

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

May 2, 2007

Council Chamber, 8th Floor

RECONVENE: 9:12 a.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair (out 12:23)
Councilmember Michelle Anderson, Member
Councilmember Gladys C. Baisa, Member
Councilmember Jo Anne Johnson, Member
Councilmember Danny A. Mateo, Member
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member (out 3:51)
Councilmember Michael P. Victorino, Member (in 9:38)

STAFF: Lance Taguchi, Legislative Analyst
Gayle Revels, Legislative Analyst
Carla Nakata, Legislative Attorney
Yvette Bouthillier, Committee Secretary

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
Lori Tshako, Deputy Director, Department of Housing and Human Concerns
Wendy Stebbins, Grants Management Specialist, Department of Housing and Human Concerns
Jeffrey K. Eng, Director, Department of Water Supply
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: **Item 1:** Paula Ambre, Executive Director, The Maui Farm, Inc.
Others (75)

PRESS: 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 reconvened. Members, when we left on Friday we had recessed the meeting 'til this morning. Today's May the 2nd, and the time is about 9:12. The Chair would like to recognize the Members that are here this morning. We do have Member Mateo, Member Anderson, Member Baisa, Member Johnson, Member Medeiros--

COUNCILMEMBER MEDEIROS: Good morning.

CHAIR PONTANILLA: --Good morning.--Member Molina, as well as our Council Chair Member Hokama. With us this morning we do have the Administration. We do have First Deputy Corporation Counsel Traci Fujita Villarosa, our Finance Director Mr. Kalbert Young. We do have our Water Director Mr. Jeff Eng, and also our Budget Director Mr. Fred Pablo. Supporting the Committee this morning we do have our Legislative Analysts Lance Taguchi, as well as Gayle Revels, and our Committee Secretary Yvette Bouthillier.

Members, this morning you received the revised Exhibit "1" from our discussions on Friday. At this time the Chair would like to call a recess to give you an opportunity to review the Exhibit "1". And Members to let you know this morning we're gonna be having some guests from Lihikai Elementary School this morning. So at that time when the student arrive I'm gonna call a short recess to get them settled. So at this time the Chair will call for a . . . ten minutes is okay? Fifteen minutes?

COUNCILMEMBER BAISA: Fifteen.

CHAIR PONTANILLA: Fifteen minutes. Okay, we'll--

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Yes, Member Anderson.

COUNCILMEMBER ANDERSON: Is there anything . . . I mean this is a big Exhibit to review in ten minutes. So is there anything, is it, is it like Ramseyered or . . . or in other words the changes or anything that we need to look at is it highlighted in any way?

CHAIR PONTANILLA: I don't think it is. Mr. Taguchi.

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MR. TAGUCHI: Chair Pontanilla, in terms of from where we left off on Friday evening, there were only minor adjustments made. Primarily the adjustments were to do overhead and fringe benefits, and debt service allocations. When we adjust debt service or when we adjust salary and wages we also do a computation to account for the overhead of other additional fringes and debt services that would be created. I can go over real quickly with you what those things were. Because we increased the total debt, there was an increase debt service of \$58,938. Because we reduced total salaries, there was a reduction of fringe benefits of \$104,568. The interfund transfer accounts to balance the interfund transfers, the Highway Fund had an interfund transfer of \$2,524,563, You'll see that number in the revenue side up on the top probably on page 1 or in page . . . bottom of page 1 and going into page 2. The transfer to the Solid Waste Management Fund increased by \$1,300,086 and . . . \$1,386,423. The transfer to the Golf Fund increased by \$100,000. The adjustment to balance the entire Exhibit "1" there was a \$41,567 adjustment, and that adjustment was made to the Post Obligation Fund. So that's basically the adjustments that were made since Friday evening.

COUNCILMEMBER ANDERSON: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. This time the Chair will call a--

COUNCILMEMBER BAISA: Chair, Chair.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: If you wouldn't mind, I'd like to kind of have an idea of how we're gonna proceed with the corrections so that we can be prepared.

CHAIR PONTANILLA: When we come back from recess, what the Chair intends to do is to have Mr. Taguchi review with us all of the adjustments in regards to the Budget. He touched on some of 'em already with Member Anderson. Then the Chair is gonna be asking for is there any reconsideration in regards to the Budget that we have this morning. And once the reconsiderations are completed, then the Chair would like to go into the bills that is before us and probably the last thing that we need to do is the provisos.

COUNCILMEMBER BAISA: Thank you very much.

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CHAIR PONTANILLA: Thank you. Any more questions, Members? At this time the Chair would like to call a recess to 9:35. This meeting is in recess. . . .(gavel). .

RECESS: 9:18 a.m.
RECONVENE: 9:38 a.m.

CHAIR PONTANILLA: . . .(gavel). . Thank you, Members, for that recess. Hope you had a chance to review Exhibit “1”. The Chair would like to reconvene this meeting at this time, but before we start I’d just like to introduce the Members to the Lihikai Elementary School students that are here this morning. I understand they are fifth graders. By the way, for the students that are here this morning from Lihikai School, my kids went to Lihikai School. So you’re my favorite elementary school.

AUDIENCE: [Applause]

CHAIR PONTANILLA: Thank you. For the students I’d like to re-introduce the Council members that are here this morning, and welcome Mr. Victorino.

COUNCILMEMBER VICTORINO: Good morning, Mr. Chair.

CHAIR PONTANILLA: From Molokai, your representative from Molokai is Member Danny Mateo.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From the South Maui district Michelle Anderson.

COUNCILMEMBER ANDERSON: Good morning.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From the Upcountry area we do have Gladys Baisa.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From the West Maui area Jo Anne Johnson.

AUDIENCE: [Applause]

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CHAIR PONTANILLA: From East Maui we do have Bill Medeiros.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From Paia-Haiku we have Member Michael Molina.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from Lanai our Council Chairman Riki Hokama.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from Wailuku Mr. Michael Victorino.

AUDIENCE: [Applause]

CHAIR PONTANILLA: Again, good morning kids, teachers, and parents. I know the parents as well as the teachers, you know, you do have a really, really important job in trying to chaperone the kids. I've done that before. I know how it is. So welcome to the Budget and Finance Committee meeting.

At this time Committee if there are any more questions for Mr. Taguchi at this time the Chair will entertain your questions. This is in regards to the Exhibit that was passed out earlier. No questions. Mr. Taguchi, any more information that you'd like to pass on?

MR. TAGUCHI: No further comment, Chair.

CHAIR PONTANILLA: Thank you. Members, at this time the Chair would like to ask if there is any reconsideration in the Fiscal Year 2008 Budget on Exhibit "1" at this time? Member Mateo.

COUNCILMEMBER MATEO: Chairman, thank you very much. Chairman, I'd like to ask the body to reconsider the water rates that was set by this body on Friday.

CHAIR PONTANILLA: Thank you. Thank you, Mr. Mateo. Member . . . you want to do that in a motion, Mr. Mateo?

COUNCILMEMBER MATEO: Thank you.

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CHAIR PONTANILLA: Oh, I'm sorry. I'm sorry. Is there any objections or in regards to the reconsideration at this time?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Okay, thank you. Member Mateo.

COUNCILMEMBER MATEO: Thank you. Chairman, I move for the reconsideration of the water rates that exist in Exhibit "1".

COUNCILMEMBER ANDERSON: Second.

CHAIR PONTANILLA: It is moved by Member Mateo and second by Member Anderson to reconsider the proposed water rates. Mr. Mateo.

COUNCILMEMBER MATEO: Chairman, thank you very much. I believe in our haste in trying to meet our obligations in regards to the 19.3 million, I think what this body came up with in terms of the tier structures had some unintended circumstances that could provide difficulty for some of the entities in our community that will be impacted by the increase in, in the water rate on tier 4 the . . . that would include hospitals, elderly homes, affordable housing projects, schools, public facilities, dialysis centers and the like that I believe we need to reconsider, Chairman.

CHAIR PONTANILLA: Thank you. Members, any more discussion on this matter? Member Anderson followed by Member Baisa.

COUNCILMEMBER ANDERSON: Mr. Chair, I support this reconsideration because I know what he's gonna propose (chuckled) but also because I had an opportunity to speak with the Water Director and I think he has a proposal that is in concert with Member Mateo's so I think we need to hear it.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: That was gonna be my request that we hear from the Water Director. Thank you.

CHAIR PONTANILLA: Members, any more questions? Member Victorino.

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COUNCILMEMBER VICTORINO: Mr. Chair, I think these corrections are necessitated and appreciate the extra work that you put in to get this done. Thank you for your assistance in this matter.

CHAIR PONTANILLA: Thank you. Members, any more? At this time the Chair would like to call on Mr. Eng in regards to the proposal that is before you. Mr. Eng.

MR. ENG: Thank you, Chairman Pontanilla. Good morning, Committee Members--

COUNCILMEMBER MATEO: Chairman.

COUNCILMEMBER ANDERSON: Mr. Chair.

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MATEO: Mr. Chair, I'm sorry. Would it be appropriate for me to do the motion first--

CHAIR PONTANILLA: Oh, okay.

COUNCILMEMBER MATEO: --before having the Director?

CHAIR PONTANILLA: Thank you. Mr. Mateo.

COUNCILMEMBER MATEO: Chairman, thank you very much. Chairman, I move that the . . . my revised proposed, proposal would eliminate the last tier of the water structure where we would be removing the reference to the 100,000 gallons at the rate of 4.20, and my proposal will adjust that to, to read 30,001 gallons and over. The total fee will be \$3.50.

COUNCILMEMBER ANDERSON: Second.

COUNCILMEMBER MATEO: And now I'm ready for the Director to provide comment (chuckled).

CHAIR PONTANILLA: Its' been moved by Member Mateo, seconded by Member Anderson. Members, any more discussion? Thank you.

MR. ENG: Thank you, Mr. Chair. Yes, I concur with this body. I believe that what you are proposing and looking at will be fair for the community, will

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provide the Department with the revenue requirement that we need to address all the needs of our community. I think it really represents fairness for all various classes of customers and that's what we always wanna strive for. So just like to reiterate I concur with your efforts. Thank you.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Mr. Chair. Director Eng, we're very happy that you concur with Mr. Mateo's proposal, and I just wanna make this very clear that by taking out the \$4.20 rate for the fourth tier and replacing that with \$3.50 for everybody using over 30,000 gallons in all classes that that will give you the revenues that you were anticipating from the \$4.20 rate for this, for the single-family user only is that correct?

MR. ENG: Member Anderson, the current rate design that we're looking at now will be equivalent to our original proposal which had the four tiers for the single-family and the three tiers for the general rate class. So again our . . . we're basically what we would call revenue neutral from our original proposal.

COUNCILMEMBER ANDERSON: Yeah, I was wondering who was gonna spend the weekend calculating all the increases that, that, that \$4.20 rate would have realized in the general class, but I'm very much in support of this and I'm glad the Department is too, Mr. Chairman, because what this does is it just increases by 10 cents per 1,000 gallons all users in the County who use over 30,000 gallons bi-monthly, and that makes it an equitable and fair increase, and it also meets the needs of the Department and balances our budget.

