Chair at this time would like to move into . . .

. . . Mr. Taguchi, question?

MR. TAGUCHI: . . .(inaudible). . .

CHAIR PONTANILLA: Okay. Okay. Thank you. At this time, the Chair would like to move into fees. Members, we had discussions earlier in regards to the fees. Is there any objections in regards to the fees that are being proposed at this time?

COUNCILMEMBER BAISA: No.

COUNCILMEMBER ANDERSON: Objection.

CHAIR PONTANILLA: Thank you.

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

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CHAIR PONTANILLA: Member Anderson, state your objections.

COUNCILMEMBER ANDERSON: . . . Well. . .I'll keep it short and sweet since. . .we spent quite a bit of time on this before. But for the water rate. . .is that under fees? Water rate?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: Yeah.

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Page 39.

COUNCILMEMBER MOLINA: 39?

*NOTE: Pause.*

COUNCILMEMBER ANDERSON: . . . Page 39 of what?

CHAIR PONTANILLA: Of the Appendix. . .Appendix B.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR PONTANILLA: . . . 39.

COUNCILMEMBER ANDERSON: Right. How'd you know that off the top of your head?

CHAIR PONTANILLA: Because--

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: --we've gone through this document quite often that it kind of sticks in your mind . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . . Thank you, Chair. Well, I'm gonna make one more pitch because I think that we're not, what we're doing here is not equitable.

CHAIR PONTANILLA: . . . Thank you.

COUNCILMEMBER ANDERSON: And the fact that. . .we all know that we have . . .

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. . . unfunded mandates ourselves in repairing our water system and. . .that's what these fees are supposed to be used for. So . . .(*end of tape, start 6A*). . . still like to see all the Hotel/Resort class. . .properties pay an equal amount as residents do for any water usage over 100,000 gallons.

CHAIR PONTANILLA: Thank you.

. . . Any more?

COUNCILMEMBER ANDERSON: And basically, Chair. . .it's 80 cents. An 80 cent in, increase.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Member Johnson?

COUNCILMEMBER JOHNSON: Because we didn't, this would mean, you know, not having a fee at all for after-the-fact permits . . .(*laughter*). . . I don't wanna put the fee at zero.

. . . But I'm tired of people coming and getting after-the-fact permits just because it's the way that they're doing business.

COUNCILMEMBER ANDERSON: Excuse me, Chair, point of order.

COUNCILMEMBER JOHNSON: Oh . . .

CHAIR PONTANILLA: Yeah, we're on--

COUNCILMEMBER JOHNSON: Oh, I--

CHAIR PONTANILLA: --Member Anderson is talking about--

COUNCILMEMBER JOHNSON: Oh, I'm sorry, I thought you were just--

CHAIR PONTANILLA: --water rates.

COUNCILMEMBER JOHNSON: --allowing each--

CHAIR PONTANILLA: Oh, no . . .(*laughter*). . .

COUNCILMEMBER JOHNSON: --one of our proposals--

CHAIR PONTANILLA: Oh, no. On her--

COUNCILMEMBER JOHNSON: --for. . .oh, on hers. I misunderstood. Excuse me.

CHAIR PONTANILLA: We're on Page 39.

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COUNCILMEMBER JOHNSON: Yeah, I have no problem with Ms. Anderson's proposal.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: I support.

CHAIR PONTANILLA: Okay. I'm gonna take a vote now, at this time. Member Hokama--

COUNCILMEMBER ANDERSON: Mr. Chair?

MR. TAGUCHI: Chair--

CHAIR PONTANILLA: Yes, Mr. Taguchi?

MR. TAGUCHI: . . . I believe there was. . .and correct me if I'm wrong, I believe there was a vote on this.

COUNCILMEMBER BAISA: There was.

MR. TAGUCHI: If you want to reconsider . . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . . no . . .*(inaudible)*. . .

COUNCILMEMBER BAISA: No.

COUNCILMEMBER ANDERSON: It was a *vote*?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Uh, yeah--

COUNCILMEMBER ANDERSON: I don't recall a vote.

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: We, we took a vote when Mr. Eng was over here in regards to the water rates--that we leave the water rates as is and allow the Department to revisit the water rates for the hotel because of potential issues that may happen.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Was that it?

. . . Yeah, thank. . .thank you.

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COUNCILMEMBER BAISA: Okay.

COUNCILMEMBER ANDERSON: There *was* a *vote*?

CHAIR PONTANILLA: Yes.

UNIDENTIFIED SPEAKER: . . .*(sigh)*. . .

COUNCILMEMBER ANDERSON: I don't believe there was a vote.

COUNCILMEMBER BAISA: I don't remember.

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . . take a vote . . .*(inaudible)*. . . discussion.  
And we said we would re--

COUNCILMEMBER ANDERSON: You know, Mr. Chair--

CHAIR PONTANILLA: Um--

COUNCILMEMBER ANDERSON: --the reason I'm bringing this up again is because when we first got this handout from Mr. Eng showing how much water is being used by the resorts. . .they would all qualify except for. . .I guess, Hotel Hana Maui.

CHAIR PONTANILLA: Okay, I'm gonna have Staff . . .

. . . You had any questions for. . .any in, any information? No?

MS. REVELS: I don't believe there was an official vote, Mr. Chair.

CHAIR PONTANILLA: Okay. Fine.

MS. REVELS: I believe you did do a roll call asking people's opinion, but there was no motion.

CHAIR PONTANILLA: Okay. Fine. Thank you.

COUNCILMEMBER ANDERSON: If I can continue?

CHAIR PONTANILLA: Sure, go ahead.

COUNCILMEMBER ANDERSON: When Mr. Eng came down and. . .and gave us this and we all discussed it. . .we were all, I guess, pretty shocked to see these water. . .usages. And. . .there seemed to be a lot of support on the floor from Members and even from Mr. Eng. And then we went to lunch, and when we came back. . .everybody was against

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it except me and a couple other people. So I don't know what Kool Aid everybody drank during lunch, but . . .

UNIDENTIFIED SPEAKER: . . .(laughter). . .

COUNCILMEMBER ANDERSON: . . .(sigh). . . it seems to me there was a real change in heart. And . . .

. . . so I think that this deserves. . .at least another vote on the record, Chair.

CHAIR PONTANILLA: Thank you, Member Anderson. At, at this time the--any more discussion on this issue?

. . . At this time, the--Member Hokama?

VICE-CHAIR HOKAMA: Chairman, this will apply to *all*. . .properties in that. . .land use category?

CHAIR PONTANILLA: The Hotel and Resort category which includes condominiums?

VICE-CHAIR HOKAMA: That's correct.

CHAIR PONTANILLA: Yes.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, Members, as noted on Page 39, these are the water rates that are being provided to us by the Administration for the year 2008. Member Johnson?

COUNCILMEMBER JOHNSON: I think what Mr. Eng was trying to say in the condominium category is that because you have a mix, it's a little difficult for them to assess because you don't get an individual water bill.

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER JOHNSON: But in the condominium section, I would certainly say because they're all using the same amenities that if. . .and we could pick a percentage, but I would say if. . .if more than. . .60 percent or 50 percent, or 50-plus 1. . .of the ownership is in the Resort or Hotel classification, then these rates would apply. There are some condominiums that they have a few rental units. But because of an interpretation made years ago by Corporation Counsel . . .(laughter). . . that sort of allowed that mix to occur within one structure, I'd say that language may have to be clarified a little bit because you have, you have a lot of people that are just resident condominium owners and a. . .and there are a minority of people in their complex that just rent out because they

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were grandfathered in. So I don't wanna penalize those people. But . . .you know, for, for those that have a *majority* of, of rental to hotel guests, I think it's appropriate.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: The whole point--I just wanna remind Members. The whole point in this is as we are. . .*penalizing* residents who use more than 100,000 gallons every two months by increasing the rate to 4.20. . .I think it's only equitable that we do the same thing to other properties in. . .in the Resort/Hotel classification. Probably all of whom, except Hotel Hana. . .use in . . .

. . . *way* in excess of 100,000 gallons every two months. So I think it's equitable and fair and no matter, you know, who's living in the units or visiting in the units, it's the *property* that's using the water.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Thank you, Chair.

CHAIR PONTANILLA: Comments, Corporation Counsel, if you have any?

MS. FUJITA VILLAROSA: Mr. Chair . . .

. . . I think that it's clear that it would be easy to say add the fourth tier to the "general water consumers". You know, we could just add on. . .you know. . .it would read exactly like the "single-family consumers". *That's* not a problem to do. I think the problem comes up--and it's not really a legal problem, it's more of an implementation problem and I think that Water is still dealing with this very issue with the single-family consumers class. They're still trying to figure out how to *pull* those customers from the general water consumers, the large group of. . .of consumers. And, and I just wanted to get some clarification. I know Council Chair Hokama asked if this would apply to the Hotel/Resort *class*. Are we talking *real property* class or are we talking *zoning*? I mean, what--

COUNCILMEMBER ANDERSON: Real property class.

MS. FUJITA VILLAROSA: Real. Okay, real property class. And that was, initially, in my simple thinking . . .*(laughter)*. . . not understanding how water rates are done, I thought that that might be a simple solution to do. But I'm told that it's *not* so simple. And it's, and I'm, and I'm *not*. . .I'm kind of nervous because I'm *not*, I'm, I don't *know enough*, I think, about water rates to explain to you how *difficult*. . .how difficult it is. I

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wish. . .that. . .somebody had spoken up before we broke for lunch that there was this problem because it sounds like they kind of knew that there was this issue about how to separate people out. But unfortunately it came up during the break, it was explained during the break. And that's why when we came back. . .Water had ex, you know, expressed some concern over doing it *now*. I think they can *do* it. I just don't think they can do it *now*, I think is the issue.

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: . . .*(cleared throat)*. . . You know, first of all . . .

. . . I got a real problem with things being explained during the break to a select few. And while I appreciate Corporation Counsel trying to . . .express what the difficulty might be, she doesn't *know* what the difficulty might be because just saying that there may be a problem doesn't say what the problem is. And because in the . . .Resort, Hotel/Resort *class*. . .in the real property tax records, everything is broken down by TMKs. And I believe the tax bills are also recorded by TMKs. So I don't see what the big problem is. You know, and if it takes them a few months to implement it, oh, well. Then also. . .I, you know, they never expressed to us any problems that they had in. . .in the single-family class. Now you're telling us that they *do*, yet. . .they're wanting us to give them a 4 dollar and 20 cent rate for anything over 100,000. So, you know, if it's good enough for our residents, it's *certainly* good enough for the hotel, condominium folks. And whatever problem there might be, they can work it out.

. . . They're gonna have to work it out for single-family, and you know, it didn't take my staff. . .that long working with real property tax. . .*an hour* to get all these class. . .to get this list of Resort/Hotel class properties. So. . .you know, unless you can give me a more definitive definition of what the *problem* is. . .I don't see a problem, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, and. . .I, I agree with Member Anderson that if, even *if*, let's say, there is a difficulty with implementation or they need additional resources, there's nothing to prevent them from coming back to us and asking for additional, you know, it might be a request for proposal that they have to get outside assistance to help them to integrate the rates, but. . .frankly, the Water Department is *one* of the departments that is so far behind on infrastructure that it is really of deep concern. And particularly on the west side where we're at maximum. And the fact that Villages of Leialii cannot move forward is very, very . . .*(laughter)*. . . much a concern to me because they do not have water. So I would certainly be open to her recommendation and also if there are difficulties in implementing, I certainly think that we could come back. . .or they could come back to us. That's my personal opinion. And I certainly would like to

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see us move forward and make the Water Department a little bit better in terms of its financial viability.

MS. FUJITA VILLAROSA: Mr. Chair?

CHAIR PONTANILLA: Thank you. Corporation Counsel?

MS. FUJITA VILLAROSA: I think with the single-family consumers, because this was a proposal by the Water Department, they've had time to start working on this. So I think that's how come they realize the challenges that lay ahead.

. . . I am concerned about setting fees that are gonna take effect July 1<sup>st</sup> and they're not gonna be implemented or they, they can't be implemented--because then, technically, the Water Department would be not complying with the law. I mean, this is the law. They're supposed to be charging these rates. So as of July 1<sup>st</sup>, if we. . . create this new class and assign the new rates, then technically they *have to* charge them as of July 1<sup>st</sup>, otherwise, they would be out of compliance.

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I think two months is plenty enough time to integrate. . .real property tax information with the Department of Water Supply's billing system. It's all computerized. I don't see the problem. And everybody says when you say "a problem", you know, that's not good enough.

. . . Define the problem. Give us a. . .definite, definition of what the problem is, explain to us *how* it's a problem. And none of that has been done. We've just been told it's a problem. To me, that's an excuse. And, and I'm not buying it.

CHAIR PONTANILLA: I would like to make a state--oh, you have anything?

MS. FUJITA VILLAROSA: Just I wanted to reiterated the, the scenario that was brought up to me, which. . .I think is fairly common. When you have a property that is *taxed* differently, you know, within the, within one building. Let's say there's multiple TMK numbers, they're all taxed differently, but they all, they all only have one water meter. You know, that's the situation that was, that was the. . .I guess the most *common* problem that they thought of right off the top. I mean, how are they gonna assign the water rates to these individual TMKs, you know, if it's a, if it's a mixed use building. And that was just *one*. Like I said, that was just one issue. I don't know if there are others. Maybe there's *no* other problems. I don't know. But that was just one that I thought. . .it's, I know that *that* situation *exists*, so I thought, oh, that. . .that could be a problem.

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*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: You know . . . *(laughter)* . . . if Real Property Tax can do it, I don't know why the Water Department can't do it. You know? And, and it's not like they have individual meters. They have to. . . generally what happens is, is the property has one meter. . . and they, they share the cost according to the number of units. And that's done by management. So, you know, the only thing that we're tasked with doing is raising the rate on the meter. Let them figure out who's gonna pay what share of it. . . the, the property management company or, or the hotel owner or the condominium, whoever it might be. That's not our problem. Our problem is reading the meter and taxing the water or charging for the water used on the meter. And we don't need to go beyond that to do their bookkeeping for them.

CHAIR PONTANILLA: Thank you, Member Anderson. At this time, the Chair is gonna take a roll call in regards to the water rates that are being proposed by the Water Department. Member Hokama?

VICE-CHAIR HOKAMA: . . . *(inaudible)* . . .

COUNCILMEMBER ANDERSON: Wait a minute, aren't we gonna take a vote on my, on my proposal?

CHAIR PONTANILLA: Uh. . . let, let's do this formally. Members, the Chair is recommended. . . recommending that we approve the water rates that are located in Appendix B, Page 39. At this time, the Chair--

COUNCILMEMBER ANDERSON: Mr. Chair, point of order.

CHAIR PONTANILLA: Member Anderson?

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . *(sigh)* . . . You're ignoring my request for a vote on this proposal. If we vote on your proposal, my proposal doesn't get a vote.

VICE-CHAIR HOKAMA: . . . *(inaudible)* . . .

CHAIR PONTANILLA: No, no, no, you, you'll have an opportunity to *amend*.

COUNCILMEMBER ANDERSON: . . . Thank you--

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COUNCILMEMBER JOHNSON: Make a formal amendment.

COUNCILMEMBER ANDERSON: --Chairman.

CHAIR PONTANILLA: Thank *you*.

COUNCILMEMBER ANDERSON: The point being is that I, if . . .if . . .

. . . all right, go ahead. I'm sorry.