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

COUNCILMEMBER MEDEIROS: Mahalo, Chair. Yes, I certainly would like to support Member Mateo's motion and the proposed revised rates. When we discussed the rates with the Department, I had expressed, you know, my concerns about how the rates would impact like hospitals, elderly housing, affordable housing. So I'm glad to see that with this revised rates the hospitals, elderly housing projects, and the affordable housing projects won't be detrimentally *[sic]*. So I think this is fair and if it keeps the Department in the plus of their CIP projects, I think this is the direction we should go on and certainly I will be supporting this. Thank you, Chair.

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CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chairman. I think this is a very healthy compromise. I think the bottom line here is conservation, and this proposal in which everyone will be involved so to speak it will motivate everyone to conserve water and that's the bottom line, Mr. Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: I too would like to support Member Mateo's proposal. It's amazing what a couple of days of lightened air does to your thinking process. Thank you.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: Member Victorino.

COUNCILMEMBER VICTORINO: I just wanna make sure I get one point clear. One of my colleagues mentioned all users. This is just for all potable users. For ag we are keeping the rates the same?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER VICTORINO: Okay. I just wanna make sure that's clarified because the statement was "all users" and that triggered something in my mind to want . . . so I had ask for clarification. Thank you, Mr. Chair.

CHAIR PONTANILLA: Members, any more discussion? Member Johnson.

COUNCILMEMBER JOHNSON: I have a question of Mr. Eng. Because these rates now, and particularly in West Maui, are approaching or maybe even exceeding what Hawaii Water Company is charging, will this also, you know, be I guess comparable to some of the rates that are being charged for I . . . I don't know if it's Kapalua Water and then also for Hawaii Water?

MR. ENG: Member Johnson, I'm really not familiar with the current rates of some of those private utilities. I can look that up for you and let you

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know. Generally those private utilities would be little bit higher and mostly based . . . and due to the fact they have a smaller customer base so they have fewer customers to spread the costs over. So generally that's what you will see when you compare municipal to private rates.

COUNCILMEMBER JOHNSON: Okay. And then their tiers would maybe be nonexistent is that correct?

MR. ENG: Yeah, like Hawaii Water Service they don't have a tier structure. They probably should though.

COUNCILMEMBER JOHNSON: Okay. So it would just, you know, I know because we have I think it's 2.95 per 1,000 gallons right from the beginning. So anyway, Mr. Chair, I also think that if it produces sufficient revenue and does not unduly penalize any sector of the community I think that . . . we'll just see what happens and see how much revenues is produced. Thank you.

CHAIR PONTANILLA: Thank you, Member Johnson. Members, any more comments in regards to the motion on the floor? Before I call the vote on this motion, the Chair failed to act on the motion to reconsider. So at this time I'm gonna go back to the motion to reconsider if there's any more discussion? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. Let the record show that there's 9 ayes and no noes.

VOTE:	AYES:	Councilmember 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 reconsideration.

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CHAIR PONTANILLA: In regards to the second motion for the reconsideration of a new rate proposal any more discussion on that, Members? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

VOTE: **AYES:** **Councilmember 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.

CHAIR PONTANILLA: Let the record shows 9 ayes and no noes. Thank you, Members. Thank you, Mr. Mateo for bringing up that particular issue. Thank you, Mr. Eng. Members, the Chair is open for any more reconsideration at this time. Member Molina.

COUNCILMEMBER MOLINA: Yeah, thank you very much, Mr. Chair. And if the Members will direct their attention to an April 30th memo that was submitted to them entitled "Bond Fund Appropriations", I would like the Members to consider the \$400,000 that was reduced from the Bike Path Fund I believe on April 26. I would ask a reconsider that a portion of the 400,000 that was deleted and re-appropriated be kept within the highway specific projects that I'm looking at. We had considered moving 200,000 of that to the Kalama Park improvements, and I would ask for that monies to be re-appropriated to the Makawao-Kula-Pukalani district for road resurfacing with a proviso attached. That although it reads 200,000 on your memo, Members, it should be \$475,000. And if you look at a, an attachment to that letter it'll explain why. Four hundred seventy-five thousand shall be utilized for the resurfacing of Makawao Avenue from Eddie Tam Gym to the intersection with Baldwin Avenue. And I apologize for not requesting this consideration sooner. As we all know the deliberations were long and arduous, and when the initial request was made I had not had time to really think the proposal out, but upon mingling with the members of my community over the weekend, especially over at the St. Joseph Feast in Makawao, there's a lot of

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concerns from members of the community who wanted the rest of Makawao Avenue resurfaced. If returning Members recall we appropriated monies to surf..., resurface Makawao Avenue from the Pukalani Bypass up on to Kealaloa Avenue, but then there were not enough funds to go all the way up to Baldwin Bike Path--excuse me--Baldwin Avenue. So with that being said, because Makawao Avenue is a very heavily traveled road, and it's ironic we have school children in our audience today, that road is used by many parents and there . . . that area you have Makawao School, King Kekaulike School, Kalama School, St. Joseph, Seabury Hall, and just to name a few. So it is my belief that although I respect the need to improve, add additional monies for our parks, I think the need to resurface a road, our roads need to take a priority in this particular matter for Makawao Avenue. So that is my consideration. This does not change the balance of the budget at this point. So I would like to ask the Members for consideration and I open the floor to any comments. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. The Chair will entertain a motion for reconsideration on this issue.

COUNCILMEMBER MOLINA: So move.

COUNCILMEMBER BAISA: Second.

CHAIR PONTANILLA: Thank you. Moved by Member Molina, second by Member Baisa. Members, any discussion on this?

COUNCILMEMBER MEDEIROS: Mr. Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Yes, I'd like to support this motion. Like Member Molina--

COUNCILMEMBER ANDERSON: Chair, excuse me. We shouldn't be speaking on the motion until we vote on the motion to reconsider.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: And a motion is made.

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CHAIR PONTANILLA: Yes, thank you. Okay, Members, any more discussion in regards to the reconsideration at this time?

COUNCILMEMBER ANDERSON: Mr. Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: While I will vote to allow the reconsideration, I'm doing so with reservation because I think at the last minute to take from somebody else's district, or to take from a project that we all voted on and to give to another at this last date is a bit unfair. I mean we could all do that. So I'm only going to . . .

VICE-CHAIR HOKAMA: Chairman.

COUNCILMEMBER ANDERSON: . . . I'm only going to be . . .

VICE-CHAIR HOKAMA: Point of order.

COUNCILMEMBER ANDERSON: I have the ri . . . , the floor, Mr. Chair.

VICE-CHAIR HOKAMA: Point of order, Chairman.

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: The same rationale she use to cut out Mr. Medeiros's discussion is the same thing she's doing. So what's the difference?

COUNCILMEMBER ANDERSON: I'm talking about the vote to reconsider, Mr. Chairman.

VICE-CHAIR HOKAMA: No, you're not. You're talking about the--

COUNCILMEMBER ANDERSON: Yes, I am.

VICE-CHAIR HOKAMA: --funding for your project.

COUNCILMEMBER ANDERSON: I'm talking about the vote to reconsider and, and if we're going to be reconsidering something by taking from something else, I think it's a slippery slope.

CHAIR PONTANILLA: Thank you.

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COUNCILMEMBER ANDERSON: So I will vote because I think everyone has a right to be heard.

CHAIR PONTANILLA: Thank you, Member Anderson.

COUNCILMEMBER ANDERSON: But with reservations.

CHAIR PONTANILLA: All in favor of the reconsideration at this time please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. Motion carried.

VOTE:	AYES:	Councilmember 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 reconsideration.

COUNCILMEMBER MOLINA: Okay, thank you, Mr.--

CHAIR PONTANILLA: Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. I move that the 200,000 from the Kalama Park Improvements I move that those funds be moved to the District Road Resurfacing Fund of the Makawao-Kula-Pukalani District with a proviso attached that \$475,000 shall be utilized for the resurfacing of Makawao Avenue from Eddie Tam Gym to the intersection with Baldwin Avenue.

COUNCILMEMBER VICTORINO: Second.

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CHAIR PONTANILLA: Moved by Member Molina, second by Member Victorino. Members, any discussion? Member Molina followed by Member Johnson, Member Baisa.

COUNCILMEMBER MOLINA: Thank you very much, Mr. Chairman. As I had explained earlier about the need for resurfacing Makawao Avenue, the need is there, and please keep in mind that these monies were initially earmarked for the Upcountry area. So this is not a matter of taking. And I also if it . . . the issue becomes taking . . . well, for the Members information, I put a proviso for South Maui to add 60,000 for speed tables. So if we're gonna start talking about vulturing and taking monies from people's districts, I don't believe this is the case. What really is important here is the people of Makawao and all of the Upcountry residents who use Makawao Avenue have waited very patiently to get that road resurfaced, and this is a safety issue. While I, I can support the improvement of our parks, but let's think about this folks. Do more people use our roads, or do more people use our parks? Okay. And Makawao Avenue is a vital link, and Member Baisa who lived in Makawao before can certainly attest to the need to improve Makawao Avenue. So that's why I'm making my plea here, and I respectfully ask for the Members reconsideration of this matter. And so please consider the kids that walk along the sidewalks as well, and the need for keeping that road in good condition, Mr. Chairman. So again I humbly ask it's just 200,000 and, and as a matter of information for Kalama Park Improvements this year we're appropriating \$685,000 already. So I think what I'm requesting is very reasonable. It's somewhat manini to other CIP projects in other districts, Mr. Chairman, and we all know the theme of this budget and many Members have talked about is the need to upgrade our infrastructure. And I think roads play an important part of our infrastructure in our community, Mr. Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Yes. And mine is just mainly questions 'cause I know I don't have all the totals. Does Staff have the total for the provisos and the value of the provisos that were contained in the Countywide that are, you know, I realize Countywide is for every district, but I just wanted to know in the Countywide Roadway Resurfacing we put a number of provisos for roadways in the Upcountry area. And I just wondered what the total of that was, and what the total remaining in Countywide was for all other projects.

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CHAIR PONTANILLA: Staff.

MS. REVELS: Mr. Chair, while Mr. Taguchi's looking for that total, I just wanted to remind the Members that the provisos that we put in were under the Countywide Safety Improvements not Countywide Resurfacing, but Mr. Taguchi is looking up the total number.

COUNCILMEMBER JOHNSON: Okay, okay. And . . . because some of those safety improvements I guess are speed tables and other things. And the other question that I had would be in regard to a bond item coming out from Parks if there was any problem I guess from taking one area of Parks. If it's all bond from general fund there should not be any problem is that correct, Mr. Taguchi?

VICE-CHAIR HOKAMA: Chairman, we got a motion on the floor.

CHAIR PONTANILLA: Member Johnson we have a motion on the floor in regards to Mr. Molina's consideration.

COUNCILMEMBER JOHNSON: Yes. And that's why I'm asking for clarification so that I can make an intelligent decision.

CHAIR PONTANILLA: Fine. And your point?

COUNCILMEMBER JOHNSON: My point being that when we're moving around money, I wanna find out if we're taking it from one area and moving it to another is that possible, or does it create any kind of constraint as far as the monies from the bond fund if it's general fund? So I'm just seeking clarification.