CHAIR PONTANILLA: Thank you. The Chair is looking for a motion to accept the water rates as shown on Page 39.

VICE-CHAIR HOKAMA: So moved.

CHAIR PONTANILLA: Thank you. Any second?

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Second. Moved by Member Hokama, second. . .seconded by Member Molina. Any discussion?

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Thank you. I move to amend the rates on Page 39 to reflect an increase. . .for. . .property class Hotel/Resort . . .

. . . who use over 100,000 gallons per bi-monthly period. . .at a rate to, to include the rate of 4 dollars and 20 cents.

COUNCILMEMBER JOHNSON: Second.

CHAIR PONTANILLA: It's been moved by Member Anderson, second by Member Johnson to add. . .I guess it's another tier, to the general rates. . .for Hotel and Resort. . .that. . .the rates for Hotel and Resort after use of 100,000 gallons . . .

UNIDENTIFIED SPEAKER: . . .(*inaudible*). . .

MS. REVELS: Mr. Chair? Just for clarification, are we copying the general rate structure and adding a fourth tier for Hotel since there is no existing Hotel tier? I just wanna make sure that you all were including the lower tiers from the general rate or not?

CHAIR PONTANILLA: . . . Member Anderson?

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COUNCILMEMBER ANDERSON: Yeah, the rates would stay the same until they get over . . .

. . . 100,000 gallons. So what we would have to do is leave the rates the way they are. . . I mean, the tiers the way they are to 30. . . over 30,000 gallons, and then another tier after that that says Hotel/Resorts, 100,000 gallons and above at 4.20.

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: So that, you know, they'll be charged the same general water rates *up to* 100,000 gallons. And then after 100,000 gallons, they will be the only ones paying the 4.20.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Let me clarify this thing.

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

CHAIR PONTANILLA: So in the general rates, we got zero to 10,000 gallons and the . . . your rate will be dollar and 55 cents. . . between 10,001 gallon to 30,000 gallon, gallons, the total would be 2 dollars and 60 cents. . . from 30,000 to 100,000 gallons, the rate will be 3 dollars and 40 cents; from 101 gallon--

COUNCILMEMBER ANDERSON: No, Mr. Chairman.

. . . Within, if I may clarify?

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER ANDERSON: Within the general water consumer class, there are. . . well, everybody except residence and ag users.

CHAIR PONTANILLA: Uh-huh.

CHAIR PONTANILLA: And so because we haven't been able to breakdown and look at the other consumers. . . besides Hotel/Resorts. . . we're leaving the 30,000 and *above* as it's currently proposed for *all* general water consumers--

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: --to 3 dollars and 40 cents.

CHAIR PONTANILLA: Uh-huh.

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COUNCILMEMBER ANDERSON: And then for Hotel/Resorts, that's an, a fourth tier, any, any Hotel/Resort using 100,000 gallons or more, they will be the ones paying the 4 dollars and 20 cent rate.

CHAIR PONTANILLA: Okay. Members. . .from 30,000 gallons and above. . .for users other than hotel will be 3 dollars and 40 cents. And for Hotel/Resort. . .only, the rate will be 4 dollars and 20 cents.

COUNCILMEMBER JOHNSON: For over--

CHAIR PONTANILLA: Over 100,000 gallons.

COUNCILMEMBER ANDERSON: Correct.

COUNCILMEMBER JOHNSON: Fine.

CHAIR PONTANILLA: Okay, thank you.

. . . Members, you heard the amendment. Any more discussion?

. . . All in favor of the amendment, please say. . .I'll go the roll call.

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Mr. Chairman, I wanna give the Department time to look at this thing. I mean, we all appreciate conserving water. And I don't care for Kool Aid, and so I'm--

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

COUNCILMEMBER MOLINA: --I'll respect the Department's position. So at this time, maybe *next* Budget session I might consider something like this, to me, let's give the Department a little time to look into it. So I will not support the proposed amendment at this time.

CHAIR PONTANILLA: Thank you. Mr. Medeiros?

COUNCILMEMBER MEDEIROS: I'll support the amendment.

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CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: And I also will support it. I think it's really important that we try to make our Water Department sustainable and financially viable. And we're hitting everybody else. So, you know what, everybody's just gonna have to bite the bullet.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Support.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . . Chairman, I . . .

. . . will preface. . .my. . .vote. . .by saying we had the discussion yesterday. The questions that was asked. . .the Department responded to it, as well as Corporation Counsel. And the Department asked for time. The Department did not say they were *not* going to look into it. They said they needed some time to put it together. And the Director assured us that he will be coming back and providing us with this, with his recommendation because he supported the concept. So. . .in theory I will, I, I support the idea and the need to develop the Hotel/Resort class, but I will *wait* for the Department to come back with the specifics.

CHAIR PONTANILLA: Thank you. And the Chair will not support the amendment. So there are four-four. The amendment does not pass. Thank you.

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, and Medeiros.**

**NOES:     Councilmembers Mateo, Molina, Vice-Chair Hokama, and Chair Pontanilla.**

**ABSTAIN:  None.**

**ABSENT:   None.**

**EXC.:     Councilmember Victorino.**

**AMENDMENT TO MOTION FAILED.**

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CHAIR PONTANILLA: Moving on. . .the Chair, at this time, would like to recommend that. . .we--

COUNCILMEMBER ANDERSON: Chair, we're on the main motion.

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . . motion.

CHAIR PONTANILLA: Oh, I'm sorry . . .*(laughter)*. . . On the main motion in regards to the Chair's recommendation to accept the water rates as on Page 39. . .Members, any more--

COUNCILMEMBER MOLINA: Mr. Chair. . .I move to amend--

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: I believe in the document that was distributed to the Members. . .couple of days ago, I had a proposal to re, to not accept the water meter increase. It's on Page 40.

COUNCILMEMBER ANDERSON: We're not there yet.

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . We're still on the water rates.

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

COUNCILMEMBER MOLINA: Oh, excuse me. Sorry--

CHAIR PONTANILLA: We'll go to that--

COUNCILMEMBER MOLINA: --jumping the gun.

CHAIR PONTANILLA: --Mr. Molina.

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . . main motion.

COUNCILMEMBER MOLINA: Oh, okay.

CHAIR PONTANILLA: Back to the main motion--

COUNCILMEMBER MOLINA: I'm sorry.

CHAIR PONTANILLA: --in regards to the water rates.

. . . All in favor of--

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COUNCILMEMBER ANDERSON: Discussion, Chair.

CHAIR PONTANILLA: Oh, discussion?

. . . Member Anderson?

COUNCILMEMBER ANDERSON: Thank you. I will not support the water rates, Mr. Chairman. . .because I think it's inequitable. And . . .

. . . we certainly have more resident properties involved than. . .than the Resort class properties. And you know, if they're able to get it together to *charge* our residents a higher rate to repair our system, then I don't see any reason why they can't do it for the Resort/Hotel class. And . . .

. . .*(laughter)*. . . you know the, the 80 cent increase that I proposed would have gone a long way to help in the repair of our system. We're using bond money. We're using. . .restricted funds.

. . . And. . .and yet they're asking us to put all the burden on our resident population. . .not sharing the burden anywhere. And. . .so I can't, I can't support it.

CHAIR PONTANILLA: Thank you, Member Anderson. Any more discussion?

. . . Thank you. The Chair will now call for the vote. Member Hokama?

VICE-CHAIR HOKAMA: Yes.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: No.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson?

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COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . .*(inaudible)*. . .

CHAIR PONTANILLA: And the Chair votes “yes”. We’re at deadlock.

**VOTE:       AYES:   Councilmembers Mateo, Molina, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:   Councilmembers Anderson, Baisa, Johnson, and Medeiros.**

**ABSTAIN:  None.**

**ABSENT:   None.**

**EXC.:    Councilmember Victorino.**

**MOTION FAILED.**

CHAIR PONTANILLA: So, Members . . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

CHAIR PONTANILLA: We go back to the old rates.

VICE-CHAIR HOKAMA: Yep. Move on.

COUNCILMEMBER MOLINA: Okay, move on.

CHAIR PONTANILLA: And what we just did, Members, will impact the Water Department in regards to their Capital Improvement Projects.

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: . . . I’d like to ask Corporation Counsel a question.

CHAIR PONTANILLA: Um. . .go ahead.

COUNCILMEMBER ANDERSON: Is there anything that prevents this body. . .Ms. Villarosa, from dealing with a rate increase other than during Budget session? Should the Water

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Department be able to come back with some better figures and . . .and . . .address the concerns that were brought up, is there any way that we could address it, you know, several months down the road?

MS. FUJITA VILLAROSA: Yes, you can.

COUNCILMEMBER ANDERSON: Thank you very much. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Moving on. Member Molina, you had a amendment to make?

COUNCILMEMBER MOLINA: Yes, Mr. Chairman--

CHAIR PONTANILLA: A proposal to make?

COUNCILMEMBER MOLINA: --under water . . .water service rates, Mr. Chairman. . .Page 40. . .in your Appendix B.

. . . I move that, I move to not support the proposed increase and to keep it at the current rate.

CHAIR PONTANILLA: . . . Okay . . .

COUNCILMEMBER ANDERSON: Could, could he tell us exactly *what* he's talking about?

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

COUNCILMEMBER MOLINA: Well, well, I need a--

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

COUNCILMEMBER MOLINA: --second . . .*(laughter)*. . . *(inaudible)*. . .

CHAIR PONTANILLA: Before you go to that--

COUNCILMEMBER ANDERSON: But we need to know what you're changing.

CHAIR PONTANILLA: --Mr. Molina--

COUNCILMEMBER MOLINA: Oh, yes, yes, oh, okay, all right.

CHAIR PONTANILLA: The Chair will make a motion. . .to the proposed rate change . . .

COUNCILMEMBER MOLINA: All right.

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CHAIR PONTANILLA: . . . as, as indicated on Page 40, and once I do have a second, then you can go ahead and make your amendment.

COUNCILMEMBER MOLINA: Make the amendment when put a motion.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Okay, thank you.

CHAIR PONTANILLA: Members, at this time, the Chair would recommend that we approve the rates. . . on Page 40. . . in regards to . . .

COUNCILMEMBER BAISA: . . . *(inaudible)*. . .

COUNCILMEMBER JOHNSON: Water service rates.

CHAIR PONTANILLA: . . . water service rates.

COUNCILMEMBER BAISA: . . . *(inaudible)*. . .

CHAIR PONTANILLA: And Chair is looking for a motion.

COUNCILMEMBER JOHNSON: So moved.

CHAIR PONTANILLA: Moved by Member Johnson. Any second?

VICE-CHAIR HOKAMA: Second.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Second by Member Hokama. Discussion?

. . . Member. . . Johnson, followed by Member Molina.

COUNCILMEMBER JOHNSON: Yes, and, and I understand some of the concerns, but one of the difficulties that we've always had is that we are still not collecting sufficient revenues for the operations within this Department. So if the only ways that we can *collect* fees to allow the Department to *operate* is . . . *(laughter)*. . . from this mechanism, then I would say . . .

. . . we've, we've got to at least try to make it more viable and to try to allow the Department to move forward with its improvements. So I'm gonna *support*. . . the. . . water service charges that are proposed by the Department.

CHAIR PONTANILLA: Thank you. Member Molina?

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COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. Okay, I move to amend to keep the *current* water service meter rates the same.

CHAIR PONTANILLA: Thank you.

. . . Any second to that?

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Seeing none, the amended motion. . .does not go through.

COUNCILMEMBER MOLINA: Mr. Chairman, can I just add as to why--

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MOLINA: --I propose this?

CHAIR PONTANILLA: Go ahead--

COUNCILMEMBER MOLINA: Yeah--

CHAIR PONTANILLA: --Mr. Molina.

COUNCILMEMBER MOLINA: --Members, this was under the presumption that if, should the water rate increase pass, this would at least give our consumers a little relief at least for the *meter* charge. So that was pretty much the nexus for the proposed. . .or *not* to increase the, the water meter rates, Mr. Chairman.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: So just wanted to give our consumers a little break. But it may seem somewhat moot now, now that . . .*(laughter)*. . . we haven't had any movement on our rates. So, thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Molina. All in favor of the. . .Chair's recommendation, please say--Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: No.

CHAIR PONTANILLA: Member Medeiros?

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COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Aye.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . .(*inaudible*). . .

CHAIR PONTANILLA: And the Chair votes “aye”. There’s seven “ayes”, one “no”, one “excused”.

**VOTE:       AYES:     Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Chair Pontanilla.**

**NOES:     Vice-Chair Hokama.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:     Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION:    APPROVE   Budget and Finance Committee Chair’s recommendation relating to water service charges.**

*NOTE:    Silence.*

MR. TAGUCHI: . . . Chair Pontanilla?

CHAIR PONTANILLA: Mr. Taguchi?

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MR. TAGUCHI: . . . We are currently trying to research. . .with the last motion on the water rates, when both motions fail, we're uncertain at this point what would *be* the rate. Would it be the Mayor's proposed rate? Or would it . . .(*end of tape, start 6B*). . . the previous rate as in Fiscal '07?

VICE-CHAIR HOKAMA: It's the *existing* rate--

COUNCILMEMBER ANDERSON: The existing rate stands--

CHAIR PONTANILLA: The existing rates--

COUNCILMEMBER ANDERSON: --if we don't change it.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . The Chair is gonna call a short recess because I think *now* we're really unbalanced.

COUNCILMEMBER JOHNSON: Yeah.

CHAIR PONTANILLA: Thank you. Short recess . . .(*gavel*). . .

**RECESS: 7:46 p.m.**

**RECONVENE: 8:01 p.m.**

CHAIR PONTANILLA: . . .(*gavel*). . . Okay, Members . . .(*cleared throat*). . .

. . . Coming back to Page 39. Members, let me provide you with this information. For that, if we don't get through with this particular issue right here, the Mayor's proposal. . .proposal's go into effect.

COUNCIL MEMBERS: . . .(*inaudible*). . .

CHAIR PONTANILLA: Okay?

COUNCIL MEMBERS: . . .(*inaudible*). . .

CHAIR PONTANILLA: Understand?

COUNCILMEMBER JOHNSON: Yeah. Yeah, we understand.

CHAIR PONTANILLA: Thank you. Okay . . .(*cleared throat*). . . the Chair has a recommendation for the . . .

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. . . water rates at this time. We're gonna revisit Page 39.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . The Chair's proposal is to create. . .one . . .

. . . one single rate--

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: --not "single rate", but--

COUNCILMEMBER ANDERSON: Point of order.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I think because we took a formal vote on this, we need a motion to reconsider.

CHAIR PONTANILLA: Um--

COUNCILMEMBER ANDERSON: Before we can start discussing it.

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: Mr. Chair, the main motion failed.

COUNCILMEMBER JOHNSON: Oh.

MS. FUJITA VILLAROSA: Because there was four and four.

COUNCILMEMBER JOHNSON: Okay.

MS. FUJITA VILLAROSA: If it had *passed*, then, yes, we would need to--

COUNCILMEMBER JOHNSON: Okay.

MS. FUJITA VILLAROSA: --reconsider--

COUNCILMEMBER ANDERSON: Okay.

MS. FUJITA VILLAROSA: --that.

COUNCILMEMBER ANDERSON: Thank you.

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COUNCIL MEMBERS: . . .(*inaudible*) . . .

CHAIR PONTANILLA: Okay--

COUNCILMEMBER JOHNSON: All right.

COUNCIL MEMBERS: . . .(*inaudible*) . . .

UNIDENTIFIED SPEAKER: . . .(*laughter*) . . .

COUNCILMEMBER ANDERSON: I just wanna make sure we're doing it right.

COUNCILMEMBER MEDEIROS: . . .(*laughter*) . . .

CHAIR PONTANILLA: . . .(*cleared throat*) . . . Members, the Chair's recommendation at this time is to, in regards to the water service charges. . .to single-family consumers bi-monthly, what we're gonna do is we're gonna make it one whole category and make it as . . .water service charge to general water consumers, meaning including the single-family. And the new rates would read zero to one, 10,000 gallons, the rate will be one. . .one dollar and 55 cents. The second tier will be 10,001 gallon to 30,000 gallons for 2 dollars and 60 cents. 3,001 [*sic*] gallon to 100,000 gallons--

COUNCILMEMBER JOHNSON: Thirty thousand.

. . . Thirty thousand gallons.

COUNCILMEMBER MOLINA: Thirty thousand . . .(*inaudible*) . . .

CHAIR PONTANILLA: Oh, 30,001 gallon to 100 [*sic*] gallon--

COUNCILMEMBER JOHNSON: . . .(*laughter*) . . .

CHAIR PONTANILLA: --100,000 gallons--

COUNCILMEMBER JOHNSON: . . .(*laughter*) . . .

CHAIR PONTANILLA: --would be 3 dollars and 40 cents. And 100,000 gallons and beyond would be 4 dollars and 20 cents. And this would solve the issue in regards to, you know, making it fair for all users.

COUNCILMEMBER ANDERSON: So moved.

COUNCILMEMBER JOHNSON: Second.

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CHAIR PONTANILLA: Been moved by Member Anderson, second by Member Johnson. All in favor say "aye".

COUNCILMEMBER ANDERSON: Wait, Mr. Chair--

COUNCIL MEMBERS: . . .*(inaudible)*. . .

COUNCILMEMBER MEDEIROS: Wait, wait, discussion.

COUNCILMEMBER ANDERSON: --discussion, please.

CHAIR PONTANILLA: Oh. . .discussion?

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: Um, I--

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: You know, we have. . .I appreciate the creative thinking went in . . .*(laughter)*. . . went into this during the break because this truly does treat everybody equally. And, you know, there'd be no need to have to pull out anybody from the billing records. Everybody gets the same rate. And since we . . .

. . . pulled Director Eng out of his dinner--

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: --or wherever he might have been . . .*(laughter)*. . .

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

COUNCILMEMBER ANDERSON: Maybe it was a movie, it's 8 o'clock, and he's here, I would like to have his comment, if we could, before the vote, Chair.

CHAIR PONTANILLA: Thank you. Director Eng?

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

MR. ENG: Thank you, Chairman Pontanilla.

. . . As you know, the other night I kind of argued to. . .as I argued as we all know and, but I do understand your interest. . .you know, you wanted. . .as you perceive as fairness to the community. And. . .apparently what, we were singling out a certain segment of the single-family customer. Again, our intents were pure to just try to, like. . .cause some,

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some conservation to higher consumption levels. But also understand your concerns, too, of fairness to the community. Um. . .again, the same problem kind of is posed to us as far as identifying who's gonna be impacted and, and the. . .financial consequences which I know is gonna be an improvement. But I'm hoping over this next year--if this is approved--that, you know, we work with you to establish classes, identify who we want in those classes. It will take us a lot of time. It'll take us a good one year. . .to sort through this. But. . .we are willing to work with this body and I appreciate. . .you, your, your concerns and the thought that you, you put into this. Thank you.

CHAIR PONTANILLA: Direct, thank you, Director Eng. Members, any more discussion? Member Medeiros?

COUNCILMEMBER MEDEIROS: Yes. . .I don't know if it's just something technical, but when you read the *last* line, you said 100,000 gallons and more. Actually there's a greater than symbol in front of 100,000. So actually it's 100,001 gallon . . .

CHAIR PONTANILLA: And more.

COUNCILMEMBER MEDEIROS: . . . and more. Yeah?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Just to--

COUNCILMEMBER JOHNSON: . . .(laughter). . .

COUNCILMEMBER MEDEIROS: --if that's technically needed. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Medeiros. Any more questions, Members?

. . . Okay. I'm gonna call for the vote. Member Hokama?

VICE-CHAIR HOKAMA: Aye.

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Aye.

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Aye.

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CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Aye.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Aye.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: . . .(*inaudible*) . . .

CHAIR PONTANILLA: And the Chair votes “aye”. Eight “ayes” and one “excused”.

**VOTE:       AYES:       Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:   None.**

**EXC.:       Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION:     APPROVE   Budget and Finance Committee Chair’s recommendation relating to the water service rates in Appendix B.**

CHAIR PONTANILLA: . . . Members, in regards to the . . .oh, do you have any questions on and any concerns in any of the other rates that are being proposed in this Appendix B at this time and you want--bring it forward, please.

*NOTE:    Very long silence.*

VICE-CHAIR HOKAMA: . . . Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Did we have a . . .agreement on the . . .special callouts?

CHAIR PONTANILLA: Page?

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VICE-CHAIR HOKAMA: I think that was on--

COUNCILMEMBER \_\_\_: Oh, yeah . . . *(inaudible)* . . .

VICE-CHAIR HOKAMA: . . . inspect, under inspections . . .

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . One second, Chairman.

UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . .

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Oh, yeah, Chairman, it would be on Page 5.

*NOTE: Pause.*

CHAIR PONTANILLA: . . . Members, Page 5.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . We had the . . . comments . . . concerning . . . how much we should charge for an outside-of-normal-business . . . requirements. I know the, I know there were some concerns from certain jurisdictional areas. But right now . . . what is pro, what is in the annual budget proposal is minimum charge two hours. And my issue was that by collective bargaining, we're required to pay the, our, the callouts at a minimum *three* hours.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . And so, you know, my proposal would be . . . *(laughter)* . . . whatever is collective bargaining requirement, we match.

CHAIR PONTANILLA: Thank you. You wanna present your proposal?

VICE-CHAIR HOKAMA: I move that we . . . revise the minimum charges to . . . equal to those requirements . . . by accepted . . . collective bargaining agreements.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Okay, moved by Member Hokama, second by Member Medeiros that we . . . provide the minimum charge of three hours as contained in the collective bargaining agreement--

VICE-CHAIR HOKAMA: Chairman?

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CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: I would just say, if we can just refer to the collective bargaining 'cause let's say it does change and they, and they say now the minimum is *two* hours, then it goes back to two hours. It is whatever the--

CHAIR PONTANILLA: Okay, fine.

VICE-CHAIR HOKAMA: --the contract requires us to pay.

CHAIR PONTANILLA: Okay. That the minimum charge would be applicable to the contract--

VICE-CHAIR HOKAMA: Term of the collective bargaining.

CHAIR PONTANILLA: Yeah, terms of the collective bargaining. . .units.

COUNCILMEMBER ANDERSON: Which is currently three hours, right?

CHAIR PONTANILLA: It is--

VICE-CHAIR HOKAMA: Correct.

CHAIR PONTANILLA: --currently three hours. Okay. Discussion?

. . . All in favor say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: . . .*(laughter)*. . . The Chair votes "aye".

COUNCILMEMBER MEDEIROS: . . .*(laughter)*. . .

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**VOTE: AYES: Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.**

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION: APPROVE revision to Other Inspection and Fees as it relates to Building and Construction Permit inspections.**

CHAIR PONTANILLA: Any more corrections that need to be made, Members?

COUNCILMEMBER JOHNSON: I, I had. . .Mr. Chair?

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: I have a question for Corporation Counsel--

CHAIR PONTANILLA: Sure.

COUNCILMEMBER JOHNSON: --because that was my..my little bugaboo of the-after-the-fact permit. And I just wanted to ask Corporation Counsel that if we just simply *remove*. . .the permit fee altogether and do not reference it. . .and then deal with it following the Budget in terms of, I guess, knowing what we're going to do . . .

. . . where will that leave, you know, like, *obviously* there's people that are *relying* on it because they're more than happy to pay double the fee that they would ordinarily pay and pay the after-the-fact permit fee. But I just, I don't like what that's doing to our community, so if we *remove* it altogether . . .

. . . what impact would that have?

COUNCILMEMBER ANDERSON: Jo Anne, what page are you on?

MS. FUJITA VILLAROSA: Yeah--

COUNCILMEMBER JOHNSON: Well--

CHAIR PONTANILLA: Corporation Counsel?

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COUNCILMEMBER JOHNSON: --the after-the-fact permit fee, I believe, is in--

VICE-CHAIR HOKAMA: Page 4.

COUNCILMEMBER JOHNSON: --the building section. 4?

COUNCILMEMBER ANDERSON: . . . Page 4?

VICE-CHAIR HOKAMA: Appendix B.

COUNCILMEMBER JOHNSON: Uh-huh.

VICE-CHAIR HOKAMA: . . . It's second to the last. . .item, Members.

COUNCILMEMBER ANDERSON: Thank you.

COUNCILMEMBER JOHNSON: Okay.

*NOTE: Silence.*

MS. FUJITA VILLAROSA: . . . Mr. Chair?

CHAIR PONTANILLA: . . .(cleared throat). . . Corporation Counsel?

MS. FUJITA VILLAROSA: Um. . .I think that if. . .Council were to delete the reference to the. . .after-the-permit fee, then the regular permit fees would apply. Of course, the Department can always . . .

. . . initiate enforcement action, but the. . .but the *fee*, if you take away the after-the-permit fee, they won't be able to charge *double*--which is basically what it is, double of the regular fee. So if they chose to grant the permit after-the-fact, they would just refer to the regular permit fees.

COUNCILMEMBER JOHNSON: But, but in the ordinance, there's a procedure and there's a protocol for applying for after-the-fact permit fees because what you *have* is the inability of the individual who's coming for the after-the-fact . . .

MS. FUJITA VILLAROSA: Uh-huh.

COUNCILMEMBER JOHNSON: . . . there's no inspection done. So automatically when they come. . .they're in violation when they actually seek something that is no longer available because they're *admitting* that they've already done the construction, so they didn't seek the preconstruction fees or any of the building permit fees.

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MS. FUJITA VILLAROSA: Right.

COUNCILMEMBER JOHNSON: So I don't see *how* they could apply the same fee when you have *not* met the criteria for even *issuing* a building permit because there's no *inspection* when the walls have been sealed, the whole building constructed, even electrical.

MS. FUJITA VILLAROSA: Uh-huh.

. . . Well, when you read the--

COUNCILMEMBER JOHNSON: Plumbing . . . *(laughter)*. . . too.

MS. FUJITA VILLAROSA: Yeah, when you read the language for that after-the-permit fee, it looks like you determine what the . . . what the fee would have been had they applied in a timely manner, and then you just double that.

COUNCILMEMBER JOHNSON: If--

MS. FUJITA VILLAROSA: So in the Code provision, I'm, I'm assuming that in the Maui County Code provision where it dis. . . discusses the procedures, it probably just says the fee as set forth in the Budget ordinance. So if there is no fee to refer to, there, there is no after-the-fact fee to refer to, then the only thing that they would be able to refer to is the . . . the regular permit fees. The issue about enforcement is the *same* regardless. . . regardless of whether their, whether we *have* the after-the-permit fee or we *don't* have the after-the-permit fee. The Department can still initiate enforcement action for . . .

COUNCILMEMBER JOHNSON: Yeah, which they never do because they just, we *have* the after-the-fact permit fee. And that's what really disturbs me. But is it possible, then, following Budget that what we do is. . . and even though I'm not a member of the Public Works and Facilities Committee, put this into a committee that we can actually discuss this because. . . I don't wanna take the time to do it now. But I'm tired of it. And everybody seems to be--particularly the people that have the financial wherewithal and *particularly* contractors that *know*. . . that *know better* and *know* that they're required to get inspections done and they just. . . they just thumb their nose at the Council, at you know people that are *legitimately* going forward with this. I have a *huge* problem with it.

COUNCILMEMBER ANDERSON: Mr. Chair, I have a suggestion.

CHAIR PONTANILLA: . . . Member Anderson?

COUNCILMEMBER ANDERSON: I think we might be able to solve the problem if at the end of--'cause I totally agree with Ms. Johnson. You know, the word on the street is don't bother to go in and get your. . . your building permitted because it's cheaper and quicker to build without a permit.

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COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: And even if you have to pay a double fine. . .it's still cheaper and quicker. So what I would suggest is. . .it says: when work for which a permit is required by the Uniform Building Code is started or proceeded with before obtaining a permit, the fees as set forth in this annual budget ordinance shall be doubled or increased by an additional amount of 500 dollars, whichever is. . .greater, comma, in addition to payment of fines for violation of the Building Code. That way, they *have* to pay the fines for violation.

VICE-CHAIR HOKAMA: . . . Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . . If. . .our enabling ordinance is correct, then I would say we can, we work the language in this . . .

UNIDENTIFIED SPEAKER: Uh-huh.

VICE-CHAIR HOKAMA: . . . portion of the Budget ordinance. So if the *Members* are concerned about after-the-fact construction, then why don't we set the language accordingly and either say something like shall be ten times or 10,000, whichever is greater plus 30 days in jail? Something like that.

ALL: . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: You know, people pay attention to that kind of penalty.

CHAIR PONTANILLA: They would . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: You know, because we talking about *penalties*. We're not talking about *fees* anymore, deposits. We're talking about *penalties*. So if . . .*(laughter)*. . . the Members wanna. . .test the waters, then I would say. . .make it punitive.

COUNCILMEMBER JOHNSON: Uh-huh.

VICE-CHAIR HOKAMA: Let it be a very sore point--

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

VICE-CHAIR HOKAMA: --to not follow the Code. Because the argument now is that it is *not* worth going through the process and it's worth paying the penalty.

COUNCILMEMBER JOHNSON: Uh-huh.

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VICE-CHAIR HOKAMA: So obviously the penalty is too *low*. So make the penalty *hurt*. . .and change 'em, ten times, five times. . .10, 20 thousand dollar fine, 30 days in jail. . .lose your license.

MS. FUJITA VILLAROSA: Mr. Chair--

CHAIR PONTANILLA: Member--oh, Corporation Counsel?

MS. FUJITA VILLAROSA: Uh. . .we could look at the penalties, but that. . .the penalties are actually in another--

COUNCILMEMBER JOHNSON: Section of this.

MS. FUJITA VILLAROSA: --not even in here, it's, they're actually in the Administrative Rules were we have all of the penalties set forth. So we could look at. . .Council Chair Hokama's suggestion about amending those to include, you know, whatever. . .whatever, yeah, whatever the. . .whatever's decided. But these, these are. . .that we're looking at right now, these are *fees*. So as I discussed earlier, we have to look at. . .at reasonable fees and the cost of providing the services for the fees.

COUNCILMEMBER JOHNSON: . . .*(sigh)*. . .

VICE-CHAIR HOKAMA: So how did we justify double the fee, then?

MS. FUJITA VILLAROSA: You'd have to ask the Department. They must have, they must be able to--

VICE-CHAIR HOKAMA: No, I'd prefer not to--

MS. FUJITA VILLAROSA: --justify it--

VICE-CHAIR HOKAMA: --ask . . .*(laughter)*. . . the Department.

COUNCILMEMBER ANDERSON: . . .*(laughter)*. . .

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: . . . Member Anderson, you had a question?

COUNCILMEMBER ANDERSON: Yeah.