CHAIR PONTANILLA: Just the bond fund and the general fund--

COUNCILMEMBER JOHNSON: Well, the way that the memo was structured it's taking it from Parks, and my assumption is it's Parks bond fund, and then moving it over into another bond fund area of \$200,000 and that's where I'm seeking clarification.

CHAIR PONTANILLA: Thank you. Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla, in regards to the first question under Countywide Safety Improvements, current provisos amount to \$240,000.

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Currently in that appropriation there's 500,000. So the provisos do not exceed the, the appropriation in Countywide Safety Improvement.

COUNCILMEMBER JOHNSON: Okay.

CHAIR PONTANILLA: Thank you. Member Anderson *[sic]*.

COUNCILMEMBER JOHNSON: Okay and then so . . . Johnson.

CHAIR PONTANILLA: Oh, I'm sorry, Member Johnson.

COUNCILMEMBER JOHNSON: So from 240 that would leave a remainder then of 260?

MR. TAGUCHI: That is correct out of Countywide Safety Improvements in the Highway Fund. In regards to the second question whether bond funds can be utilized for the purposes as stated in Member Molina's letter, I would probably defer to the Finance Director regarding bond issuance for a . . . I guess this is a resurfacing project.

CHAIR PONTANILLA: Thank you. Mr. Director comments?

MR. YOUNG: Mr. Chair, some of the criteria that we utilize for determining the rationale to bond projects or to pay cash relates to matching the duration of the lifetime of the asset to the duration of the debt. With that being said, in terms of road resurfacing, my understanding with the Department of Public Works is that road resurfacing the lifetime if it doesn't necessarily improve the existing asset the actual (end of tape 1A - 10:03 a.m.) is somewhere in the neighborhood of 10 to 15 years. That seems a little long by, from what I've observed, but that's the number that we utilize for evaluating road resurfacing. Bond debt should be judged at a duration of about 20 to 25 years. Therefore on those provisions I wouldn't necessarily recommend that road resurfacing be funded through bond debt. However, in the past I believe the County has, has judged certain projects to be funded with bond debt that the duration of the life span of the asset was not necessarily matched up to the duration of the debt. So although this is a practice that is not financially prudent or appropriate by some measures, we have done it in the past. So I leave it to the Council's discretion in terms of how they want to fund this particular item.

CHAIR PONTANILLA: Thank you. Member Baisa.

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COUNCILMEMBER BAISA: Thank you.

CHAIR PONTANILLA: Oh, I'm sorry. Member Johnson.

COUNCILMEMBER BAISA: Sorry.

COUNCILMEMBER JOHNSON: Yeah, and, and thank you for that answer because for me I had ask the question on previous items that we were considering moving or I was considering moving to bond. And so I still you know respect the practice of really trying to reserve bond debt for CIP projects that will have that longevity and that duration of more than 20 years. If we wanna get it from somewhere else that's another matter, but I prefer that we not start using for, you know, a \$200,000 project or thereabouts bond money. So I prefer we use it from somewhere else, and it's not that we don't need it done, but I think we should find it from some other means. Thank you.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. I would like to speak in support of Member Molina's proposal. It's very serendipitous, but on a Sunday I was driving through that area to attend a Baisa Family Reunion, and as I was bouncing along from one part of the road to the other, I was thinking gee, this is something that maybe Mike and I should be talking about. And when I came in this morning and he said what he was going to do, I was very happy about it. The Makawao Avenue is getting busier and busier as is Baldwin Avenue. You know the Upcountry area has grown so much, and the traffic is horrible, and it is very, very uneven. There's holes and I know that at some point we're also gonna have to do something about the sidewalks where the children walk because it's very, very treacherous. So, you know, as much as I do also support parks, I think Upcountry has waited for a long time and I'd like to support the motion.

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

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Member Medeiros followed by Member Anderson.

COUNCILMEMBER MEDEIROS: Mahalo Chair. Yeah, I also would like to speak in support of Member Molina's motion. Like Member Molina who attended the St. Joseph festivities, and I'm sure got the attention of many

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of its constituents, I too on Sunday's, you know, playing senior softball and many of the players come from the Upcountry area, and they are really concerned about Makawao Avenue, among other roads throughout Upcountry that need resurfacing. And I think as Member Molina spoke about this is a matter of public safety and something important. It's an asset of the County that is used everyday by the members of the community. So I think this is an important appropriation to make. Thank you, Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. First of all, if the Members would look on page 28 of Exhibit "1", there's already \$500,000 for road resurfacing of Makawao Avenue to Kalama School, Mr. Chair. As a matter of fact, Makawao District has \$2.1 million allocated specifically for road resurfacing in this year's budget which far exceeds most of the other districts including mine which only has \$600,000 for road improvements. The \$200,000 that he's asking to take from Kalama Park funding is to complete the Kalama pedestrian path, and like Mr. Molina I had calls and ran into people this weekend all over Kihei, specifically down at Kalama Park, who are thrilled that they're gonna be able to get this pedestrian path finished after more than six years of waiting. So, you know, we're all waiting for things to be done Countywide, and to take from one district to give to another, especially when they've already got \$2.1 million for road resurfacing, half a million of that dedicated to Makawao Avenue, I don't think it's a fair exchange because it's taking from my district to give to another. And I would like to know since the Administration has already put half a million dollars to the improvement on Makawao Avenue, that if we were to give them another 200,000 would be even be able to use it in this next year. You know I think we need to have that verified because the pedestrian path, and we heard from the Director of Parks that yes, if we give them the 200,000 they'll be able to finish the path this year, this next year and that they needed that addition . . . and it did not come to light until after they had already done their budget. So that's why this request came in. All the people in South Maui, who been working on this pedestrian path, and have been waiting for years to get the funding so it could be finished, are gonna be sorely disappointed. And without any verification that this \$200,000 to Makawao Avenue will accelerate anything. And I would hope the Members would not be hasty just because, you know, it is a safety issue and I, you know, I'd like to see that road resurfaced just like everybody else, but I think we need to use our money on projects we know can be

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finished. And it seems to me that if the Public Works Department needed \$200,000 more above the half a million they've already requested, then they would've requested it. So it seems like it's kind of just, you know, pulling dollars out of the air to pump up a project that we have no verification would make any difference in what they can get done. If Members remember that we already gave \$300,000 in road resurfacing additions to each district with the only district getting more than that being the Wailuku-Kahului district. They got half a million. So I think that we need to make sure as Mr. Mateo's proposal we had assurances from the Department that it would not hinder them in anyway, and that they could still meet their budget, you know, proposals. Just to take \$200,000 from a project that we've already been told by the Parks Department would allow them to finish their project this next year and, and put it towards a project that's already scheduled to be re..., to be done with the half a million dollars without knowing what that \$200,000 would do is not a prudent decision, Mr. Chairman. So I don't support this at all, and I would hope that Members would get, would want more information on this, at least get the Department to come down and tell us if they can even utilize the 200,000. Thank you.

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

COUNCILMEMBER MOLINA: Yeah.

CHAIR PONTANILLA: --followed by Member Johnson.

COUNCILMEMBER MOLINA: I just wanted to add some clarification for the 500,000 for the Makawao-Makani Road Improvements, that was first discussed back I believe in 2004 that's . . . that project is going to be partially funded by, with Federal dollars. It's a sidewalk and I believe a drainage improvement project that will go from Makani Road up to Eddie Tam Gym so just to add some clarification to that. And I believe that does involve some road resurfacing up to that point. So I just wanted to add, make mention of that so Members know that this is a project that's been waiting in the wings. It should've been appropriated couple of years ago, but for whatever reasons it got delayed. So to give the impression that, you know, we're . . . this particular district, Makawao-Pukalani-Kula, is trying to hog more funds than other districts I think is inappropriate, Mr. Chairman. So the bottom line to all of this, Mr. Chairman, do we think public safety is more important, or do we think a walking path? You know I mean they both have pluses and minuses, but for me it's public

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safety, Mr. Chairman, and the people of Upcountry have waited a long time as well to get this road resurfaced. And it's been acknowledge by the Public Works Director that many of our roads in Upcountry Maui are very, very substandard, and it's been told to this Committee before so I just wanted to remind the Members and especially the new Members. If you take the time go up to visit various areas in Upcountry Maui and you'll see the kind of roads that we have to travel on. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Johnson followed by Member Anderson.

COUNCILMEMBER JOHNSON: Um, yes, and you know I, I understand all the arguments both for and against. The total when I add up the safety improvements and the monies allocated into that particular district or they're gonna be earmarked are \$2.540 million. So it's over two and a half million dollars. And I totally understand why it's important to address all these safety issues. My concern though is with regard to the use of CIP, or you know that kind of I guess parameter and taking money which I believe should really be in cash or it should be from highway funds, or other funds specifically earmarked that to take that away and deviate from the CIP requirement that it have a life of more than 20 years. I can understand, you know, if it was something else it, that you know was actually a roadway construction or sidewalks or something else because that would have a lifespan. And just on that technicality, Mr. Chair, I feel that it's just not the appropriate use of CIP monies because in my mind it doesn't meet the definition. So I would prefer we get it from cash or some other area. So I'm not gonna supporting the use of these funds because of that.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chairman. I just like to remind Members that this money came from the Baldwin Bike Path which was under roadway improvements for the Paia-Haiku District and not for the Makawao District. And if Members would look on page 28 and 29 of Exhibit "1", you can see Hana has 500,000 in roadway resurfacing, Paia has 600,000, Makawao has 2.1 million. I think they're getting more than their fair share. Wailu..., they even have more than Wailuku-Kahului which has 1.4 million. My district, Mr. Chairman, has 600,000, West Maui has 600,000, and I would venture to guess that both my districts and West Maui could use another 200,000. In fact, could use another 2.1

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million in roadway resurfacing. And if we're gonna make our decisions based on what comes first, safety or public facilities needs, we would be taking money away from a lot of programs to deal with safety. And the idea is to have a well-rounded budget to meet the needs of everybody in our community. And regarding the Makawao Avenue and Makani Road improvements that the half million dollars is currently budgeted for, the description in the budget says to improve Makawao Avenue and Makani Road from Eddie Tam Gym to Kalama School with road widening and sidewalks to enhance pedestrian safety. If they're gonna widen the road, they certainly have to resurface it. So I think this is an unfair request. We've already voted on providing this money to the people of South Maui for this pedestrian path which has been waiting for years. And if we want some equity here, just look at the totals. And you know what? Mr. Molina has \$600,000 already in road resurfacing in the Makawao-Pukalani-Kula Community District that he could take that \$200,000 out of without impacting my community and do a proviso if he feels the Department can use an extra 200,000 in their road resurfacing for Makawao Avenue.

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

COUNCILMEMBER MATEO: Chairman, thank, thank you very much. Chairman, I feel like I'm in a quandary at this particular point in time. Where I can understand Mr. Molina's need and support his need. I understand Ms. Anderson's need and support her need. I come from a district that has gotten accustomed to having projects pushed back because of somebody else's priority. Departments come to us and say we have a major urgency. That urgency waits three and a half years to get done. So I understand full well the difficulty in trying to get funds to complete the projects, but for Ms. Anderson's project we're also talking about a department who had found monies to build a building wasn't scheduled. It wasn't projected. So I'm hoping that 200,000 to complete her project the Department will be able to come up with that money. And after the number of years in waiting, finish it, finalize it, complete it, get it done so we all can move on to avoid this kind of situations between choosing or supporting public health and safety versus the need for our community recreational needs as well. So I'm in a quandary, Chairman. Thank you.