. . . You know . . .*(sigh)*. . . part of the problem--and Ms. Johnson's right, the fact that we even *allow* after-the-fact permits . . .

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COUNCILMEMBER JOHNSON: Encourages it.

COUNCILMEMBER ANDERSON: . . . encourages them to . . .

COUNCILMEMBER JOHNSON: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . . violate the Code. And . . .

. . . what we have found happens. . .and this is not just Building Code, but this is SMA permits . . .

COUNCILMEMBER \_\_\_\_: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . . you know, we had a case of somebody was. . .down in Ahihi Kinau built a house. . .did add-ons, actually, without getting an SMA permit, without getting a. . .even a SMA assessment. And all the Department did. . .actually, they got two notice of violations. And the next step is a fine. And you know within the, the two notice of violations, after they got the second notice of violation--and the first notice of violation said come in and file for an SMA assessment. And they didn't even do that. And they had a consultant, Members, who knows the law. So. . .instead, what they did is they went in and after they got the second notice, they just went in and filed the assessment. So the fine. . .disappeared, the notice of violations disappeared. Everything's done as an after-the-fact permit. And there's no penalty whatsoever because it's what they would have had to do if they had followed the law. And the house was already constructed, everything was done. And as Ms. Johnson says, all this after-the-fact stuff. . .would, you know maybe what we should do is, you know, if you get caught and the house is already built or the additions are already done, you gotta tear things down to the first inspection level.

VICE-CHAIR HOKAMA: Refuse occupancy certificate.

COUNCILMEMBER ANDERSON: Well, you don't need an occupancy certificate for single-family homes. That's--

VICE-CHAIR HOKAMA: Oh, yes, you do.

COUNCILMEMBER ANDERSON: No, you don't.

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: Okay, Members.

COUNCILMEMBER ANDERSON: You don't. I know that for a fact.

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. . . Only if you have a plan review waiver. They put that on so that there would be a mechanism for them to check to see that they did everything right 'cause it was all waived. So I'm just thinking that. . .if--

COUNCILMEMBER JOHNSON: . . .(inaudible) . . .(laughter) . . .

COUNCILMEMBER ANDERSON: --if we just do away with the after-the-fact permit entirely.

CHAIR PONTANILLA: Thank you, Member Anderson. Member Johnson?

COUNCILMEMBER JOHNSON: I, I have. . .I don't know if it's gonna work, but if we put in this section. . .to state that issuance of after-the-fact permits is temporarily suspended. . .pending. . .whatever, can we do that and temporarily suspend within this ordinance the issuance of any after-the-fact permits?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: Mr. Chair. . .Council could consider that, but the *place* to do it would be in the Maui County Code section. If you look at 16.26.107.5, which is the reference number for this fee--'cause right now we're just looking at *fees* . . .

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER JOHNSON: Yes.

MS. FUJITA VILLAROSA: . . . but if you actually look at the substance. . .that is where. . .it *allows* work without a permit. And it says payment of such fees shall not relieve any persons from fully complying with the requirements of this Code in the execution of the work or from any other penalties prescribed in accordance with rules for administrative procedure. So those, those are the rules that I was referring to earlier. So it does anticipate. . .enforcement action even if they are allowed to continue with the work. . .work without a permit. But if you wanted to do away with that, then we would amend the Code to delete this section.

COUNCILMEMBER JOHNSON: Oh, okay. And then, in the permit section with regard to--I, I think it was Council Chair Hokama or possibly Member Anderson that said. . .in addition to this fee, all applicable fines from the date of construction . . .

MS. FUJITA VILLAROSA: Uh-huh.

COUNCILMEMBER JOHNSON: . . . or construction completion, you know like, in other words, it's not *just* the fee, it's, the fee will be collected in addition to all applicable fines accrued from the date that the construction. . .was I guess, I don't know how, you know if they would do, I guess what they would do is at the different inspection levels, you would assume that the plumbing inspector would be there and the electrical inspector would be

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there. So basically it's at least from those points in time when they *should have had* a legitimate inspection.

MS. FUJITA VILLAROSA: . . . Mr. Chair?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: As I stated, the Maui County Code section already *anticipates* that there might be enforcement action and, and fines be imposed.

. . . So it really wouldn't add, do anything to add--

COUNCILMEMBER JOHNSON: Okay.

MS. FUJITA VILLAROSA: --that same language to the fees.

COUNCILMEMBER JOHNSON: All right. Well, Mr. Chair, I don't wanna hang everybody up on this, but. . .I'm, I'm more inclined to go with Mr. Hokama's recommendation, then, and just. . .sock it to them. Because right now, they are just *not*. . .they, they're being so disrespectful to the people that follow the law. . .and *particularly* when you have *licensed* contractors . . .(laughter). . . and people that know better. . .and then somebody has to sign off and stamp this stuff? You know, that's the guy that should have his license pulled if he was the one that authorized all the way along.

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: You know, this is in reference, Members, to Chapter 16.26.017.5 of the County Code. And it talks about work without a permit and you've gotta pay the, double the fine. . .or 500, whichever is greater. But then it also goes on . . .(laughter). . . to say that any work that has been concealed prior to inspection--the property may submit a certificate from a building contractor . . .(laughter). . .

COUNCILMEMBER JOHNSON: . . .(inaudible). . .

CHAIR PONTANILLA: Okay, Members--

COUNCILMEMBER ANDERSON: You know, so the guy that's breaking the law certifies it's okay.

CHAIR PONTANILLA: Okay. If you wanna change this section . . .

COUNCILMEMBER JOHNSON: Yeah.

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CHAIR PONTANILLA: . . . I have no problems with that. Somebody make a motion.

COUNCILMEMBER JOHNSON: Um, you know, but what she's saying is that it's within the County Code that we have to change it. And what we're dealing with here are the fees. So . . .

UNIDENTIFIED SPEAKER: . . .(inaudible) . . .

COUNCILMEMBER JOHNSON: . . . if. . . I don't know, currently what . . .

CHAIR PONTANILLA: Okay, then, the Chair will--

COUNCILMEMBER JOHNSON: . . . it's double the fee, I say. . . I make a motion that. . . the fee be five times. . . what the. . . the, the permit cost would be.

CHAIR PONTANILLA: Thank you. Any second to that?

UNIDENTIFIED SPEAKER: . . .(inaudible) . . .

CHAIR PONTANILLA: We're on Page 4 . . .

UNIDENTIFIED SPEAKER: . . .(laughter) . . .

UNIDENTIFIED SPEAKER: . . .(inaudible) . . .

CHAIR PONTANILLA: . . . Member Anderson [*sic*] had. . . made a motion to increase the . . .  
. . . fees--

COUNCILMEMBER JOHNSON: Johnson . . .(laughter) . . .

CHAIR PONTANILLA: --ordinance shall be five times?

COUNCILMEMBER ANDERSON: You know what, Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Excuse me. I, I don't think we can effectuate this the way that Ms. Johnson wants to under this section. We've gotta go up to where the fees are actually set. Because all this does, all this is doing down here where it says "where work for a permit is required", blah, blah, blah, that is actually in the County Code. And so it's just reiterating it within here. It says the fees as set forth in this annual budget. So we gotta go up to where it says permit fees. And maybe we need to add another section that

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says. . .any building done without a permit, without previously obtaining a permit . . .(cleared throat). . .

. . . 'cause they're just telling us to double the fees that are already here.

COUNCILMEMBER JOHNSON: Yeah.

COUNCILMEMBER ANDERSON: And so . . .(cleared throat). . . under permit fees, we could add another category that says . . .

. . . building without a permit. . .10 times the above rate.

. . . In other words, if the house was 500,000 to a million dollars, the rate currently is 2,000 whatever it is. See that, Members?

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: So then right below the next section. . .100 million and up. . .we'd add another section before the Exceptions and say building without obtaining. . .a permit . . .

CHAIR PONTANILLA: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: . . . the above fees would be--

CHAIR PONTANILLA: Yeah. Can I interject?

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: We had this discussion with the Public Works Department. And the discussion was the fees that, for building permits . . .

. . . you know, our recommendation was to move it higher. But one of the concerns was that. . .that we had is that, you know, we gotta make sure that it's fair because we gotta know, you know, how much time was spent in, in. . .reviewing this permits. And. . .we had agreed that we would give the Department time to review the building permit fees. Members. . .I hope you recall. And . . .

. . . as far as the, the ord, the appendix themselves in regards to the building sections. . .or section. . .they were gonna revise or re. . .take a look at the current fees that are being charged. . .including the building permit fees and come here with an amendment, hopefully with, before the end of the year in regards to the changes that they are proposing to make. And we had afforded the Public Works Department that time to do that. And. . .I, I would. . .love to give the Public Works the opportunity to comment, but they're not here. Once we take up the--and hopefully the Public Works Committee,

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through a . . . agenda item, you know, can take a look at this thing here and make sure that the Public Works Department. . . do the revisions as, as, promised to this Committee here. So that's my suggestion.

COUNCILMEMBER JOHNSON: Yeah. Yeah, Mr. Chair, what I'm gonna do is I'm gonna submit an ordinance and. . . hopefully at some point we'll get an opinion from Office of Information Practices so that those of us that are concerned with this subject can actually participate in the discussion. Either that or have it go to a nine-member committee. . . and maybe, perhaps come back to Budget. Because this really is. . . a budget item as well. So I'm, I'm not gonna make an issue of it because it's getting late and people are not feeling well. So I really don't wanna take up any more time of the Committee. But I will submit an ordinance and it may be to actually repeal the after-the-fact permit fee and make any individual who has building taking place *without* the benefit of securing all the proper permits, they have to go to the Board of Variances and Appeals or come *back* to the County Council.

CHAIR PONTANILLA: Thank you. Members, any more concerns in regards to the rates and. . . to the fees?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . No.

CHAIR PONTANILLA: Member . . .

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: No questions?

VICE-CHAIR HOKAMA: No questions.

CHAIR PONTANILLA: Thank you. At this time, the Chair would--

MR. ENG: Excuse me, Mr. Chair?

CHAIR PONTANILLA: Member. . . uh, Mr. Eng?

MR. ENG: I'd like to just briefly go back to the Water Fund just for clarification. And that is. . . as you understand, we had planned to break out the power costs.

CHAIR PONTANILLA: Yeah.

MR. ENG: And I was just wondering if we shall continue to do that.

UNIDENTIFIED SPEAKER: Uh-huh.

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CHAIR PONTANILLA: Yes.

MR. ENG: Because we would like, like to track that better. And if . . .if that's the area that really needs the adjustment, it might be easier to, to make specific--

COUNCILMEMBER BAISA: Yes.

MR. ENG: --adjustments to our rates in the future. Thank you.

UNIDENTIFIED SPEAKER: Yes . . .*(inaudible)*. . .

CHAIR PONTANILLA: Yes, thank you.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, Members, at this time, the Chair would like to move on in regards to the fees of . . .

. . . fees. If there's no more questions in regards to the fees, then the Chair would like to . . .

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Let's see . . .

. . . Uh, Mr. Taguchi?

COUNCILMEMBER JOHNSON: We still--

CHAIR PONTANILLA: Just a second . . .*(inaudible)*. . .

COUNCILMEMBER JOHNSON: . . .*(laughter)*. . .

CHAIR PONTANILLA: Any more?

*NOTE: Pause while Chair Pontanilla conferred with Committee Staff.*

CHAIR PONTANILLA: . . . Okay. Members . . .*(cleared throat)*. . . if there's no more changes in regards to the rates and fees, the Chair . . .*(end of tape, start 7A)*. . . request that the Staff be allowed to make corrections because of . . .we've done . . .*(laughter)*. . . a lot of corrections to the rates and fees--if there is no objections?

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COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

CHAIR PONTANILLA: . . . At this time, the Chair would like to call a ten-minute. . .*eight*-minute recess--

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

CHAIR PONTANILLA: We'll reconvene at . . .*(laughter)*. . . 8:40 . . .*(gavel)*. . .

**RECESS: 8:32 p.m.**

**RECONVENE: 8:50 p.m.**

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened.

. . . Members, the Chair would like to direct you to Page 4 of your Exhibit 1. Coming down to the wire, Members.

COUNCILMEMBER BAISA: Good.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . In the middle of the page, we do have the . . .

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Exhibit 1?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

COUNCILMEMBER ANDERSON: . . . Thank you.

CHAIR PONTANILLA: . . . the issue in regards to the bill that is presently in the Legislature regarding. . .the hiring of. . .our handicap people. . .the Hui Malama--

UNIDENTIFIED SPEAKER: Ka Lima.

COUNCILMEMBER MOLINA: Ka Lima.

CHAIR PONTANILLA: *Ka Lima.*

COUNCILMEMBER JOHNSON: Ka Lima.

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COUNCILMEMBER BAISA: Ka Lima.

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: . . . Clients for our landfill, doing work for our landfill. Mr. Hokama, you got any updates on that?

VICE-CHAIR HOKAMA: . . . Chairman . . .

COUNCILMEMBER BAISA: . . .(inaudible). . .

VICE-CHAIR HOKAMA: . . . it appears that the House and Senate conferees are wide apart on the money bills. And what has been happening at the Capitol is that many of the other conference bills that may have . . .budgetary implications has been *deferred* 'til the House and Senate can have general consensus and settlement on the funding, which would be the general. . .the. . .what we would call the Omnibus Funding Bill. So that's the current status. It's up in the air, Chairman. We have no idea which way it's gonna go. So I would just say let's proceed--

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: --and possibly by the time we *reconvene* for corrections. . .on Wednesday, as you are scheduling for us, hopefully we will have a final decision from the Capitol.

CHAIR PONTANILLA: Thank you. Staff. . .Members, if . . .

. . . don't have any objections, the Chair would like to recommend that we utilize the number that's there now.

COUNCILMEMBER BAISA: Yes.

VICE-CHAIR HOKAMA: No objections.

CHAIR PONTANILLA: Any objections?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Page 4.

CHAIR PONTANILLA: Page 4 of 50.

COUNCILMEMBER JOHNSON: . . .(inaudible). . .

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*NOTE: Silence.*

CHAIR PONTANILLA: . . . Any objections, Members?

COUNCILMEMBER \_\_\_: Okay.

COUNCILMEMBER BAISA: No, none.

COUNCIL MEMBERS: . . .(*inaudible*). . .

CHAIR PONTANILLA: Thank you.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Okay, turning to Page 39 of 50.

. . . Please note the deletion . . .

. . . because of the bottle bill, and we acted not to . . .continue the bottle bill here in Maui County. We've deleted the 1.2 million dollars. And that's where we routed the two positions to the Public Works area, or Environmental area. Any objections, Members?

COUNCILMEMBER BAISA: No.

VICE-CHAIR HOKAMA: Objections.

CHAIR PONTANILLA: Thank you. Okay, coming down to the last item, the Open Space Fund. Members--

VICE-CHAIR HOKAMA: What page are we on?

CHAIR PONTANILLA: --at this time the--

COUNCILMEMBER BAISA: Page?

CHAIR PONTANILLA: 50.

VICE-CHAIR HOKAMA: Page . . .

CHAIR PONTANILLA: Hey, last page.

COUNCILMEMBER BAISA: Oh, wow.

COUNCILMEMBER \_\_\_: . . .(*inaudible*). . .

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CHAIR PONTANILLA: Last item.

COUNCILMEMBER BAISA: Whew!

COUNCILMEMBER MEDEIROS: Chair? I'm, I'm sorry--

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: I'm just trying to catch up with you . . . *(laughter)*. . . You know on the bottle bill, can--

CHAIR PONTANILLA: Yes?

COUNCILMEMBER MEDEIROS: --can I go back to that quickly?

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MEDEIROS: And you mentioned that two positions. I just wanted to mention that I did talk to, you know, some other people, but. . . I'm just concerned that. . . I, I learned that they were civil service positions. And I was wondering how we're gonna handle that.

CHAIR PONTANILLA: We'll take that issue . . .

COUNCILMEMBER MEDEIROS: Here?

CHAIR PONTANILLA: . . . the Chair and the Staff will take up that issue in regards to that two position. I understand that these positions were . . .

. . . uh. . . they were provided or budgeted from the bottle bills--

COUNCILMEMBER MEDEIROS: Yeah, they were--

CHAIR PONTANILLA: --Act.

COUNCILMEMBER MEDEIROS: --they were paid by State funds.

CHAIR PONTANILLA: Yeah. And. . . I, now I understand that both positions are civil service.

COUNCILMEMBER MEDEIROS: Correct.

CHAIR PONTANILLA: Yeah, we need to. . . revisit the issue so that we make sure that, you know, we resolve that issue in regards to the civil service aspect of the two employees.

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COUNCILMEMBER MEDEIROS: Okay, so you will take that up with your, your Committee Staff?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Okay.

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER MEDEIROS: Thank you, Chair.

CHAIR PONTANILLA: Thank you. We hope to get some information to you by the correction date of May 2<sup>nd</sup>. Okay, Members, the last item again is the . . .

COUNCILMEMBER ANDERSON: Mr. Chair, before you go to that--

CHAIR PONTANILLA: Sure.

COUNCILMEMBER ANDERSON: --if I might?

. . . On Page 4, Members--

COUNCILMEMBER JOHNSON: . . . *(inaudible)* . . .

COUNCILMEMBER ANDERSON: . . . On Page 4 of Exhibit 1, on the bottom, Solid Waste Fund. We deleted the EP Recycling Specialist--

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: --Members--

CHAIR PONTANILLA: Yes, we did. And that's the issue that is now before us--that. . . Staff and myself will take a look at because I understand that this, these are civil service positions.

COUNCILMEMBER ANDERSON: Yeah, we got a letter tonight, Members, from the Solid Waste Division. And. . . you know, if we're trying to balance and we're gonna make a change. . . this is a civil service position, persons have been in the position for two years. If we delete this funding, we'll lose. . . I don't know what was gonna happen, this person will lose his job.

CHAIR PONTANILLA: Um, we--

COUNCILMEMBER ANDERSON: And--

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CHAIR PONTANILLA: --we've created. . .we've moved. . .*that* particular position to an expansion position within the Environmental Management Division [*sic*].

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . But you mean . . .(*sigh*). . . why would we move it?

CHAIR PONTANILLA: Because we said that we weren't gonna do the bottle bill. . .and we all voted and said, no, we're not gonna do it. And Mr. Hokama had indicated that he'll find two positions for the positions that are being lost. And we've redirected those positions to expansion positions in the Environmental Management Department.

COUNCILMEMBER ANDERSON: And so are we certain that this person all they, all that they do is the bottle?

CHAIR PONTANILLA: They were doing the bottle bill. . .*administering* the bottle bill for Maui County. And as far as I know, that was their function.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . You know, we have the Division Chief here, and I would like some clarification if we could have him come up.

CHAIR PONTANILLA: . . . At this time, the Chair will call the Division. . .Manager.

*NOTE: Pause while Mr. Takamine approached the floor.*

COUNCILMEMBER ANDERSON: . . . I mean, you know, whether we do the bottle bill or not, we do recycling here on Maui County.

CHAIR PONTANILLA: Oh, yes, we'll continue to do that. The State of Hawaii has gone out for an RFP to take over that program.

. . . And that was based on our decision not to go forward with the bottle bill or *administering* the bottle bill in Maui County--

COUNCILMEMBER ANDERSON: On behalf of the State.

CHAIR PONTANILLA: On behalf of the State.

COUNCILMEMBER ANDERSON: Right. Mr. Chair, I understand that. But what I'm saying is that this is a civil service position. And you know, we, whether we participate with our employees in the State's bottle bill . . .

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*). . .

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UNIDENTIFIED SPEAKER: . . . recycling program. We do *other* recycling and possibly this person could be redirected for recycling. If we could have Mr. Takamine give us his take on this, I'd appreciate it.

CHAIR PONTANILLA: Sure. Thank you. Mr. Takamine?

MR. TAKAMINE: Thank you, Council Chair and Council Members for allowing me to speak.

. . . Yeah, I, I do have a . . . a concern, a very, very. . . I guess great concern that this position is being--I'm not, I don't fully understand what, I wasn't here last week, and I apologize for that. So. . . I just returned yesterday from a training in the mainland. But. . . I'm not sure what happened to this position. But my, the, the current two positions are, are full. . . the individuals are County employees, civil service hired through the County system. Basically, it was *funded* through the bottle bill. Yes, their, their positions were with the bottle bill program and. . . to handle all the aspects of the, running the program. However, I mentioned this in the previous meeting with you that in reality they have supported this Division and the County and they use approximately 40 percent of their time devoted, or more devoted to. . . assisting us in the recycle program for the County of Maui, other than the. . . the, the deposit bottle bill program. So if I lose this position, number one, again. . . and I don't, I don't know this issue about *transferring* the position to another section in my *Division*, which I believe is the Makawao Collection System, if. . . what I understand, and being funded for or EP position being authorized for Clerk III. But the individual is a Recycle *Specialist*, you know, it's a, it's a. . . more of a *professional* series. So from my understanding, if I don't get funding, the position is deleted, her job, basically, is terminated. . . unless there's some kind of action where she can be somehow transferred. Because it is a. . . I guess reduction in force. And there are certain regulations that we need to follow, DPS needs to follow in terms of providing her an opportunity for, to find another job. I don't want that to happen. You know, the, the recycle section is very important section for the County of Maui. I've, I understand that I've heard some issues that you wanna wait for the ISWMP plan to be completed before you. . . fund any. . . any new positions. To me, this is not a new position. I mean, I've had these two individuals have been working for my section and the County for two years. We've got *a lot* of work in recycling. And it, very important work in that a lot of my notice of violations for all of my landfills are related directly or indirectly to. . . recycling efforts that we have not taken on the outer islands, especially Molokai, Hana, and Lanai. And it relates to NPDS violations. We have put in the FY '08 Budget 5. . . 500,000 dollars--you know, it's 250 for each island, Lanai and Molokai to further develop recycling programs. And these individuals will be directly involved with that. Same with Hana. And same with the island of. . . Maui. We cannot wait for the ISWMP to be completed before we start initiating something on the. . . outer islands. Example being. . . on Molokai, the contractor's ready to go. . . he's on the island right now, he's looking at starting up operation to remove all that scrap metal off of Molokai landfill. He's telling me that I need to stop. . . all automobiles. . . appliances from getting into the landfill because, number one, it's gonna interfere with his operation, and number two,

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he's contracted for a certain *tonnage*. If I don't stop that from coming into the landfill, he has an unending process. You know, he, he, he keeps taking in metals when in fact I should stop. . .so that he has a set contract, a set tonnage that he takes care of. If I, if I don't stop that. . .tomorrow, he might have three, three more tons of metals coming in. You know, it continue, it'll never stop. So you know, that's a big issue and we're trying to work that. And, and all of these efforts are directly related to my, the personnel and I, and I've. . .we iterated and explained to you that, you know, the Solid Waste Division is shorthanded. This Division has always been. . .short-staffed, short. . .funded, and in equipment also. I'm trying to get it going. By, by you taking another position from me, it's gonna push me back. And I wanna keep moving forward. These individuals are, are highly skilled individuals. They're very intelligent. They've learned throughout the years.

. . . You can say you're gonna move her to, keep her position, that's my understanding, move it to a Clerk Typist III. You know, but she, she's a professional level. Is she gonna take a Clerk Typist III? She might take it just to keep her salary for a while, but you know, I guarantee you she's gonna be looking to move on because that's not her field, you know, it's a career stopper. You know?

. . . So what I, what I'm asking you. . .you know, if at all possible is, I'd like to keep my two positions. You know, I sent, we sent a memo out and I'm willing to provide the, the option of you of deleting the Clerk Typist III Molokai. . .not "Molokai", Makawao and Abandoned Vehicle section. I feel it's that much more important that, that I have these individuals in place versus giving me a Clerk in those two areas. You know, I, I can do without a Clerk. We can work the administrative backlog. And of course, I'd like to have it all.

. . . I know you can't give it all to me, so I'm asking you if, if you ask for my priority, my priority is to have the two. . .Recycle Specialists remain in place and to delete the Clerk at the up, the Makawao office and the Abandoned Vehicle office. . .if you have to cut the Budget to, to balance it. And I know if you add the totals up, I'm still short about 9,000 dollars. And, you know, I'm willing to delete a line item out of the Diversion section and reduce the line item to accommodate the difference in cost or funding.

CHAIR PONTANILLA: Thank you, Mr. Takamine. Member Anderson, followed by Member Johnson.

COUNCILMEMBER ANDERSON: Thank you, Chair. So, Mr. Takamine, you just told us that this . . .*(cleared throat)*. . . excuse me, this position in question. . .currently is spending 40 percent of her time on *Maui* recycling issues and that . . .*(cleared throat)*. . . my question is, is that . . .*(sigh)*. . . you were forced. . .we were forced . . .*(cleared throat)*. . . excuse me . . .

. . . by a State mandate to have someone deal with the. . .deposit, bottle deposit issue. So now that we're not using our or your Recycling Specialist for that purpose . . .

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. . . the 60 percent of her time could be well used on Molokai, Hana, Lanai in dealing with the recycling issues specific to Maui County.

MR. TAKAMINE: That's correct.

COUNCILMEMBER ANDERSON: Okay, thank--

MR. TAKAMINE: That's the intent.

COUNCILMEMBER ANDERSON: I'd like to support this, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, Tracy, the money. . .that you mentioned, the 250,000 for each of, you know, I think it was Molokai and Lanai, rather than cut your other positions, is there any way that we could whittle. . .a little bit out of . . .(laughter). . . the 250,000? You know, like, and use part of that as operating money to get that up and running?

MR. TAKAMINE: We, act, actually I can't tell you if the 250,000 is gonna be enough if, if. . .if it's sufficient. We. . .don't have a plan in place yet. I mean . . .

. . . and, and I can't tell you why we haven't developed one over the years, but I, I, I for. . .could see that once we started the Molokai operation in terms of getting rid of the current metals in place and the contractor starting operation, that this is what would happen--that he would come in and say we need to stop your. . .accepting all of this metals and, and come up with a program, which is. . .which is what he's done. He's come up to me and said, you know, I'm starting work on, in May, you need to stop. . .bringing this stuff in. But. . .so what's the plan? I don't have a plan. I, I requested the funds because I know that we going, we will develop a plan in terms of--it might be similar to. . .computer swap, Compu. . .yeah, where we, we would bring in trailers and we load them in trailers and then we have to haul them off the island. But at least we have a. . .a system in place where we will collect the items. . .and then remove them from the island, versus. . .if you go to Molokai, again, and Hana there is no basic system. You know, people come dump--

COUNCILMEMBER JOHNSON: Yeah.

MR. TAKAMINE: --automobiles, dump appliances, batteries and it just lays on the ground. And again, this NPDS violation--

COUNCILMEMBER JOHNSON: No, and I, and I totally understand that. What I'm asking you is that we still have the 250,000 for each in the Budget.

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MR. TAKAMINE: That's correct.

COUNCILMEMBER JOHNSON: Okay. What I'm saying to you--and. . .you know, I mean obviously if the program, once you get a program, if you have to come *back*. . .you know, to find supplemental funds or whatever or you *know* you have a better handle on that cost, I would rather. . .fund the positions and not cut your *other* positions at the expense. You understand what I'm saying--that if you got 250,000 and we need to earmark 10,000 or whatever it is for operations for. . .and I don't know what the salaries of these individuals are, *but* I would be saying. . .take it temporarily . . .(laughter). . . out of *that*. . .and then we try to deal with it. 'Cause you don't know what the costs are gonna be anyway. That, that's my suggestion, rather than cannibalize your other position--which you stated you're short-staffed anyway.

MR. TAKAMINE: Right. Okay. I understand what you're saying. . .the salary for a Clerk Typist III is 17,176 dollars for an eight-month period. And for my Recycle Specialist, I'm asking 43,836 because she is funded full, fully for 12 months because she's a current employee--

COUNCILMEMBER JOHNSON: Right. And so just take it out of one of those 250,000s . . .(laughter). . . or. . .you know . . .(laughter). . . whatever . . .(laughter). . .

COUNCILMEMBER ANDERSON: Mr. Chair?

COUNCILMEMBER JOHNSON: You under. . .you understand what I'm saying, Mr. Chair?

CHAIR PONTANILLA: Yes, I do.

COUNCILMEMBER JOHNSON: Okay. All right.

COUNCILMEMBER ANDERSON: Mr. Chair?

COUNCILMEMBER JOHNSON: That's all I have. That's my suggestion.

CHAIR PONTANILLA: Thank you. Member Anderson, followed by Member Mateo.

COUNCILMEMBER ANDERSON: You know . . .(cleared throat). . . excuse me.

. . .(sigh). . . After we did our real property rates, Chair. . .we had 9.3 million additional. And then you know hardly with any discussion and at the drop of the hat. . .we added 480,000 dollars for expansion in Lahaina of the transportation system; we added 50,000 dollars for the Kidney Foundation; and we added 250,000 for an MCC grant.

. . . I think we need to take care of our core services first and foremost. And I don't think that we should require them . . .(laughter). . . to cut a program that they need in order to get, to retain an employee. We gotta take care of our. . .our needs first. And. . .you

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know, if there's any cutting being done, I think we obviously have the money, it's 48,000 dollars. But if there's any cutting that's gonna be done, I think we should cut it from these. . .last four add-ons that we just put in.

MR. TAKAMINE: . . . Council Chair? Can I get back to Councilmember Johnson's. . .what she mentioned? I guess. . .basically the 250,000 dollars each, it is under my Diversion Program for each island. And. . .the intent would be for these individuals to be working on, on that program. So the funding. . .that you mention, the 250,000 each, I guess could support. . .the, the salary for that employee because it, she would be directly working with, under these programs.

CHAIR PONTANILLA: So, Mr. Takamine, what you're saying is that we can take 25,000. . .25,000 dollars from each of the islands to make up difference?

MR. TAKAMINE: Yes.

CHAIR PONTANILLA: Thank you. Member--

COUNCILMEMBER ANDERSON: And it wouldn't hurt the program?

MR. TAKAMINE: . . . It, it shouldn't. Like I said, right now we're still trying to come up, develop the program, but. . .shouldn't, shouldn't hurt the program.

COUNCILMEMBER ANDERSON: Okay. Thank you.

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. Member. . .Member Anderson went where I wanted to go. But, and, but you know, she was a little, a little more gracious. I think if we're gonna talk *cuts*, yeah, you know, it just seems really difficult to take a look at, you know, trying to cut a program that was identified in this man's budget request. . .you know, and then now to be able to cut it. . .you know, because the program is so *important*. You know, if there's anything to *cut*, you gotta cut from what was *added*. From the beginning of the discussion, I said the priority was to complete tax categories. Why? So we can go shopping afterwards. You know, and to come *now*, and to even you know, *suggest* cut the Molokai fund, I mean, come *on*.