CHAIR PONTANILLA: Members, any more discussion on this here? Before the Chair calls for a vote, the Chair gonna call a two minute recess to confer

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with Mr. Taguchi. We'll take a two minute recess. Please be seated.
...*(gavel)*..

RECESS: 9:20 a.m.
RECONVENE: 9:23 a.m.

CHAIR PONTANILLA: ...*(gavel)*.. The Budget and Finance Committee meeting is now reconvened. At this time the Chair is . . . will call for the vote. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: No.

COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Roll call. Member Victorino.

COUNCILMEMBER VICTORINO: No.

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: Aye with reservations.

CHAIR PONTANILLA: Thank you. Member Anderson.

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COUNCILMEMBER ANDERSON: No.

CHAIR PONTANILLA: Member Mateo.

COUNCILMEMBER MATEO: Aye with reservations.

CHAIR PONTANILLA: Thank you. The motion is carried.

COUNCILMEMBER MOLINA: Mr. Chairman, the vote count? How many aye,
how many noes?

CHAIR PONTANILLA: Five. Five, four motion carried.

COUNCILMEMBER MOLINA: Okay, who's the other no just for the record?

CHAIR PONTANILLA: Okay, for the record Member Victorino no, Member
Hokama aye, Member Molina aye, Member Medeiros aye, Member
Johnson no, Member Baisa aye, Member Anderson no, Member Mateo
aye, and the Chair votes aye with reservations. Seven--

COUNCILMEMBER MOLINA: So six to three

CHAIR PONTANILLA: Six ayes and three noes.

COUNCILMEMBER MOLINA: Okay, thank you.

VOTE:	AYES:	Councilmember Baisa, Mateo, Medeiros, Molina, Vice-Chair Hokama, and Chair Pontanilla.
	NOES:	Councilmember Anderson, Johnson, and Victorino.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	None.

MOTION CARRIED.

ACTION: APPROVE.

CHAIR PONTANILLA: Okay, Members, any more . . . any more
reconsideration at this time before the Chair moves on? Member Hokama.

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VICE-CHAIR HOKAMA: Chairman, would you like me to bring up the item for your consideration at this point?

CHAIR PONTANILLA: Um yes.

VICE-CHAIR HOKAMA: Okay. Members, the Chair has requested a reconsideration of the Agricultural rate which we've increased from 4.50 to \$6. So that would be my motion, Chairman, to reconsider the Agricultural rate under Real Property Tax revenues.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Thank you. Moved by Member Hokama, second by Mr. Victo..., Victorino in regards to the reconsideration of the ag rate this morning. Member Hokama.

VICE-CHAIR HOKAMA: Chairman, if this motion passes, we can consider some of the issues that some of the Members may have . . .

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: . . . been brought forward over the weekend.

CHAIR PONTANILLA: Any more discussion on that? If not, all in favor of the reconsideration please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you.

VOTE:	AYES:	Councilmember 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 reconsideration.

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CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, I would ask if you would allow your Staff to make copies of a printout I have regarding the proposed ag, ag rate versus the current 4.50 rate.

CHAIR PONTANILLA: Thank you. The Chair will call for a--five minutes?--five minutes recess at this time. We'll re..., reconvene at 10:30. Recess. . . .(gavel). .

RECESS: 10:25 a.m.

RECONVENE: 10:36 a.m.

CHAIR PONTANILLA: . . .(gavel). . The Budget and Finance Committee meeting is now reconvened. Members, the Secretary had passed out information to you upon request from Member Hokama. At this time Member Hokama.

VICE-CHAIR HOKAMA: Chairman, thank you. What was handed out to the Members is a break down of randomly picked TMKs that we are, we know that are in agriculture category, Mr. Chairman, and is . . . as we can understand it is under full agriculture use. So what we have provided then, this is with assistance of, from Finance Department Mr. Teruya, Real Property Tax Division, they show you the 2006 land value, they show you the 2007 land value, and if you notice, Members, some did not change \$1. Then you have the proposed or the tax rate we are currently using for this year's budget and a proposal that we supported last, end of last week, which is to raise it from 4.50 to 6. And if you will notice, Members, you know we have some small acreages like eight 2 acres. We've gone up to the one's in couple of hundreds, 500 hundred acres, we went to 1,200 acres to give you a feel from sugar, diversified ag pasture. And interesting enough, Members, what you see in difference in tax category at the end is that if you're doing true ag, yeah, some of you will have a tax increase. That 519 acres your bill will go from the current rate of \$31 to \$41 under the \$6 rate, but because of our formula you would still as of this . . . as with this year still pay minimum tax of \$60. Their true tax would be 41 but we do set a minimum rate of 60. So is \$60 too much to tax 519 acres? If you look at the \$8 right below that one, Members, pasture, their tax stays the same. They're paying \$1 this year, and they would pay \$1 next year so of course they pay minimum tax. There is increases to be fair. Members, you will notice that on the 1,255 acre productivity under sugar,

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they will be paying approximately \$1,100 more on that land, but when I did . . . make some calls to ask the HC&S's, the Maui Pine, they believe that the increases for them . . . but while they prefer not to pay more taxes, they consider the tax a fair tax provided that also that we would use some of that revenue to assist and support agricultural activities.

Mr. Chairman, one of the reasons I had proposed this and I, you know, again, I should have stated last week is that up to this weekend in conference committee, the Legislature was considering for true agricultural users legislation that would've provided tax credits whereby those property owners would receive from the State reimbursements of all their property taxes for active agricultural uses. The State would have paid the property tax, Mr. Chairman, in essence. So again even the State is looking at how to support true agricultural activities on agriculture zoned lands. And I share this and, you know, I appreciate Mr. Young our Director, Mr. Teruya from Real Property, who are available, Mr. Chairman, if Members have a question about the productivity rating and how the formula is calculated so that for those that truly doing ag, Mr. Chairman, I consider it a fair consideration for this Committee still to consider. I would say that one of the items that the Committee may wish to consider in the future regarding this rate is how to view structure such as a home on ag land, and whether or not we will change our policy of how we look at that whole lot. Again, as we share with our sister county of the Big Island, the house qualifies for an home exemption, but the land still stays in agriculture. It doesn't convert to the homeowners classification which we allow in our County, Mr. Chairman. So these are some of the unique subtleties of what we go through in the agriculture component, but I present this information for the Members to use for their final decision making. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members any . . . Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. If I'm correct, we have voted for reconsideration. Is that true?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: But there's no motion on the floor at this time.

CHAIR PONTANILLA: At this time none.

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COUNCILMEMBER ANDERSON: Okay. So I'd like to ask I guess either our Budget Director, or Mr. Teruya, or Mr. Kalbert Young, whoever can answer the question that's here, on our estimated revenues, Exhibit "1", we show the increased Agriculture rate to \$6, netting us an additional \$7.3 million. What was that calculation based on given the fact that Mr. Hokama's handout here shows so many zero increases due to minimum tax. So I'm wondering how that 7.3 million was derived. If any of that was taken into consideration.

MR. YOUNG: Ms. Anderson, I believe the . . . on Exhibit "1" the increase Agriculture rate to \$6 the \$7.2 million is actually net of that proposal which was presented to the Committee from Mr. . . . from the Chair Pontanilla's proposal. So I believe that the increase in agricultural rates, if you're asking how is it different than what the handout that Mr. Hokama has provided--

COUNCILMEMBER ANDERSON: No.

MR. YOUNG: Okay.

COUNCILMEMBER ANDERSON: Well, yeah, I mean what I'm asking is when that 7.2—excuse me—7.270 increase in revenue was calculated, was there any attempt to add in a percentage . . . I mean how did they calculate it and were minimum taxes also considered? Was there any kind of percentage added into that calculation? Because if you're just doing it based on the assess valuation that doesn't really take into consideration that some of those assess values are not going to be paying the \$6 rate. So I wanna see if that 7.2 is a accurate figure based on what? We may be counting revenues we're not gonna get.

(silence)

MR. YOUNG: Ms. Anderson, I don't know how the 7.2 million was calculated, but it is based on the assessed valuation.

COUNCILMEMBER ANDERSON: So Chair, I guess it should be our Staff.

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: Are they the one's that calculated it?

CHAIR PONTANILLA: Staff.

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MS. REVELS: Mr. Chair, the calculation that is done by our worksheet is just a straight calculation of the rate times the certified value. It does not take into account any minimum tax.

CHAIR PONTANILLA: Okay, thank you.

COUNCILMEMBER ANDERSON: Maybe we can ask Mr. Teruya, who's the most familiar with the properties, if he could give us some idea, even a ball park figure, of the total assessed value in agricultural lands on Maui or in the County rather, what percent of that has qualified for the minimum tax exemption?

CHAIR PONTANILLA: Department.

MR. TERUYA: Ms. Anderson, I think I can answer your question by not avoiding your question, but by telling you where is the \$7.2 million is coming from. Seven point two million dollar increase is coming from parcels that are receiving highest and best use. It's also applied to structures, but the handout here that was given today that is receiving agriculture use. There's a very good chance that there is not much increase, but the 7.2 is coming from those that are not receiving agriculture use. Rural properties, structures, highest and best use, home sites, that's where the increases are coming from.

COUNCILMEMBER ANDERSON: Could you explain that further because I don't understand what you're saying. If it's on rural land how are they getting charged highest and best use for ag?

MR. TERUYA: Okay, currently rural zoned properties are classified as agriculture.

COUNCILMEMBER ANDERSON: All rural zoned properties are classified agriculture?

MR. TERUYA: Yeah.

COUNCILMEMBER ANDERSON: In real property tax?

MR. TERUYA: Unless they have a home exemption.

COUNCILMEMBER ANDERSON: Right.

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MR. TERUYA: Secondly, obviously structures would increase to this. The home site that is, cannot be receiving that agriculture use would be valued at the highest and best use value. This is where the 7.2 is coming from.

COUNCILMEMBER ANDERSON: And does that taken into consideration those properties that while they may be rural or ag in zoning the fact that it is a primary residence whether they're farming or not they get the homeowner's exemption and then they fall into the homeowner's class?

MR. TERUYA: Yeah, if they're receiving the homeowner exemption, you wouldn't fall in the agriculture class. It'd be in PITT 9 classification, right.

COUNCILMEMBER ANDERSON: Right. (end of tape 1B - 10:46 a.m.) give me a couple of practical examples. You don't need to name names or anything. 'Cause I'm still not clear on who is actually paying this increase of 7.2 million, if you could just give me a couple of real life examples.

MR. TERUYA: Kula 200, Wailuku Country Estates that's not receiving agriculture use, those would be two examples.

COUNCILMEMBER ANDERSON: So . . .

MR. TERUYA: Maui Meadows.

COUNCILMEMBER ANDERSON: So they're gonna be paying the \$6 rate if they don't have a homeowner's exemption?

MR. TERUYA: Yeah. Launiupoko.

COUNCILMEMBER ANDERSON: And, and wait a minute. Before you go any further . . . so rural area such as Maui Meadows, Kula 200, Launiupoko, under this proposal they're gonna be paying the \$6 rate even if . . . unless they have a homeowner's exemption is that correct?

MR. TERUYA: Correct.

COUNCILMEMBER ANDERSON: So that would mean these properties are not listed . . . if they're not a homeowners property they're not listed as Improved Residential? They're listed . . . their tax is ag?

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MR. TERUYA: If they have a home exemption? I--

COUNCILMEMBER ANDERSON: No. If they are not receiving a homeowner's exemption, I always thought that—excuse me--that you would then be Improved Residential. In other words, property that's being rented out.

MR. TERUYA: Improved Residential is properties that are in the urban--

COUNCILMEMBER ANDERSON: Only urban.

MR. TERUYA: Yes.

COUNCILMEMBER ANDERSON: Okay, so then that means all of these properties that are on rural or ag land that are not doing active agriculture and are not owned and occupied by the primary, by the owner, um . . . then that means they're gonna get this higher \$6 rate, and that reflects rental properties, Mr. Chairman. What are we doing? That was never clear when we made this decision. That means we are increasing the tax rate for rental properties unless they are actually doing ag and they already have an exemption for the ag exemption. I think that's a mistake.

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

COUNCILMEMBER MATEO: Chairman.

CHAIR PONTANILLA: Member Mateo.

COUNCILMEMBER MATEO: Chairman, thank you. The Department can tell me how the rate would affect ag properties that does not have access to, to water. So they're not going be involved or engaged in active farming because of limitations to source . . . tell me, tell me their tax responsibility.

MR. TERUYA: Member Mateo, if you don't have access to water or road or any access to your property that would be affected(?) in the assess value of your, of your property, but they will be still taxed at the rate, but the valuation would be I would assume to be considerably less.

COUNCILMEMBER MATEO: Considerably less.

MR. TERUYA: Well, based on comparable sales of properties that did not have that utility.

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COUNCILMEMBER MATEO: So but they still gonna be, they still classified ag?

MR. TERUYA: Correct.

COUNCILMEMBER MATEO: Okay. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Members, any more discussion in regards to this matter?

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: I just wish to add in the discussion that if the true intent of the property owner is to engage agriculture uses for agriculture land, we allow agricultural dedication of a period of time so that you can lock in and get the benefits through our taxation system. And so I would think that some of the adjustments we are making I consider it as improvements to how we are taxing real property. We've gotten away or we have gotten . . . well, let me just say it this way. If we follow the enforcement the way we have zoning set up, where the tax system should be following land use, some of the issues we discussing at this time today would it be needed. Property tax will say this rate this is what's gonna happen because it's very clear cut and it's . . . this is the line. You don't pass this line. You're in the next land use category and you go on a different property tax rate. Because we allow people to shift categories by declaration, particularly homeowners, I believe it impacts the integrity of the old system because we know they got good lawyers out there, good accountants that will find a way not to pay the County what it deserves. But I think this is a very good item for us to discuss, Chairman. I made a proposal. I still, I believe it still has merits, but I am, you know, aware enough to know that, you know, it's the majority of this Committee that will be making its final recommendation to Council. So I just share that ability of ag dedication is one true option that the law allows for true agriculture uses, Chairman, if that is what we're trying to protect and continue then that's what ag should be, Chairman. Thank you.

CHAIR PONTANILLA: Member Anderson followed by Member Medeiros.

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COUNCILMEMBER ANDERSON: You know, um . . . this is really the first time I have been aware of the fact that rural properties are zoned under the Agricultural rate, and there are very--excuse me--few rural properties--well, I don't know. I know for a fact Maui Meadows doesn't do any agriculture. Launiupoko doesn't do any agriculture. And, you know, if you're renting the property out, you are helping or hopefully helping to provide affordable housing for our community. And I think that this \$6 increase it looks to me like the only people that's gonna impact are people who rent their property out or the very large acreage landowners who are in sugar production and they've already said it's not gonna impact them. It's not, it's a manini increase to them. I think we better reconsider the unintended consequences of this because . . . it's nice to help the homeowners and give them a reduction in their rate and give them the, you know, the exemptions and all, circuit breaker and all, but what are we doing to the most needy in our community, Mr. Chairman? We're giving them the highest tax rate. That makes no sense to me at all. So I guess what I need to know and I'm not clear is why Member Hokama asked for reconsideration. What is it he wants us to reconsider?

CHAIR PONTANILLA: Member Anderson, I had request that Member Hokama bring out, because I voted no, the possibility of reconsideration in the Agriculture rate knowing that it may affect some people, you know the unintended effects that would have and to me this is one of 'em.

COUNCILMEMBER ANDERSON: Yeah, that wasn't made clear.

CHAIR PONTANILLA: So anyway, that was my request to Mr. Hokama in regards to making a reconsideration in the ag rates and, and you know this morning we can have a full discussion in regards to this particular issue. If the Members are so agreeable with \$6 that's fine. If you wanna reconsider something else that's fine too, but it's gonna be all of us to come up with a amount that we are comfortable with or the people would be comfortable with. And as I said in one meeting, in fact was during our testimony public hearing that this Chair, once we conclude this budget hearings, willing to take up the real property tax issue, and it may be, you know, we should have another tier in the ag rates that would identify the rural homeowner, you know, and would identify the so-called gentlemen estates. So that's the reason why for my reconsideration.

COUNCILMEMBER ANDERSON: Mr. Chairman, on the . . . I appreciate that because like I said I don't think that was . . . the parameters here were not made clear to any of us. So the 7.2 million increase from the \$6 rate is an

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increase over and above the \$4.15 rate that was proposed by the Mayor is that correct?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: So have you or your Staff thought of where we might make up that shortfall?

CHAIR PONTANILLA: No. We've, we've looked into different areas in regards to making up the shortfall, and for the Chair, my recommendation in regards to the Post-Employment Fund, because we were hit with the bombshell of \$19.3 million our reaction was just that, \$6 ag rates because that would have generated the most revenue. But again the Chair had recommended in regards to the Post-Employment Fund, rather than funding all 19.3, that we fund maybe between 9 and 12 million dollars that I can live with. And this is a shared responsibility not only, you know, from the Council but also the Administration. You know it is unfortunate that the Administration didn't have this information prior to their submittal of the budget and maybe wouldn't have been faced with this problem on Friday. And I would think that the budget process would have been much easier. Because of the lateness of the information, we acted the way we acted on Friday. So, Members, you know, the Chair is open to reconsideration. I'm open to a 9 to 12 . . . 9 to 13 million dollars for the Post-Employment Fund. I love to fund all \$19.3 million, but again, we gotta make up the difference of \$7 million, you know, from my proposal.

COUNCILMEMBER ANDERSON: Well, you know . . . (sigh) . . . do you, you know, we have a long ways to go here yet, Mr. Chair. We're gonna be meeting all day is that correct?

CHAIR PONTANILLA: I-I hope not but . . . (chuckled) . . .

COUNCILMEMBER ANDERSON: (chuckled) We haven't even gotten to, we've got provisos yet to go. I'm just thinking that it . . . you know some times the easiest decision is not the best decision which I think our last vote reflected on. It, you know, if it's just easy to take money somewhere else, you know, sometimes under duress that's what we do.

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER ANDERSON: And I'm thinking that maybe if we could just have a consideration regarding the rate and have some time over lunch

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to think about where we can make up the shortfall, then we could do it in two different motions rather than just one. Would that . . .

CHAIR PONTANILLA: Well, the Chair--

CHAIR PONTANILLA: . . . would that be okay?

CHAIR PONTANILLA: The Chair is looking at the time right now and, you know, we haven't taken our mid-morning break, but the break will be only for 15 minutes (chuckled) and then we'll reconvene. But the Chair is willing to, to relook at the ag rates.

COUNCILMEMBER ANDERSON: Well, given what we've just learned, Mr. Chair, I move to reduce the ag rate back to . . . (pause) . . . 4.20, \$4.15 the Mayor's proposal.

CHAIR PONTANILLA: Thank you. There is a motion of \$4.15. Any second?

COUNCILMEMBER MATEO: Second for discussion.

CHAIR PONTANILLA: Thank you, Member Mateo. Second by Member Mateo. Any more discussion?

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, um . . . you know talk about unintended consequences, Mr. Chair, the backbone of this County are our working residents of which 70 percent below make 100 percent of the median income. They make up the renters of this island of this County, and we already know that the rental pool has diminished appreciably. It's harder and harder to find rentals, and the cost of rentals has increased and not in concert with pay raises. So the cost of living has impacted . . . the increase in cost of living has impacted this sector of our community more than any other who do not have additional discretionary income--gas, electricity, and rent. And to add an additional burden to them could be devastating, and so I you know there's a lot of rentals, Mr. Chairman, in the rural districts. All the ohana units that are rented to young families they fall underneath this, this tax classification and, you know, this is one of the reasons we should've discussed our tax rates early on in this process so that we were all fresh and had the time to really ferret out all this

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information instead of making decisions based in, you know, on a last minutes time deadline when we're all exhausted and, and none of this information was available at that time. So I think, you know, we need to protect that segment of our community, and if we don't shame on us and find another way to find this \$7 million. And, you know, I'm not, I'm not adverse to your suggestion although that only, you know, increases the burden next year, but hopefully by then we would have had a chance in your Committee, as you have already said you were gonna do Mr. Chair, to look at real property taxes and see if there is a way we can get more definitive classifications so when we look at the classifications they actually are reflective of the people that fall underneath that classification. I don't think there's anybody in this room thought that ag rates affected people renting ohana units, and there are a lot of 'em, Mr. Chairman, in Maui Meadows alone. And mind you people there are a lot of people who buy homes with ohana units all over this County and rent them out in a holding pattern until they retire. So there are a lot of properties that fall underneath this and this will affect all those people who are renting. So I can't support it, Mr. Chairman. Myself, I'm a renter. I pay \$1,100 a month for 432 square feet. I'm maxed out in my rental and, you know, I probably make the median income for a family of one but, you know, I'm almost 60 years old, and we gotta think about the young families that are out there renting and trying to save money for a down payment and this is only gonna, you know, because all of us know any increase is gonna be passed onto the renter. The landowner is not gonna absorb this increase. So we could be putting people on the street with this, Mr. Chair. So I think we need to step back, go back to where we were and figure out another resolution to this.

CHAIR PONTANILLA: Thank you. Member Medeiros followed by Member Molina.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. I wanted to, well, before I ask the question of the Department, I want to express, you know, my same sentiments as Member Anderson about the impact, the effect on renters, and we need to consider that. But I wanted to ask the Department, following up on Council Chair Hokama's description of being able to go to ag dedication, which I think is an option for people who fully involved in agriculture activities that'll help them, but Department, is there a minimum number of years if you dedicate to ag?

MR. TERUYA: Member Medeiros, for properties that are in the agriculture land use district, there is no dedication that is necessary.

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COUNCILMEMBER MEDEIROS: Okay.

MR. TERUYA: If you are in a district like urban or rural you would have to dedicate for a minimum of 10 years.

COUNCILMEMBER MEDEIROS: Ten years is the minimum?

MR. TERUYA: Yes, but if you have the agriculture zoning, a dedication is not necessary.