. . . You know, one, if this, if this Department can tell you now that it's okay to cut the monies from a *projected* source of funds to take care of a need, look at the Department's budget. Perhaps it's full of fat.

. . . That's the blatant truth of it, sir. You know, so let's be a little more careful. . .in, in so *readily* being able to *cut* funds from other districts because the unnecessary one right now is 480,000 dollars.

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. . . Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman . . .(*cleared throat*). . .

. . . let me say this. . .let me just say that it *pisses* me off. . .yeah, that we give *County* civil service for *State* programs with State, from State funding? What the hell's going on? It's supposed to be *no guarantees* if the, they lose their funding source. We gotta *eat it* again?

. . . We shouldn't be in this situation.

. . . What are *we*?

. . . The *life ring* for every bloody job?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . That's our choice if we wanna have, add civil service. So what? We gonna give Section 8, if they lose their funding, they gonna give all those people *County* civil service?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . You know, it doesn't seem to be well-thought-out programs, Chairman. And I don't know what the hell DPS is doing by granting this kind of State funds with County civil services positions.

. . . The *job* and the *funding source* go together. It's not *separated*. That's *our* decision to provide the EP if we *decide* it is appropriate.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . You know, instead of waiting the ISP [*sic*], we should *audit*. . .audit and find out what the hell's going on.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: . . . Mahalo, Chair. You know, I agree with Council Chair Hokama. If these two positions had started out funded by State funds, I, too, cannot understand how they became civil service positions. But if that's what the Department is telling us and I'm taking it to be true without us confirming that with DPS,

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then. . . my concern is. . . we can't just eliminate civil service positions without going through the whole process. So what do we have as an option?

. . . Which is what we're trying to do now--we're trying to fund them. I know the. . . Department said about eliminating the Makawao Clerk's one. And we heard enough of that, that position was very much needed. And I'm not gonna agree to eliminate that position.

. . . On my. . . e-mail from the Director of Public Works this morning, he was willing to delete the Clerk III expansion position in the Abandoned Vehicle, Scrap Metal, and White Goods Program. That's a source of funding they can use. And if they can find something else without cutting Molokai and Lanai--which, as. . . Member Mateo said was part of their budget, and we assume when it's part of the budget, it's something that is really needed. And you know to say that they can cut it now. . . to fund this position is, I think what. . . what Member Mateo was saying. . . that apparently, maybe the 250,000 wasn't needed to begin with. So I think we need to somehow fund, you know, find a way of doing this without cutting what was already decided on. And we need to look at what was added on after we decided that we had this 9-million-something left. And it should come from there, but it, it shouldn't come from cutting Molokai or Lanai. And it shouldn't come from a position that we already established we wanted for Makawao. So that would be, you know, the direction I would like to see this take, Chair. Thank you.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: I, I'd just like to read something that I have here in regards to the Deposit Beverage Container Program. The budget, budgeted amount at the time was 1.2 million dollars. And. . . in regards to the program, provided the funds, provided that disbursements for salaries and premium pay is limited to 2.0 equivalent personnel. So the funds actually came from the State. . . with the understanding that the dollars that were given to the County, those dollars included two equivalent personnel to administer the State's program. How they became civil service is good question.

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: I would like to add my objections to removing the position that we included in Makawao. It was determined to be very important and we all agreed to do it. And I think to go back and do that now is just not right. And if we made a mistake and we made people that shouldn't be civil service civil service, then we gotta eat it.

CHAIR PONTANILLA: Thank you, Member Baisa. Member Molina?

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COUNCILMEMBER MOLINA: Yeah, thank you, Chairman. To take away that position in Makawao for the Recycling Specialist is like robbing Peter to pay Paul, yeah, so definitely don't wanna lose that position. And...we just gotta take a wait and see attitude, I mean, you know, with regard to why these positions became civil service. So...

... you know, if it's the body's choice to go shopping again with the 9 million, so be it. But...this is just creating more, more questions than answers, Chairman. Thank you.

COUNCILMEMBER ANDERSON: Mr. Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: I move that we include the Recycling Specialist position and funding of 43,361 dollars back into the Budget and reduce the...Post-Employment Fund by that amount.

CHAIR PONTANILLA: Before I take the motion, I'm just gonna ask the...Department if we do add the position...can the Department find the money?

*NOTE: Pause.*

VICE-CHAIR HOKAMA: ... They get vacancies, they get money.

MR. TAKAMINE: ... We, when we mentioned about using the, the 250, you know...used it in terms of cutting it, but I don't believe, you know, when we, if we use that funding it's **cutting** it because it's the direct--

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

MR. TAKAMINE: --program is to develop a recycling program there. So the funding for this individual is not **cutting** the program, but is using the, the funds to just, you know, justify to do something, to implement the program. So it's not like I'm, we're **cutting** the, the monies for those two, two sides of, I mean, two islands.

CHAIR PONTANILLA: So within you're A, B, C account, you cannot find the monies to provide this?

MR. TAKAMINE: If, if, if you're asking me if we need to reduce...a line item, I, I could recommend that we reduce...

*NOTE: Silence.*

MR. TAKAMINE: ... any line item in my Diversion Program...uh...

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*NOTE: Silence.*

MS. FUJITA VILLAROSA: . . .(inaudible) . . .

MR. TAKAMINE: Yeah . . .(inaudible) . . . we could find it under our Diversion Program and . . .(inaudible) . . .

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . Mr. Chair? . . .(end of tape, start 7B) . . .

*NOTE: Silence.*

MR. TAKAMINE: . . . Oh, okay . . .(inaudible) . . . Diversion Program.

MS. FUJITA VILLAROSA: . . .(inaudible) . . .

MR. TAKAMINE: . . . Probably from Index Code 919529.

CHAIR PONTANILLA: We could remove some dollars to pay for the position?

MR. TAKAMINE: Yes, we could.

COUNCIL MEMBERS: . . .(inaudible) . . .

COUNCILMEMBER ANDERSON: Could we have a reference?

CHAIR PONTANILLA: . . . Um . . .can you give the Members a reference point, please? You're looking at the Budget Details?

MR. TAKAMINE: I'm looking at the . . .Budget 5, Page 5-32, the Details.

. . . Under Alternative Programs.

*NOTE: Very long silence while Council Members located the page.*

COUNCILMEMBER ANDERSON: . . . Sub-code what?

MR. TAKAMINE: Sub-object Code?

COUNCILMEMBER ANDERSON: Yeah.

*NOTE: Silence.*

MR. TAKAMINE: . . . 6129.

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*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . Chair?

*NOTE: Very long silence.*

UNIDENTIFIED SPEAKER: . . .(sigh). . .

*NOTE: Very long silence.*

CHAIR PONTANILLA: . . . Members, questions?

COUNCILMEMBER ANDERSON: Chair?

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Thank you. So that. . .that is other services that's budgeted at 284,500. What is the purpose of this fund?

. . . I mean, what's your *intention* for this amount? I don't have any notes on it, so--

CHAIR PONTANILLA: Mr. Takamine?

*NOTE: Very long silence.*

MR. TAKAMINE: . . . The intent for that funds were to develop a junk-mail-office/paper recycling pilot project. . .household hazardous waste, education and collection events. . .pilot projects, plastic dairy tubs, buy-metal cans pilot projects--in other words, we, we were gonna use those funds to start developing, again, more recycling programs to accommodate these items that we do not currently recycle.

COUNCILMEMBER ANDERSON: Okay. Thank you, Chair. That's a good spot.

CHAIR PONTANILLA: Thank you. Members, any more questions?

COUNCILMEMBER BAISA: No.

COUNCILMEMBER MOLINA: No.

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

CHAIR PONTANILLA: Thank you. Chair is gonna recommend that. . .we add the position and be funded through. . .this particular program. Mr. Taguchi?

MR. TAGUCHI: Chair Pontanilla, the adjustment on the Budget Ordinance itself, since it's a program budget, would be just to increase the EP count by one.

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CHAIR PONTANILLA: Thank you.

... Members, any more questions?

... Member Johnson?

COUNCILMEMBER JOHNSON: Uh, yes, I . . . I thought he was looking for two people, but you're only authorizing one?

CHAIR PONTANILLA: That one.

COUNCILMEMBER ANDERSON: We only cut one.

COUNCILMEMBER \_\_\_\_: . . . *(inaudible)* . . .

COUNCILMEMBER JOHNSON: . . . Oh, I see. Okay.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . Any more questions, Members?

... Okay, thank you, Mr. Takamine.

MR. TAKAMINE: Thank you. Thank you, Council Chair and Council Members.

*NOTE: Silence.*

COUNCILMEMBER ANDERSON: . . . We need a motion for that, Chair?

CHAIR PONTANILLA: Uh. . . no. We'll just add the position and. . . we'll take it out from his program budget. Thank you.

COUNCILMEMBER ANDERSON: Uh--

CHAIR PONTANILLA: Staff--

COUNCILMEMBER ANDERSON: --I would appreciate, I think that--

CHAIR PONTANILLA: Staff will make the adjustments, Members.

COUNCILMEMBER ANDERSON: Chair, since we deleted this on a consensus, I think it would be appropriate for us to get a consensus to reinstate it.

CHAIR PONTANILLA: Sure. Consensus, Members?

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COUNCILMEMBER JOHNSON: Yes.

COUNCILMEMBER ANDERSON: Yes.

COUNCILMEMBER MOLINA: Yes.

CHAIR PONTANILLA: Okay.

. . . Okay, Members, turning to Page 50 of 50--

COUNCILMEMBER MEDEIROS: Chair, just one state, comment, please?

CHAIR PONTANILLA: Sure, go ahead.

COUNCILMEMBER MEDEIROS: On that same issue. You know, I, I think Chair Hokama is correct, we, we need to find out from DPS, you know, how did this end up being civil service positions funded by State monies. And knowing that the State monies could be temporary. So I, I think we need to find that out. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Staff. . .you got that?

*NOTE: Silence.*

MR. TAGUCHI: . . . Chair Pontanilla, considering at the point where we are in this budget, we, I guess Staff would like some direction whether that is a priority to be done--

VICE-CHAIR HOKAMA: After budget.

MR. TAGUCHI: --prior to--

CHAIR PONTANILLA: No--

COUNCILMEMBER ANDERSON: After budget.

CHAIR PONTANILLA: No, it's not a priority but just as a follow-up item--

COUNCILMEMBER MEDEIROS: Yeah, follow-up.

COUNCILMEMBER \_\_\_\_: . . .(*inaudible*). . .

CHAIR PONTANILLA: --that. . .probably you can discuss in your Committee. Thank you.

COUNCILMEMBER \_\_\_\_: Yeah.

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CHAIR PONTANILLA: Thank you.

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

COUNCILMEMBER ANDERSON: . . .(laughter). . .

CHAIR PONTANILLA: . . . Okay, Members, Page 50 of 50. . .the Open Space Fund. At this time, the Chair would like to call on our Corporation Counsel in regards to the uses of the Open Space Fund. And, Members, I think you do have some handouts in regards to the Muolea purchase.

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Chairman?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: Is there a request for us to . . .need this briefing at this, at this point, Chairman?

CHAIR PONTANILLA: Uh. . .well, the Chair's intention is to ensure that we all understand how the Open Space Fund is used, the criteria that is being used so that we all get a good understanding if we're gonna utilize this Open Space Fund. Member Johnson?

COUNCILMEMBER JOHNSON: I think how this. . .arose initially was when the. . .508,000 dollars was still at issue, which was the purchase for the Ukumehame area. That's how the question arose. But since the 508,000 was deleted from the Budget. . .I don't know if it's that urgent.

CHAIR PONTANILLA: Uh--

COUNCILMEMBER JOHNSON: The only other request I believe that--

CHAIR PONTANILLA: Well, Member Johnson, I'm gonna have Corporation Counsel explain. . .*why* the 500. . .508,000 dollars couldn't be utilized in regards to the Open Space Fund.

COUNCILMEMBER JOHNSON: Yeah, well, it's not gonna be used at all because it's no longer there. . .(laughter). . .

CHAIR PONTANILLA: Thank you. Corporation Counsel?

MS. FUJITA VILLAROSA: . . . Mr. Chair, did you want me to just brief the Committee on the fund in general, or you specifically wanted to talk about Ukumehame?

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CHAIR PONTANILLA: Not specifically Ukumehame, but how the funds are used in general.

MS. FUJITA VILLAROSA: Okay.

CHAIR PONTANILLA: Yeah.

MS. FUJITA VILLAROSA: . . . Okay. The Open Space Fund was established to . . . acquire and preserve property. So the Maui County Code lists several purposes for the Open Space Fund. We can use the fund for public outdoor recreation and education; preservation of historic or culturally important areas; protection of significant habitat or ecosystems, including buffer zones; preserving forests, beaches, coastal areas, and agricultural lands; protecting watershed lands to preserve water quality; conserving land for the purpose of reducing erosion, floods, landslides, and runoff; and improving disabled and public access to and enjoyment of public land, open space, and recreational facilities. So when the Council is considering utilizing funds from the Open Space Fund, it needs to *fit* within one of these purposes.

VICE-CHAIR HOKAMA: Uh-huh.

MS. FUJITA VILLAROSA: And then there's two ways Council can grant . . . purchase . . . purchase property outright and the examples . . . you're provided . . . the, both the bill and the reso . . . that we passed for the Muolea Point acquisition. So this was the process that we would follow if Council were to acquire property directly. And then, of course, the other . . . method is for the Council to grant, grant the money to a nonprofit, and then the nonprofit would acquire the property. So just to go over, so the bill itself is to amend the budget to actually *appropriate* the funds. So if you'll notice on page 2 of the bill from Muolea Point, we have a description of the property that was purchased and the amount that we needed to acquire the property. And then the accompanying reso is to fulfill the County acquisition of property requirements in the Maui County Code. So there are . . . when the count, when the County acquires the property directly, we do have to comply with both the . . . funding portion as well as the acquisition of property procedures.

VICE-CHAIR HOKAMA: Uh-huh. That's pretty plain.

CHAIR PONTANILLA: Thank you, Corporation Counsel. Can you explain 3.88.060. . . review and transmittal to the Council?

MS. FUJITA VILLAROSA: Mr. Chair, that section pertains to when the . . . when grant funds are gonna be . . . granted to a nonprofit agency. It's the . . . initial, I guess the initial steps that need to be taken before a grant is submitted to Council. And this is done by the Mayor where they need to compile information . . .

. . . to submit to Council so Council can make a decision on whether or not to grant the funds.

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*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you. Members. . . questions?

VICE-CHAIR HOKAMA: Pretty clear, Chairman.

CHAIR PONTANILLA: Member Hokama, followed by Member Anderson, followed by Member Johnson.

VICE-CHAIR HOKAMA: Chairman, I think when we went through a couple of purchases with this fund. . . and I would say. . . exactly what Corp. Counsel said this evening is. . . what we, we've been, what we did. I think with the Waihee Dairy, it was also part of a grant to the Land Trust. And I, you know, we have had experience, Chairman. And . . .

. . . when a proposal is such, I think we have sufficient experience that. . . we can move things through a real. . . very smooth process.

. . . So. . . I have. . . a suggestion, but not. . . for use of this fund, Chairman. So I don't know if people have questions on how this fund works, but I would. . . I don't know if you are willing to entertain a . . .

. . . recommendation at this time.