COUNCILMEMBER MEDEIROS: I see. Thank you for that clarification. So if you dedicate to ag dedication for ten years, and there's some change in your family or property owner situation, are they able to get out of the ag dedication in order to address maybe family emergencies or a change in family situations?

MR. TERUYA: Well, two things. First of all, if you meet your first initial ten years from there it's a year to year. So you could, you could amend. In the event that you do amend prior to meeting your obligation of your first ten years there would be a violation which would be the roll back. To avoid penalties on the roll back, I'm sure the appraiser would identify with the landowner what are your plans. Because if you speak to the appraiser they'll give you a knowledge about how to do it correctly where that, whereby you already set aside your home sites so you don't get hit with the roll back, yeah.

COUNCILMEMBER MEDEIROS: Okay.

MR. TERUYA: Yeah. So you could like for instance on a five acre estate you could already say don't tax me on one acre . . . I mean tax me highest and best use on that acre, but the rest of the four I'll do ag. Therefore if you do do a home site later on you wouldn't be affected by it.

COUNCILMEMBER MEDEIROS: But if the property owner wanted to somehow have a need to sell the property and, and he has asked to be taxed at the normal rate for the house site, how does he do that? Can he just sell the house site without subdividing?

MR. TERUYA: No. The dedication runs with the land.

COUNCILMEMBER MEDEIROS: I see. I see.

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MR. TERUYA: Yes.

COUNCILMEMBER MEDEIROS: So he could sell the entire property, but the dedication would run with the land.

MR. TERUYA: Correct.

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

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chairman. I was just going to agree with you on your suggestion about taking a short break to continue with this very important discussion, and I know we have some very special guests in the audience. So I guess if prior to taking a break if you'd like to recognize our audience, Members?

CHAIR PONTANILLA: Yeah, I will. Members, any more discussion? The Chair is gonna call a recess at this time. And when we come back we'll continue the discussion in regards to the ag rate. So before I recess though I'd like to recognize the fifth graders from Lihikai School here this morning in our Chambers. They were attentively listening to all of the comments that were made this morning in regards to real property tax. Students this is how the Budget and Finance Committee meeting has been for the last two and a half months now. So if you want to come a Council person, you know, in the future see yourself either here or on the floor doing discussion in regards to County issues. At this time the Chair would like to recognize the Members of the Council that are here this morning. To my far left we do have your Member from Molokai, Member Danny Mateo.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from the South Maui area Member Michelle Anderson.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from the Upcountry area Mrs. Gladys Baisa.

AUDIENCE: [Applause]

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CHAIR PONTANILLA: From South Maui, uh, West Maui Jo Anne Johnson.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From East Maui Bill Medeiros.

AUDIENCE: [Applause]

CHAIR PONTANILLA: From Paia-Haiku Member Michael Molina.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from Lanai our Council Chairman Mr. Riki Hokama.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from the Wailuku District we do have Michael Victorino.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And students and parents and teachers up front here is the Administration representative. We do have our First Deputy Corporation Counsel Traci Fujita Villarosa. Our—

AUDIENCE: [Applause]

CHAIR PONTANILLA: Our Budget Director Mr. Frederick Pablo.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And from our land division Mr. Scott Teruya.

AUDIENCE: [Applause]

CHAIR PONTANILLA: And to my left here these are the people that really are important to the Committee, the Budget and Finance Committee this morning. We do have supporting us our Legislative Analysts. We do have Mr. Lance Taguchi as well as Ms. Gayle Revels.

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AUDIENCE: [Applause]

CHAIR PONTANILLA: And behind here we do have our Committee Secretary Ms. Yvette Bouthillier.

AUDIENCE: [Applause]

CHAIR PONTANILLA: So students this is the Members that are--

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: --all involved in the Budget and Finance Committee meeting this morning. Members Victorino.

COUNCILMEMBER VICTORINO: Yeah, Mr. Chair, I know you are a very modest person, but ladies and gentlemen, your representative from the Kahului District is our Chair Mr. Joe Pontanilla. So let's give him a big hand for all his work.

CHAIR PONTANILLA: Thank you. Thank you.

AUDIENCE: [Applause]

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Yeah, is this a different group? Is it the same grade and Lihikai School?

CHAIR PONTANILLA: Yeah, this is the second group from the Lihikai School and these are fifth graders. Like I told you early this morning, because my kids went to Lihikai School, Lihikai's my favorite school.

AUDIENCE: [Applause]

CHAIR PONTANILLA: Thank you for being here this morning. We really appreciate you being here witnessing the Committee in regards to doing business for the County. Again, thank you very much for being here. At this time the Chair would like to call a 15 minute recess and we'll reconvene at 11:30. Recess. . . .(gavel). .

RECESS: 11:14 a.m.
RECONVENE: 11:38 a.m.

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CHAIR PONTANILLA: . . .(*gavel*). . Thank you, Members, for that mid-morning break. The Budget and Finance Committee meeting is now back in session. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Mr. Chair. Thank you for that break which gave me time to go back and look at what we had originally proposed for this classification, and also to get more clarification 'cause as I said I don't think any of us realized this classification includes renters. And I would hope that when you bring this up in your committee, Mr. Chair, real property tax rates that—well, I know you'll give us the time and will take the time to thoroughly analyze this and maybe change some of these classifications so they actually reflect the use of the property and the people who are using the property. But you know the renters in our community are using either using Improved Residential property, Apartment property, or Agricultural property. So in order to be fair and more consistent with what all of us had proposed for this classification when you asked for our proposals, we had. . .(pause). . .we had 7 Members proposing \$4.50. So in order to be more equitable I would like to amend my main motion from \$4.15 to \$4.50.

COUNCILMEMBER MATEO: Second.

CHAIR PONTANILLA: Thank you. Members, it's been moved by Michelle Anderson, seconded by Member Mateo in regards to amending the \$4.15 to \$4.50. Members, any discussion? Member Johnson.

COUNCILMEMBER JOHNSON: Yes, I can understand the basis for this motion. I understand the unintended consequences, but there are also at this late hour unintended consequences for the whole entire budget. And I know many people that are renting. They do have long term leases. Many of them . . . I believe that what I would prefer to do is address this in your Committee and also try to provide for those people who don't have the ability to absorb if they're gonna get hit immediately because they don't have any lease, uh, with this increase from their homeowner I would prefer to provide some type of a rental assistance for those individuals who are getting caught. There are also other people who I know have come forward on occasion because the use of their property is basically as hotel. Because they do vacation rentals, they have come forward and they said they're more than happy to pay the \$8.20 rate which we have for hotel/resort. So you have the other end of the spectrum too. So while I realize this is a problem for one sector, I'm not sure of the extent of the

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problem, but I'm also unsure of what other people are in this classification who are willing to pay that higher rate who are in a rural classification but utilizing their homes basically on a commercial basis. So I'm not gonna support the amendment or the main motion at this late date. I'd prefer to help those individuals in another venue. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. I would like to incorporate my colleague from West Maui's remarks in the record as my own with one addition. I'm concerned that we do not of course unintended consequences on renters, but I feel that we don't have enough information. I'd like to know how many people are gonna be affected and what that affect would be. And because this is coming at such a late date, I am also concerned about the effect on the post retirement fund that I feel needs to be funded. Thank you.

CHAIR PONTANILLA: Thank you. Member Victorino.

COUNCILMEMBER VICTORINO: Yes, Mr. Chair, if I may ask a question to the Department to Mr. Teruya, please.

CHAIR PONTANILLA: Go ahead.

COUNCILMEMBER VICTORINO: Okay. Mr. Teruya, we are grappling with this problem on ag land which is also rural (end of tape 2A - 11:42 a.m.) cottages and other structures built on 'em yeah. Can you give me to your best estimate, and I won't hold your foot to the fire, but can you give me if I have a cottage that's worth let's say 150,000. Five hundred square foot square cottage worth \$150,000. If I go from the present 4.50 to \$6, approximately how much more as an owner would I realize so that people can understand what we're grappling with right now.

MR. TERUYA: That's 4.50.

COUNCILMEMBER VICTORINO: I guess, yeah, 'cause the proposal is 4.50 at this time so . . . and a rate that we agreed upon was \$6.

(silence)

MR. TERUYA: The difference would be from \$675 to 900.

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COUNCILMEMBER VICTORINO: So about \$225 more.

MR. TERUYA: Two hundred twenty five difference for a cottage of 150,000 in valuation.

COUNCILMEMBER VICTORINO: Okay.

MR. TERUYA: But this would be just for those that are in the agriculture class, right not--

COUNCILMEMBER VICTORINO: That's correct, yeah, yeah, okay, again, because that's what we're discussing at this time. So I just wanted to get some realiz..., some real figure in front of us so we can make a better decision. Thank you, Mr. Teruya. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino. Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, I think it would be helpful if we could have Mr. Teruya share with the membership what he shared with me during the break. You know the scenario that Member Victorino just laid out, if the homeowner, Mr. Teruya, who has this ohana cottage that he's renting out that's assessed at \$150,000, if he's living in the main house would he be, would he and his entire property be paying this rate, or would the entire property be classified as homeowner?

MR. TERUYA: Ms.--

CHAIR PONTANILLA: Mr. Teruya.

MR. TERUYA: Ms. Anderson, in your scenario where the homeowner is living on the parcel and there's a cottage existing on that same piece of land, the homeowner class is given to the entire parcel. So in that example the cottage would not be subject to the increase because it would not be in the agriculture land use district. It would be in, it would actually be classified as homeowner.

COUNCILMEMBER ANDERSON: Right. So the properties that are actually gonna be affected under the agriculture class that we're discussing this morning, are those properties where somebody owns the main house, and whatever cottages or out buildings they may have on the property and are not actually living in it and claiming the homeowner's it would be those people that this is gonna affect?

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MR. TERUYA: It would be parcels that are not claimed as owner-occupant.

COUNCILMEMBER ANDERSON: Right. Okay, thank you.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: And we don't, we don't have any ideas what the numbers are? Oh, look he's thinking. (chuckled)

MR. YOUNG: Ms. Anderson, we don't, we wouldn't be able to tell you today right now how many properties are in the agriculture classification, but are being rented as, as residential properties, but on the handout that we provided back, the one with the pie chart that we constantly refer to--

COUNCILMEMBER ANDERSON: Right.

MR. YOUNG: --there are approximately 8,700 parcels in the agricultural classification, and of course a number of them are truly in agricultural production, but the number of those parcels that are being rented for residential use would come out of that number.

COUNCILMEMBER ANDERSON: Is there any way you could get that number for us out the 8,691 parcels--

MR. TERUYA: Ms. Anderson, we could probably do a run for you to establish of the 8,600 or 8,700 parcels how many buildings are on these separate structures, but it would, it would, it may take a quite a bit of time to do that run first of all. So I'm not . . . I couldn't guarantee to you that I could come back to you this afternoon with the answer.

MR. YOUNG: And also Mr. Anderson, I just wanna make clear, we wouldn't be able to tell you if they're being rented or--

COUNCILMEMBER ANDERSON: Right.

MR. YOUNG: Yeah. What, what is there actual use.

COUNCILMEMBER ANDERSON: Okay. But properties underneath this class, if they're owner-occupied chances are they're gonna be reclassified as homeowner, as homeowner.