CHAIR PONTANILLA: Uh . . . *(cleared throat)*. . . Mr. Hokama, the Chair would like to hear other Members in regards to what the Corporation Counsel had provided us on, information.

VICE-CHAIR HOKAMA: Thank you, Chairman.

CHAIR PONTANILLA: And. . . soon as I have all of the discussion completed. . . I'll come back to you if you do have something that you wanna entertain.

VICE-CHAIR HOKAMA: Thank you, Chairman.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Mr. Chair.

. . . Ms. Villarosa, is there anything that would prevent us. . . from . . .

. . . and, you know . . .

. . . if the, if the Staff could give us an update on the Open Space figure, I don't believe this is correct now since we made adjustments. But. . . is there. . . is there any--

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CHAIR PONTANILLA: They do have it.

COUNCILMEMBER ANDERSON: Pardon me?

CHAIR PONTANILLA: We do have it when we made the real property tax rate changes.

COUNCILMEMBER ANDERSON: Right. So the total amount now would be?

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: Um. . .we, we need to verify this, but the Open Space Fund, we now have. . .at 6,062,579 dollars.

COUNCILMEMBER ANDERSON: Thank you.

. . . So, Ms. Villarosa, is there anything that would prevent us in this. . .in Exhibit 1. . .to put a proviso in. . .that we could set aside or earmark. . .a million dollars towards the future acquisition of Lipoa Point?

*NOTE: Silence.*

MS. FUJITA VILLAROSA: . . . Mr. Chair?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: Um. . .if you take a look at the bill for the Muolea Point . . .

. . . this is how the count, this is how the Council would appropriate the funding for a purchase of property. So this is what--

COUNCILMEMBER ANDERSON: I understand that, but we're not, we're not ready to purchase it. I just want us to earmark some money so that of that 6 million dollars, a million dollars of it would be set aside for the *future* purchase. . .or the future acquisition as seed money.

MS. FUJITA VILLAROSA: Right. But that, it would have to be done here in Appendix A, Section II. So a proviso . . .

COUNCILMEMBER ANDERSON: . . . Appendix A, Section II?

MS. FUJITA VILLAROSA: Yeah, we're, if you take a look at Appendix A, Section II, Special Purpose Revenues, this is where the Open Space Fund appears in the budget. . .with the balance that's available.

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COUNCILMEMBER ANDERSON: Then why are we looking at Exhibit 1?

VICE-CHAIR HOKAMA: Because . . . *(inaudible)* . . . being held as . . . *(inaudible)* . . .

MS. FUJITA VILLAROSA: . . . Exhibit 1 is, it includes Appendix A--

COUNCILMEMBER ANDERSON: Okay.

MS. FUJITA VILLAROSA: --of the Budget. But I guess my, what I was trying to say was that. . . I suppose we could have a proviso in there. . . but I'm not sure exactly what, what it would mean. Because normally what we do is we. . . have the funds appropriated by proviso-like language in the Budget ordinance. So . . .

UNIDENTIFIED SPEAKER: . . . *(sigh)* . . .

MS. FUJITA VILLAROSA: I'm just, I'm trying to figure out what kind of wording I would use for that. Because it would have to come back. . . you're saying it would have to come back anyway. Well, actually even if we had, even if we put language just like this--appropriating the funds for the. . . Lipoa Point--you'd still have to come back to Council 'cause we still have to go through the Maui County Code acquisition of property procedures anyway. Uh--

COUNCILMEMBER ANDERSON: But. . . but, Ms. Villarosa?

MS. FUJITA VILLAROSA: Uh-huh?

COUNCILMEMBER ANDERSON: This is only. . . a starting. . . this is only a *seed*--

MS. FUJITA VILLAROSA: Uh-huh.

COUNCILMEMBER ANDERSON: --you know. It's not. . . we, we certainly could not . . . *(laughter)* . . . acquire the property for a million dollars.

MS. FUJITA VILLAROSA: Uh-huh.

COUNCILMEMBER ANDERSON: So. . . you know, it's just setting aside a portion of the fund. . . and . . .

MS. FUJITA VILLAROSA: Yeah.

COUNCILMEMBER ANDERSON: . . . you know, when the appropriate entity. . . is. . . I guess. . . organized in a manner that we could. . . *grant* the funds to them. . . to then take that, that seed money and multiply it . . .

MS. FUJITA VILLAROSA: Uh-huh.

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COUNCILMEMBER ANDERSON: . . . that that money is *earmarked* for that purpose, so we're not going. . .you know, we're giving people, kind of, an *intent*. . .you know, that they can *count* on that seed money.

MS. FUJITA VILLAROSA: Uh-huh.

COUNCILMEMBER ANDERSON: And that's the whole purpose. Not to actually acquire any property yet.

MS. FUJITA VILLAROSA: Right. Well, I mean, if you use this language here of property acquisition and you only. . .and you appropriate less than the amount that's needed, I guess that's doing what you're intending. You're make, you're sending a message that a million dollars is set aside for the acquisition, but everyone knows that's not enough, it's gonna *have to* come back to you either to change it into a grant or to increase the amount. And plus it has to come back to you anyway, you know, if you--

UNIDENTIFIED SPEAKER: . . .(*sigh*). . .

MS. FUJITA VILLAROSA: --if the County acquires the property directly. So--

COUNCILMEMBER ANDERSON: So--

MS. FUJITA VILLAROSA: --I'm just saying that it wouldn't necessarily be a *proviso*. The language would appear just like this, it would be setting aside the funds--

COUNCILMEMBER ANDERSON: Just like what, again?

MS. FUJITA VILLAROSA: Just like the language that we have for the--

VICE-CHAIR HOKAMA: Chairman?

MS. FUJITA VILLAROSA: --Muolea Point.

CHAIR PONTANILLA: Member Hokama?

COUNCILMEMBER ANDERSON: Excuse me?

VICE-CHAIR HOKAMA: Point of order, please?

CHAIR PONTANILLA: Member Hokama?

VICE-CHAIR HOKAMA: . . . My point is, Chairman, this is not between Corp. Counsel and Ms. Anderson. This is between *you* and Ms. Anderson.

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CHAIR PONTANILLA: . . . Thank you.

COUNCILMEMBER ANDERSON: . . . My point of order, Mr. Chair, is I have every *right* to get information from our Corporation Counsel.

CHAIR PONTANILLA: Yes, you do.

COUNCILMEMBER ANDERSON: Thank you.

. . . Ms. Villarosa, would you please continue?

MS. FUJITA VILLAROSA: We could..use similar language to what you see for the Muolea Point, where the money is, was set aside for the purchase of Muolea Point. But because we're not setting aside the *full amount*, I think it's clear that you're not, we're not. . .we're not appropriating sufficient funds to actually acquire the property. . .and if we grant the funds to somebody, the language won't have any grant language in it, so that would have to come back to Council to amend that, you know, that language if it was gonna be a grant to a nonprofit entity. And *if* the County were to acquire the property directly, we would. . .we would *also* have to come back because of the, the resolution that's required.

COUNCILMEMBER ANDERSON: So in, in Appendix A we could--under the Open Space Fund, we could just say. . .a million dollars for the future purchase of. . .Lipoa Point?

MS. FUJITA VILLAROSA: Right. We would like to have as much of a description as possible, but yes.

COUNCILMEMBER ANDERSON: Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yeah, and what I was gonna suggest is that there be additional language added into *anything* because. . .*we don't know* what's gonna happen. So my, my, I guess. . .gist would be--of any proviso--that it would state very clearly that this was for the potential acquisition of. . .you know, Lipoa Point. . .*provided* that such documentation. . .which would mean the resolution, that the passage of a resolution by County Council would have to be executed and all proper documentation submitted. So that all the things that are *missing* at this point. . .it would be all subject to the execution of all these things. Because we don't know what that is now, the community does not know. They may want more than just the 100 acres that's being spoken about. But. . .if it does not meet that criteria and the resolution does not pass, then I would wanna make it very clear that if the Council's not willing to support that, it doesn't tie up the money from the Open Space Fund. *That* would be *my* suggestion because this is not the intent--to *capture* money and, you know, hold it when it could be used, perhaps, for something else. But all these things would have to hinge on the passage of other things

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that would be required by the Council. So that would be *my* preference to. . .you know, let the *community* know that, yes, we have to go forward with this, but if for some reason the Council for whatever reason chooses not to, it, it all rests on our shoulders. So that would be my suggestion, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Hokama?

*NOTE: Silence.*

VICE-CHAIR HOKAMA: . . . Chairman . . .

. . . I would recommend. . .after hearing the comments from various Members. . .if you *want* this to be *flagged* out so that, it's, it would be even in the quarterly reports, then I would *recommend* to this Committee we create a CIP item called Lipoa Point . . .

. . . place it under Bond, do not authorize it, just appropriate it with no authorization, put down funding for assessments, appraisals. . .and acquisition.

. . . And I think we can accomplish it. We flag it out, it's a individual project, it's not hidden in an appendix. It'll show up in every quarterly report. And that is the most, best you can do to have this one item singled out and noticed every time. And the Mayor would have to return for authorization to use the funds, give the body a status of what is going to occur. But I would highly recommend, Members, just as we made the adjustment for the County morgue. . .when the Mayor, the last Mayor asked for *a lot* of money, we cut it down, and let me tell you, through negotiations, it worked. Okay? And that is why we have a *affordable* County morgue CIP project in this year's budget for acquisition. So. . .you know, Members, I, I wouldn't, I, I think the key is to show the project and the support. The key is not. . .the dollar amount right now. I think we need the Administration to know there's support for this idea, do the best, but let's not show more of our cards in our hand than we need to, but we still are giving it independent identification.

. . . That would be my recommendation, Chairman.

CHAIR PONTANILLA: Thank you.

. . . Members, any more discussion?

COUNCILMEMBER JOHNSON: Uh. . .Mr. Chair?

COUNCILMEMBER JOHNSON: Member Johnson?

COUNCILMEMBER JOHNSON: Yes, if we put it in the. . .I guess it would be in the CIP project . . .

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VICE-CHAIR HOKAMA: . . .(inaudible) . . .

COUNCILMEMBER JOHNSON: . . . it would be--

VICE-CHAIR HOKAMA: Under Bond.

COUNCILMEMBER JOHNSON: --under Bond.

VICE-CHAIR HOKAMA: Yes.

COUNCILMEMBER JOHNSON: Would there be a dollar amount listed in the Bond?

VICE-CHAIR HOKAMA: . . . Again, Members, I would say 250, 500 thousand. . . would be sufficient. 'Cause no matter what, we, we, we will *know* she will need to, the Mayor would need to return and give us full reports as we move forward. She may also want to proceed, if we go through acquisition by phases, she might want planning and development money, acquisition and planning money. Then she might wanna. . . say I want construction for either roadway, public access, restroom facilities. Okay? But I wouldn't . . .

. . . limit the, you know, get tied up with the dollar amount so much right now. I think the key is to have the project listed and I would, I think it would be best for us to list it as a separate independent item.

COUNCILMEMBER JOHNSON: Uh-huh. Yeah, I have no--

CHAIR PONTANILLA: . . .(inaudible) . . .

COUNCILMEMBER JOHNSON: --problem with listing it as a separate independent item. I think that most bonds, though, when I. . . when I look at a lot of our projects, I, *I* personally would prefer to have just the symbolic 1 million listed there if for no other reason than to know that if a bond was gonna be floated, it would be for a minimum of that amount. 'Cause I don't think they're gonna float a bond for, you know, well, I guess we do for small amounts, but that's where I would say, you know, float it, don't fund it. That, that's fine with me. I think it's the symbolism more than anything, Mr. Chair. So . . .

COUNCILMEMBER ANDERSON: . . .(cleared throat) . . .

COUNCILMEMBER JOHNSON: . . . that, that's all I have to say.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Mr. Chair, I appreciate. . . Member Hokama's suggestion, but . . .

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. . . you know . . .(sigh). . .

. . . we have a group. . .of citizens who are willing to take this on, who came to us in full force and said give us some seed monies so we can go out and get funding from nonprofit organizations, grants. And we all know that if the County shows that it is in support of that, that then they can get that money. Putting 250 dollars in a bond for some future appraisal doesn't show a commitment. You know, it's a, it's a maybe. And. . .you know, a million dollars seed money that we can set aside. . .just as a proviso sends a signal to this organization that that money's there, when you guys are ready to come and say we, we're ready for this grant. . .then the money's there, we can grant them the money, then they can take that million dollars. . .for the sole purpose of act, acquisition and they can go out and raise more money. That's what happened with Muolei. . .Muolea Point. And you know Trust For Public Land. . .maybe Maui Coastal Land Trust. . .there's all kinds of Federal grants and foundations out there that would be willing to add money to the pot if they know the count. . .County is committing a million dollars towards it. And that's the whole idea here. It's not for the **County** to acquire it. It's to empower this citizen's group to go out and do the job. And that's why I want us to do a proviso so that **they** know we're willing to give them a million dollars as seed money so they can go out and **multiply** that tenfold. . .not to say the **County** is making a commitment to appraise the property.

. . . That, that. . .that is not a commitment. And they need that commitment from us in order to convince foundations and other organizations to, you know, add on to the pot. So. . .I think it's a simple request, Mr. Chairman, to just have a proviso. All we're doing is saying of that 6 million dollars, 1 million is set aside for the future acquisition of Lipoa Point. And if it doesn't go forward, if Maui Land and Pine works something out with everybody. . .that is agreeable, then. . .you know, the money is still there. . .to be used for something else. But in the meantime, it, at least we're making a commitment and a set aside that this organization and this group of citizens can count on.

CHAIR PONTANILLA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Yes, and, and I did forget one thing. Because. . .one of the. . .comments that was made by one of our State Legislators is that if we earmark or stipulate monies in our budget . . .(laughter). . . you know, even if it's a proviso, I did get confirmation that the State would also look very favorably on that and other monies would be pursued at that level. So I totally, it's late and my brain isn't functioning . . .(laughter). . . so I, prob. . .if the other Members would be willing to do that, that's the way I believe the **community** would feel better about it and we could put the other language in. . .you know, if that's agreeable to Members.

MS. FUJITA VILLAROSA: Mr. Chair?

CHAIR PONTANILLA: Thank you. Corporation Counsel?

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MS. FUJITA VILLAROSA: You know, I've been thinking about this proviso that's been requested. And I, the reason why I, I can't think of, of appropriate language for a proviso is because a *proviso* is a condition on an appropriation. And there's no appropriation, the, the language that, that you're asking for *is* an appropriation 'cause the funds, when they go into the Open Space Fund, they're not appropriated for use, they have to be appropriated by the *Council*. And a proviso...is a *condition* on an appropriation...*(laughter)*... So it wouldn't be appropriate to just put a proviso under the Open Space Fund. We would need to have the same appropriation type language, but what I'm saying is that because you're not appropriating the full amount...it...

... well, either way, if it's a grant it'd have, it'd have to, we'd have to come back to Council to amend this language to provide a grant to an entity; if the County were to acquire the property, we'd have to come back anyway because we would have to increase the amount and we'd have to come back for the reso. So there's that safety net in there that...you know, no matter what we do, even though there's appropriation language, it still has to come back to Council. But I don't think that having, like, "a provided that" language here would work here because there's no appropriation to add the proviso to.

COUNCILMEMBER ANDERSON: And so is there any way we can appropriate the funds...in Appendix A and just say, you know, we can work out the details of whatever...

... further language you need, but...you know, I think...