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MR. YOUNG: Yes, if they applied for an exemption and were granted one yes, they will be in homeowner.

COUNCILMEMBER ANDERSON: Right. And so . . . and then if they are actually being used for ag they get that exemption too so they don't really . . . aren't really gonna be affected by this increase.

MR. YOUNG: Yeah, just, just a minor note that it's not a exemption. It is just a different land value, yeah, in assessment.

COUNCILMEMBER ANDERSON: Yeah. Okay. And then that leaves everybody else which are renters. So I have a hard time, Mr. Chair. We've given everybody else a break who are actually living here, and I certainly think we need to give our renters that same break. And just because we can't pull them out of this class right now, like I said the \$4.50 rate was the rate, is the rate they currently have and, you know, I'd like to see it even lower because they've got increased assess valuation so that's still gonna increase the property tax even if we leave it at the same rate. So you know at this last date I don't know what other choice we have, Mr. Chairman. As I said originally seven of us supported the \$4.50 rate. Thank you.

CHAIR PONTANILLA: Thank you. Member--

COUNCILMEMBER ANDERSON: Oh, and I did wanna, I did wanna mention that at 4.50 we will have to make up a \$5.9 million deficit as opposed to the \$4.15 rate which I originally proposed. That means we've have to make up a \$7.3 million deficit. So you know \$1,375,586 spread out over hopefully 8,600 properties again . . . I mean the property would not be listed in, on this pie chart as being taxed at agriculture rates if they've already applied for the homeowner's exemption is that correct?

MR. YOUNG: That is correct.

COUNCILMEMBER ANDERSON: So then at least that's a true figure as true as we can get today, Mr. Chair, of the amount of properties that are gonna be affected by this. Thank you.

CHAIR PONTANILLA: Thank you. Member Molina

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COUNCILMEMBER MOLINA: Yeah, thank you, Mr. Chairman. And just for clarifications sake our second public hearing on real property tax is scheduled for May 14th, Mr. Chairman?

CHAIR PONTANILLA: Staff.

(silence)

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MOLINA: And that's at about 11 a.m. if I'm correct. Okay.

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MOLINA: Yeah. Okay, I just wanted to mention that for the public's, you know, information 'cause I'm sure they will let their feelings be known and that's one more opportunity on whatever we choose to do here today. And the motion on the floor today is to look at \$4.50 an increase above your recommendation, Mr. Chairman, of 4.15.

CHAIR PONTANILLA: The motion is to amend the prior . . . the first motion of \$4.15 and Member Anderson is amending that motion to \$4.50.

COUNCILMEMBER MOLINA: Okay. So at this point the \$6 that was considered few days ago that is currently off the table at this point?

CHAIR PONTANILLA: Once this motions go into . . . if we approve or disapprove, then whatever it is.

COUNCILMEMBER MOLINA: Okay.

CHAIR PONTANILLA: It's either gonna be \$6 or \$4.50.

COUNCILMEMBER MOLINA: Okay, thank you, Mr. Chairman. You know this is a real tough one for all of us I think because there's still some questions with regards to, you know, who else will be affected if we were to go above the FY '07 rate which was \$4.50 and you know, I commend Member Hokama for generating this discussion because there are folks out there on ag lands who in my opinion are not paying their fair share, they're not doing true farming so it is a problem that we need to look at, and we need to study it further. So my, my only concern would be that

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what may be the unintended consequences for those who maybe have family subdivisions especially in my district we're talking Makawao-Paia-Haiku there's a large amount of ag zoned properties that's owned by a variety of people whether it be the large corporate landholders or just the kamaaina families that's been here for years. So that is my only concern is the impacts of what we will do if we were to raise, raise the rates. However, I think there may be room for a possible increase down the road above the \$4.50. At \$6 you know for me the jury is still out on that, but I think the issue to discuss this matter I think it's healthy to do so because then there's the vacation rental matter. You know you have a lot of these vacation rental properties that are on ag zoned properties and you know that's a sore spot for many of us so are they paying their fair share? I mean maybe we have to look down the road at creating a special tax category, or put you know those types of properties into the hotel classification, but that is for another day, Mr. Chairman. So I just wanted to air my feelings out on this matter. So whatever the will of the majority is then so be it then. I'm sure we'll . . . whatever we do here today we will get a response from the public so that will be on May 14th, 11 a.m. Thank you.

CHAIR PONTANILLA: Thank you. Any more discussions, Members? At this time, the Chair will call for a roll vote on the amendment. The amendment is to amend the rate of the first proposal or motion of \$4.15. The amendment is to increase that by to \$4.50. So Members we are voting on the amendment. Member Victorino.

COUNCILMEMBER VICTORINO: No with reservations.

CHAIR PONTANILLA: Thank you. Mr. Hokama.

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: Mr. Molina.

COUNCILMEMBER MOLINA: Support with reservations.

CHAIR PONTANILLA: Thank you. Member Medeiros.

COUNCILMEMBER MEDEIROS: Likewise support with reservation.

CHAIR PONTANILLA: Thank you. Member Johnson.

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COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: I support reducing ag from \$6 to \$4.50.

CHAIR PONTANILLA: Thank you. Member Mateo.

COUNCILMEMBER MATEO: Support.

CHAIR PONTANILLA: And the Chair will support the reduction also, the amendment of \$4.50. There is five ayes and four noes.

VOTE:	AYES:	Councilmember Anderson, Mateo, Medeiros, Molina, and Chair Pontanilla.
	NOES:	Councilmember Baisa, Johnson, Victorino, and Vice-Chair Hokama.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	None.

MOTION CARRIED.

**ACTION: APPROVE amendment to the main motion
(Ag rate \$4.50)**

CHAIR PONTANILLA: Back to the main motion as amended. The--

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: Are you open to discussion at this time on the motion as amended?

CHAIR PONTANILLA: Yes.

VICE-CHAIR HOKAMA: Thank you, Chairman. If I may share a few--

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CHAIR PONTANILLA: Yeah, go ahead, Mr. Hokama.

VICE-CHAIR HOKAMA: --remarks. Thank you Chairman and Members. I had hope we would look at tax categories for what it was intended as its primary permitted uses, Chairman. I would agree with all the Members that the item of . . . the rental component of our housing market is of great concern to many people, but if that was the case, then why isn't Improved Residential, Apartment, Commercial, Agriculture, Conservation all with the same rates since each categories has rental property in it. If that's what's driving this decision, shouldn't that all be the same per thousand? That's what I'm hearing. If that's how we're gonna structure our property tax, then let's be consistent in the categories and give the same rate, or we could go back to the existing rates as some Members had indicated because that would have been a \$24 million increase in revenue, would have addressed the liabilities, would address some of the Members projects that they wish for further consideration. But if we are to go back to \$4.50, and whatever the Committee does, as a Member of this body I will support the final decision. My question is though when we opted to 6 there were a lot of adds. Are we gonna subtract those too? Because the argument would be what that \$6 generated doesn't exist, but are we gonna allow the adds that came from that \$6 additional source? What is fair then, Chairman? You know it's a hard budget year on everyone. Even at the Capitol they're going through major challenges this very day, Chairman. It's hard for everybody. I would hope this Committee can show some consistency in addressing components of the budget. I hope we would be able to say we were fair and consistent in how we address property tax categories. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Member Mateo followed by Member Baisa.

COUNCILMEMBER MATEO: Chairman, thank, thank you very much for the opportunity, Chair, and, and Mr. Hokama brings out a real clear defined issues that really needs to be addressed, yeah. However, the need for us to meet the 19.3 balloon that was thrown to us virtually on the, at the 11th hour, has been a responsibility that this body chose to take on. And I think had it come earlier in the process perhaps we would not have looked at the 120 plus EPs, perhaps we would not have looked at all of the CIP projects. Perhaps instead of talking to departments about getting the job done, we would be talking to them about efficiencies and proficiencies in actually accomplishing things. So the fact that it came at the tail end and we went

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into a frenzy of looking at who to tax, how much to tax without the full implications of its impacts, and the Chair has been gracious enough to allow this body the opportunity to come back and actually have that discussion on all of the tax classifications because yes, it's time for the overhaul; yes, it's time to seriously take a look at more equitable dispersion the rates itself. So I don't have a problem in addressing the current issue on 4.50 on ag because it does warrant perhaps a tiering of ag as we look at issues like active ag, subsistence ag, and gentlemen estate ag. There is, there is a need to address those issues as well. So, Chairman, thank you very much for the opportunity because this is really a shared responsibility between this body and Administration.

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

COUNCILMEMBER BAISA: This is very difficult. It was not easy to come to consensus on the rates that we passed initially. There was a lot of discussion, there was a lot of soul searching, and give and take, and it was kind of an exhausting process which I was kind of glad it was done and . . . for me the 800 pound gorilla of the post-retirement benefits issue is important. And I am at peace in trying to pay as much of that as we can. And if we start, you know, second guessing our decisions the other night, it could go anywhere, and we could begin to want to change all of them because I'm personally not thrilled with all of them, but I go with the majority. And I understand, I understood the rationale of my colleagues in some of the decisions we made. My only comfort in supporting the rates as they stand right now is that you have made a commitment that following the budget process we will take a good hard look at the overall system and hopefully be able to correct the inequities that exist, and we all know they're there, with some good hard data. Like knowing how many of these people in agriculture are renters, how much of our agriculture is real agriculture and not pseudo agriculture which receives favorable consideration which is not fair. It's because of that comfort in knowing that we're gonna address this, and hopefully have a better system next year, that I can stay with what we decided very painfully the other day. Thank you.

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

COUNCILMEMBER JOHNSON: Yes. And I would just ask Members, you know, and I understand you know all of the wide range of opinions on this

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particular subject, but I also think that there are things that can be done at a subsequent meeting that would allow relief as I said for those individuals who cannot afford to pay the rental increase. If they receive it most responsible individuals enter into leases. The leases could be for a minimum of one year, possibly two years. There's also the ability for the individual who owns the home, and I have many of the people who are renting out their homes who have gotten impacted in the past and because they have actually an income property they have the ability to actually deduct certain costs that are not then passed along to the renter. We have other people who get a rate reduction and by the same token they don't pass that rate reduction along to the renter. So I have tried in other venues to look at what relief we could actually put into the hands of our people who are renting. Even that becomes problematic because sometimes what will happen is those individuals will enter some kind of a handshake agreement with the people who are I guess their landlords and perhaps fudge on some of the things that I tried to think about in terms of introducing rent control or, you know, some other measures that might give relief. So you know what? There's no perfect fix. What we're doing is we're lumping a lot of properties into a classification that I think perhaps we should look at separating that, but I don't think right now this is the place to do it. My concern is that we have to pay the bill. And to defer the 19 or even looking at what we've got currently, this \$17 million that we've got set aside, my question would be is that more a pressing issue than it is to try to find a way to adjust, you know, our rates now underneath this category which we all did agree upon? So I just think it's opening up a can of worms. And I understand that even some of the classifications we visited on in the homeowner class it's gonna impact me in a negative way but you know what? I have to just say I don't like it but you know what? I'm gonna pay. There's other people when . . . you know suggest we go to hotel and we go on an increase with that, no one wanted to do that. We wanted to keep it the same. That is the industry that's also recognizing profits that they can adjust their rates whereas other people might not be able to. But, Mr. Chair, I just think I would ask people to look at the big picture and look at what relief we can give later on because I am more fearful of the impacts and how we will be looked at as a County our ability to borrow. I'm more concerned about that and what it's gonna do to our budget than I am about the potential for doing harm to a very limited number of people and at this point we don't know what that is. So I'd rather deal with that on the other side and put money into the hands of those individuals directly who are impacted by this than rather using a broad brush approach in giving people a break who don't need it, who are actually driving up the costs of our agriculture lands and