... if we just say Lipoa Point--you know, Mr. Chair, the whole point behind this is we had children come over here...and ask us to help them...to preserve this place. I wanna show that we listened. And I wanna show it in, in a dollar amount...that...that gives them hope...that they can then go out and feel positive about working towards getting the money necessary. And we may nay, we may be asked to appropriate more money down the road, but with a million dollars appropriated towards the purchase, that gives them something to work on.

... And...so is there any way we can do that appropriation now?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: Yes, Mr. Chair, that, that's what I'm suggesting, that it would be appropriation language *in* Appendix A.

COUNCILMEMBER JOHNSON: Okay.

COUNCILMEMBER ANDERSON: Okay, that's...that's what I'd like to see.

CHAIR PONTANILLA: Thank you. Members, any more discussion?

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*NOTE: Silence.*

CHAIR PONTANILLA: . . . Thank you. There is two proposals here. One proposal--Corporation Counsel, let me ask you this question. In regards to Mr. Hokama's proposal to bond certain amount of money. . .for the Mayor to . . .(end of tape, start 8A). . . do assessments, appraisals--because we, we need to do it anyhow. . .and as far as the proviso in the Open Space Fund--

COUNCILMEMBER ANDERSON: Appropriation.

CHAIR PONTANILLA: --an appro--

COUNCILMEMBER JOHNSON: Yeah.

CHAIR PONTANILLA: --an appropriation of a million dollars be as a line. . .item, I guess, in Appendix A, would that be in conflict in regards to Member's. . .Anderson request as well as the proposal that Mr. Hokama has provided this Committee? And the reason I ask is that when I see 3.88.080, review and transmittal to the Council, the Mayor *has* to do it anyhow.

MS. FUJITA VILLAROSA: Well. . .Mr. Chair. . .I believe. . .and, and correct me if I'm wrong, but I believe Council Chair Hokama's suggestion is for the *County* to actually acquire the property. So we would do the appraisal, we would do the due diligence that's needed to acquire the property. And the fund that he's looking at would be to fund those initial costs.

. . . I think what Councilmember Anderson is looking at is more of a possible *grant* to be done in the future. So if. . .if the County is gonna *grant* the funds to a nonprofit, then the section that you're talking about would apply. And the nonprofit entity would have to do a grant application to, or grant proposal to the Mayor and then have all the sufficient documentation that's provided for in that section that you're talking about. So really there are two different ways, I guess, of. . .yeah, either one way is the County actually acquiring the property, taking title in the County's name; and then the other way would be for a nonprofit entity to acquire the property.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. You know, the, if we appropriated a million dollars . . .

. . . not only would that give them seed money and let *them* do the work, they're willing to do the work. . .we have plenty of work to do already. And. . .then they could. . .use that appropriation to leverage with other foundations and organizations to bring in more money. And then when they're ready to do an appraisal, *they* can do the appraisal out of that money.

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. . . I mean, I don't, I don't know why. . . we have to. . . *hold* ownership to this when we have hundreds of people willing to take, you know, the lead and put their effort forward to go out and find more money. And I think we ought to give them the chance.

CHAIR PONTANILLA: Thank you, Member Anderson. Members, any more discussion?

. . . Member Johnson?

COUNCILMEMBER JOHNSON: Just one final thing, and this would be on, under the. . . I guess on Page 6 of 50. And if I understand, Traci, what you're saying is that. . . in the transfer section. . . *that's* where you would be. . . suggesting that a proviso be placed in the actual transfer of monies that are going into. . . the Open Space Fund?

MS. FUJITA VILLAROSA: Mr. Chair?

CHAIR PONTANILLA: Corporation Counsel?

MS. FUJITA VILLAROSA: No. The language, the *appropriation* language--

COUNCILMEMBER JOHNSON: Uh-huh.

MS. FUJITA VILLAROSA: --would be on Page 50 of 50.

*NOTE: Silence.*

MS. FUJITA VILLAROSA: . . . Which is, if you look on Page 49 at the top. . . you'll see that this is part of Appendix A--

COUNCILMEMBER JOHNSON: Oh, okay.

MS. FUJITA VILLAROSA: --Section II, Special Purpose Revenues.

COUNCILMEMBER JOHNSON: Okay.

MS. FUJITA VILLAROSA: So it'd be in there.

COUNCILMEMBER JOHNSON: But you are saying that it could be proviso'd in that section.

MS. FUJITA VILLAROSA: It wouldn't be a proviso. It would be--

COUNCILMEMBER JOHNSON: It would be?

MS. FUJITA VILLAROSA: --an appropriation.

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COUNCILMEMBER JOHNSON: Okay.

*NOTE: Silence.*

COUNCILMEMBER JOHNSON: . . . So . . .

. . . But . . .(sigh). . . you know, I guess what I'm looking at is different, though, because what I would be looking at is if there's a provision when we're transferring the monies, you know, to say something provided that, you know, X number of dollars is. . .*available* for purchase of Lipoa Point at such time. . .that acquisition would go forward. *That's* the way I'm looking at it when. . .we're actually *transferring* the money before it goes *into* the fund . . .(laughter). . . and saying providing that. . .you know, of this amount it, it would be made available. I don't know. It's. . .it's late.

. . . But . . .

COUNCILMEMBER ANDERSON: . . . Mr. Chair?

CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. You know, first and foremost let me state every returning Member on this body has shown their prior support for open space land purchases. . .South Maui, Hana, Waihee. Okay? And I think. . .I'll just speak for myself, I can support the concept of putting however much acreage of Lipoa Point under the County's jurisdiction. So, hey. . .so I don't know why I'm starting to feel like . . .(laughter). . . we're not being *trusted* here for some reason. I mean, we, we're looking at putting proviso, earmarking a million. Okay? So our track record have shown we're open to supporting land purchases. . .okay, open space. Let me state that, first, for the record. I don't know why it just seems like the panic button is being pressed here. I can appreciate the efforts from my two colleagues for pushing this, okay, but we have a pending resolution in Member Mateo's Committee. And there's been talk about the. . .I would presume the "Save Honolua Coalition", providing them seed money to go out and secure the funding, but at this point I don't believe their even certified as a 501(3)(c) [*sic*] yet. And if we're gonna give a million dollars to somebody to help, going get seed money, we wanna make sure all the i's are dotted, the t's are crossed. You know? And the large. . .large landowner has stated publicly they have begun talks with the Administration. So maybe we should give the Administration an opportunity to do their job. And even at the last Council meeting, a Council Member said this is not, you know, pressing, we need to do it right now. So all of sudden it seems like we gotta rush into this. Seems like our back's against the wall. But talks are proceeding. And I look at it based on the track record of the returning Members of this Council who are, who have shown their support for prior land purchases. I believe the CIP. . .proposal from Mr. Hokama is a reasonable request. 250,000 dollars, I mean. . .whether it's 250,000 or a million, it's still a show of support. And it comes down to a matter of trust. And for some reason now I'm starting to feel like. . .certain Members of this Council not being

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trusted, their integrity is being questioned. You know, Mr. Chairman? So . . . I don't know, I just feel that, you know, maybe it's late, too . . . *(laughter)*. . . But whether it's 250 or a million, I believe this Council someday will . . . support a purchase like this of that beautiful area. But . . . let's take it one step at a time. You know? So . . . those are my comments and . . . let's . . . cool down a little bit here. Thank you.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Chair it has nothing to do with trust or integrity. It has to do with responding to, to the group of people who came and asked us to set aside seed money. 250,000 dollars is not a commitment. If we set aside the money, if we, if we say appropriation. . . for a grant. . . for the purchase of Lipoa Point, 1 million dollars, then they can take that commitment and go out and work towards bringing in more money. And without that, nobody's gonna give them any money. And let them go out and, and shop and, and bring in more money for us. Doesn't mean we have to take the money and give it to 'em right now. By appropriating it in the Budget. . . they, that gives them a guarantee that they can take to various foundations and ask them to participate. Without that. . . they can't. And so that's what I'm asking the Members to do, Mr. Chair. It's not, doesn't have anything to do with trust or any of that. And, and . . .

. . . you know . . . *(sigh)*. . .

. . . we listened to them, we all wanna respond. I think, yeah, the Administration wants to . . . work with them. And hopefully Maui Land and Pine will end up withdrawing their development plans. Then we won't, you know, be faced with this. But in the meantime. . . we've got 6 million dollars in this Open Space Fund that is not earmarked for anything right now, but it **could be**. . . you know, in another few months. Something pressing could come up. And that's why I want us to earmark through an appropriation for a grant. Doesn't mean we have to issue it right away. They've got 12 months. . . to get their 501(3)(c) *[sic]* done. And, and at least they can show to whatever organizations out there they can go to to get more funding, they can show that this money is in the Budget for that purpose. That's what I'm asking the Council to do, Mr. Chairman.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MEDEIROS: Chair?

CHAIR PONTANILLA: Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Chair. I think we have heard extensively each Member's explanation of what they wanna do. It comes to a point where it's not only being reiterated, it's been regurgitated.

ALL: . . . *(laughter)*. . .

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COUNCILMEMBER MEDEIROS: We need to come to a decision here on which. . .which recommendation we'd like to support. Because otherwise we won't hear the end of this tonight. So if you take that action, I would appreciate it. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Oh, Mr. Chair, I have been quietly listening to this debate because I don't have the experience that the returning Members have on the few, you know, the past purchases and how that occurred. Although, I think that it certainly shows, you know, the Council's commitment to open space and to acquiring beach properties. I was sitting here and I was beginning to try and remember and re-experience the tear-jerking testimony that we went through that day, and how that tugged on all our hearts. And I see face after face after face of kids and adults and. . .people who sat here with us for better part of a whole day pouring their emotions out and how much this meant to them. And while I have the greatest respect for our Chair because he really is wise about, you know, how to do things, I think it would mean a world to the folks if they could just see a line item with a million dollars in it for a potential purchase. And that's where I'm at.

CHAIR PONTANILLA: Thank you. Comments, Mr. Mateo?

COUNCILMEMBER MATEO: . . . Thank goodness for heavenly Hana. I think Mr. Medeiros was quite--

ALL: . . .(laughter). . .

COUNCILMEMBER MATEO: --succinct in the call of the question. Thank you.

CHAIR PONTANILLA: Thank you. At this time, the Chair is recommended [*sic*] that we put a million dollars aside. . .in Appendix . . .

COUNCILMEMBER JOHNSON: A.

CHAIR PONTANILLA: . . . A.

COUNCILMEMBER JOHNSON: . . . So moved.

CHAIR PONTANILLA: Moved by Member Johnson.

COUNCILMEMBER ANDERSON: Second.

CHAIR PONTANILLA: Second by Member Anderson. Mr. Hokama?

VICE-CHAIR HOKAMA: . . .(inaudible). . .

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CHAIR PONTANILLA: Member Molina?

COUNCILMEMBER MOLINA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: . . . Member Medeiros?

COUNCILMEMBER MEDEIROS: I, I'll support it for the open space.

CHAIR PONTANILLA: Member Johnson?

COUNCILMEMBER JOHNSON: Support.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Support.

CHAIR PONTANILLA: Member Anderson?

COUNCILMEMBER ANDERSON: Support.

CHAIR PONTANILLA: Member Mateo?

COUNCILMEMBER MATEO: Yes.

CHAIR PONTANILLA: And the Chair votes "yes" on this one here. There are. . .seven "ayes" and one "no" and one "excused".

**VOTE:       AYES:       Councilmembers Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, and Chair Pontanilla.**

**NOES:       Vice-Chair Hokama.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION:    APPROVE   Budget and Finance Committee Chair's recommendation relating to a line item of \$1 million for the acquisition of Lipoa Point (Appendix A, Section II, Open Space Fund).**

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CHAIR PONTANILLA: Thank you, Members.

COUNCILMEMBER \_\_\_\_: Thank you.

CHAIR PONTANILLA: That's all the items that I have tonight.

*NOTE: Silence.*

CHAIR PONTANILLA: . . . And the Chair would like to thank everyone here tonight.

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

CHAIR PONTANILLA: . . .(laughter). . . And we'll give the Staff members . . .

. . . the whole weekend, I guess, up to Tuesday when we do corrections to provide us with  
a . . .updated Budget--

MR. TAGUCHI: Chair--

CHAIR PONTANILLA: --updated balanced Budget.

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: Mr. Taguchi?

MR. TAGUCHI: Chair Pontanilla, will the Committee allow the Chair and Staff to make  
corrections as needed to the current status of the Budget for corrections?

CHAIR PONTANILLA: Thank you. If there's no objections--

COUNCILMEMBER JOHNSON: No objection.

COUNCILMEMBER ANDERSON: . . .(inaudible). . .

CHAIR PONTANILLA: --Chair, Chair will work with Staff to make sure that. . .we can do the  
corrections as needed. Okay, Members, it's been a long day. We . . .

COUNCILMEMBER \_\_\_\_: . . .(inaudible). . .

CHAIR PONTANILLA: . . . we're done before. . .12, which is . . .

COUNCILMEMBER MOLINA: Good.

CHAIR PONTANILLA: . . . *terrific*.

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COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: At this time, the Chair is open to any comments that you guys wanna make.

COUNCILMEMBER JOHNSON: . . .(laughter). . .

CHAIR PONTANILLA: Member Anderson, please don't make it long.

ALL: . . .(laughter). . .

COUNCILMEMBER ANDERSON: . . .(laughter). . . You asked . . .(laughter). . . Mr. Chair, I just wanna thank you for . . .leading us through this arduous process and . . .appreciate your leadership in, in doing so. Thank you very much.

CHAIR PONTANILLA: Thank you, Member Anderson. Okay, Members, at this time, the Chair will call a recess. . .and we're gonna reconvene on. . .Tuesday. . . no, Wednesday--

COUNCILMEMBER JOHNSON: Wednesday.

VICE-CHAIR HOKAMA: Yeah, Wednesday.

COUNCILMEMBER JOHNSON: . . .(inaudible). . .

CHAIR PONTANILLA: What time was that, 9?

MR. TAGUCHI: . . .(inaudible). . .

CHAIR PONTANILLA: Yeah, we'll reconvene on Wednesday at 9 o'clock.

COUNCILMEMBER JOHNSON: What date?

COUNCILMEMBER ANDERSON: Wednesday.

COUNCILMEMBER JOHNSON: What's the date?

CHAIR PONTANILLA: That would be--

COUNCILMEMBER JOHNSON: . . .(inaudible). . .

CHAIR PONTANILLA: --Wednesday the . . .May 2<sup>nd</sup>.

COUNCILMEMBER JOHNSON: May 2<sup>nd</sup>.

MR. TAGUCHI: In the Chamber.

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UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . .

COUNCILMEMBER JOHNSON: In the Chambers.

CHAIR PONTANILLA: In this Chambers.

**NOTE:** *Silence.*

CHAIR PONTANILLA: . . . Thank you. Okay, Members, this meeting is now adjourned--

MR. TAGUCHI: Recessed!

COUNCILMEMBER BAISA: Yea.

COUNCILMEMBER JOHNSON: Oh, no--recess!

CHAIR PONTANILLA: Oh, recess. I'm sorry.

ALL: . . . *(laughter)* . . .

COUNCILMEMBER JOHNSON: Recess . . . *(laughter)* . . .

CHAIR PONTANILLA: Recess . . . *(gavel)* . . .

**RECESS:** 10:08 p.m.

APPROVED:

  
JOSEPH PONTANILLA, Chair  
Budget and Finance Committee

bf:min:070427

Transcribed by: Camille Sakamoto