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hurting our farmers. So I support, you know, the keeping of the rate at the \$6 and then dealing with the other issue in another venue. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you, Member Johnson. Members, any more discussion? The Chair would like to add his own comments in regards to the ag rates. You know when we had that information provided to us last week Friday, it was a hard, hard decision for this body to come up with \$19.3 million. And as Chair of this Committee I had put forward 9 to 13, 12 million dollars in the unfunded liability. And part of the reason to that is that we have a responsibility as a Council, but the Administration also shares that responsibility in regards to how do we get \$19.3 million? As you look over the years that has gone by, I've been here five years, five budget cycles, and guess what? Every year we get carryover savings. In 2007 our carryover savings in general fund will be \$35 million. So I'm sure the Administration can come up with the added dollars to meet the eight ton gorilla of 19.3. I'm satisfied with putting in 12 to \$13 million in the Post-Employment Liability, uh, funding. I'm sure the Administration can find the difference with the type of carryover savings that we have every year. And going forward, Members, you know we talk about the possibility of auditing departments and maybe we should do that, auditing the different departments in regards to, you know, how they can do their jobs better. What can we do to provide efficiency in County government. And the only way we're gonna find out is by doing this audits on the various departments that we have. We have an Integrated Solid Waste Plan that going provide us with good information in regards to the Solid Waste Division. We may find some efficiencies there. In regards to the Parks, you know, we've added equipment, we've added manpower to the Parks Department in the hopes that they can maintain or provide improvements to the parks that we have today. It is unfair to have \$19.3 million put upon us on the last minute and here as a Committee trying to come up with some kind of funding in regards to meeting that 19.3. Yes, the people that we want to place most of the burden on . . . and some of them will hurt, some of 'em won't, but again it's a shared responsibility between the Administration as well as this Council that we take a look at this \$19.3 million gorilla and we deal with it. So with that Members--

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: With that Members the Chair is ready to call the vote.

COUNCILMEMBER VICTORINO: Mr. Chair.

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CHAIR PONTANILLA: But before I do I'll recognize Mr. Victorino followed by Member Anderson.

COUNCILMEMBER VICTORINO: Thank you. I've sat silent most of the day because I was a little overwhelmed by some of the changes that had come down. Although I agree conceptually with many of them, I do hold reservations in some of 'em and I've said that today. And I think you and everyone here in this room, including the people of Maui County, share in this responsibility. No matter what we do somebody is not going to be happy. I think that has become very apparent. But it . . . but we were elected to do the people's work and that's what we are here for. So let me say that first of all, the unfunded mandate that's coming down, the unfunded retirement will be taken care of one way or the other. We're gonna have to take care of it. We are obligated to take care of it. And the people of Maui County, the Council, and the Administration all sharing that responsibility. In the area of increases or decreases in tax structure, I think we played Russian roulette with that. We played with numbers up and down just to see whether it come out to. We tried to be fair to all and it seems like we could never come up with consensus in what fair meant. We have people right now that are losing their jobs at Maui Land and Pine right down the road from here. Many people . . . and I hear this statement oh, well, it's okay because now not a bad time 'cause other businesses need, need employees, but that's one segment of our community the agriculture that's been hurting big time and that's a classic example. The last faction of our history will be no longer. The last canning of pineapple will no longer exist in the State of Hawaii. Why do I bring that up? Because it all revolves around the one thing that's been going on throughout the whole Budget session, finding a good balance. I've heard my colleagues argue about their various areas and monies needed, and everyone was legitimate. Everyone was necessity. And I knock no one for that, but we're still obligated bottom line to the entire County of Maui, to all the people, old, young, middle class, working people, everyone, but our working people have been left out many times. They've been impacted more adversely than any other segment of our community whenever we talk about fees, rates and all that, and they're the least that can bear some of these changes. So I look at this whole process and said with all my heart I feel that we have, with the information given to us, the studies, and everything that we've done to this point, and being a freshman I'm still learning, that I think we've done what I call a yeoman's job. Is it perfect? No. Is everybody happy in this room? No. Is everybody out there in tv land happy? No. But I think the vast majority can see that we

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have been and at least attempted to be fair to all the people of Maui County. And Mr. Chair you have done a yeoman's job. You have worked really long and hard hours trying to balance this out. I don't envy you. And I'm glad one thing. I won't ask to be Budget Chair. I think I learned that much already. However, with all that said and done, I will say that whatever we come up with, if we in our hearts have been (end of tape 2B - 12:15 p.m.) all the people of Maui County we can walk with our heads up and say ladies and gentlemen we've done the best we can. So Mr. Chair I will support this motion even though I voted no earlier. I will support the motion after realizing all demographics I will make sure that if we need to find more money then fine, let's look for it. And you said about efficiency and results. And I was the one that brought up that we gotta hold our departments responsible for their results. I think if there's something out there in this community is they're fed up with County government, or State government, or any government not producing what they think are the results they deserve. It's not for lack of money, it's not for lack of manpower, and it's not for lack of hardworking people in these departments. I think it's lack of direction. And hopefully this Administration, this Council, and the people of Maui County, and all the departments will work together to find that direction and work diligently to make those realities. I think if we come back five years from now and we put together all the things we've talked about and they are reality, people will be satisfied. They don't mind paying if they get what they deserve. So Mr. Chair, and to the rest of my Councilors I say thank you for all your efforts, thank you for all your work. I apologize for Friday night, but I had a family emergency and I had to leave, but I think that all of us here in this room have worked many, many hours for part-timers and really done a yeoman's job in trying to put together a fair, balanced budget. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. You know I'm really glad you brought up the carryover savings and . . . because it, it's really reflective of what actually happens after we appropriate this budget. Thirty five million, 35.6 million in general funds was returned to the general fund on projects that had been appropriated but not encumbered. Three million from the Wastewater fund, 6.5 million from the Highway fund. This is the fund that resurfaces roads, Members. They had to return six and half million. Water Supply fund 4.8 million. So the actual total in carryover savings that came back to be re-appropriated this year was \$51.7 million, and I think it's important for people to understand that even

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though we can appropriate money for projects it doesn't mean the monies gonna get spent and the projects gonna get done because we've heard it over and over again, Mr. Chairman. You know the private sector pretty much has the reins and they, you know, we've shot ourselves in the foot. Every time we accelerate the growth in the private sector we are deaccelerating our ability to take care of public services and facilities that our residents need because we're competing, you know, with salaries that we can't match. We're competing with the competition for materials that we need, contractors that we need to get the job done, and that's why there's all this carryover savings because it's physically impossible to get the work done. And you know I think it's an important thing for people to understand that if we're appropriating \$50 million that's 10 percent of our budget on projects that aren't gonna get done. That's money that, you know, should have gone somewhere else that could have gone into the Post-Employment Fund. So just remember, Members, everything we appropriated in this year's budget is not gonna get done. And the track record shows that and there's nothing dramatically different this year than we been dealing with for the last five or ten years, at least the last five years. You know construction is still booming. Anybody that's out on our roadways knows it. So I just wanted to underscore that because I thought it was a really good point to bring up that we kind of losing the shuffle here that 10 percent of this budget that we've allocated isn't gonna happen you know. And, and for the people in Makawao, you know, I hope that 200,000 that came from Kihei gets their road resurfaced, but don't cross your fingers people because there's a way more to it than just giving you the money. So I support you, Mr. Chairman . . . let's take the difference out of the Post-Employment Fund. Let's be equitable to everyone as equitable as we can, and when you reconvene this Committee to discuss about real property taxes, then we can make further adjustments. In the mean time, I guarantee you there's gonna be carryover savings that we're gonna have to put this Post-Employment Fund. You know history shows that's gonna happen. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: One final thought. It makes me sad that we sat here for weeks reviewing CIP projects, painfully looking at department budgets and listening to the needs of our community, and then having to accept the reality that the plan we're funding will probably not happen. You know with long track record that I'm hearing about of a history of not being able to do the projects, then maybe we do it well maybe we should

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approve fewer projects so that we can spread the money around and get the one's we approved done. And you know that's my comment.

CHAIR PONTANILLA: Thank you. Members, at this time the Chair would like to call for the vote.

COUNCILMEMBER MOLINA: Chair, I wanted to add one comment concerning that.

CHAIR PONTANILLA: Member Molina.

COUNCILMEMBER MOLINA: Thank you. And I'll support the motion on the floor as amended. But just in response to a remark made by the South Maui Member, you know all this about CIP, if that remark was gonna be permitted, let's take a look at all the CIP that was appropriated for each other's district and you'll find a big difference in monies. So let's stop the finger pointing about saying oh, this person got that much for their district on road resurfacing and let's move on, Mr. Chairman, yeah. So let's show a little more respect than class.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MOLINA: Thank you, Mr. Chairman.

CHAIR PONTANILLA: And the Chair intend to move on.

COUNCILMEMBER ANDERSON: Chair, would you restate the, restate the mo..., the motion before the vote.

CHAIR PONTANILLA: Okay. The motion is to amend the \$4.15 that was moved by Member Anderson, seconded by Member Mateo--

MR. TAGUCHI: Chair Pontanilla.

CHAIR PONTANILLA: Member Ta..., Mr. Taguchi.

MR. TAGUCHI: I believe the motion on the floor, the amendment already passed so I believe you're back to the main motion.

CHAIR PONTANILLA: As amended.

MR. TAGUCHI: As amended.

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CHAIR PONTANILLA: Yeah.

COUNCILMEMBER ANDERSON: As amended.

CHAIR PONTANILLA: So back to the main motion as amended, amended. All in favor of the motion please by signifying aye.

COUNCILMEMBER VICTORINO: Aye.

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: No.

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Okay, roll call. 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: Aye.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: No.

CHAIR PONTANILLA: Member Anderson.

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COUNCILMEMBER ANDERSON: Yes.

CHAIR PONTANILLA: Member Mateo.

COUNCILMEMBER MATEO: Yes.

CHAIR PONTANILLA: And the Chair will be voting yes. So that is 6 ayes and 3 noes. Motion passes.

VOTE:

AYES:	Councilmember Anderson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
NOES:	Councilmember Baisa, Johnson, and Vice-Chair Hokama.
ABSTAIN:	None.
ABSENT:	None.
EXC.:	None.

MOTION CARRIED.

ACTION: APPROVE main motion as amended.

CHAIR PONTANILLA: Members, when we get back from our lunch break we'll discuss on where we're gonna get the \$5.8 million and settle that issue and will continue on with the proposed bills that is before us as well as the provisos. So, Members, have a good lunch. This meeting is in recess until 1... 2 p.m. ...*(gavel)*. .

RECESS: 12:23 p.m.
RECONVENE: 2:03 p.m.

CHAIR PONTANILLA: ...*(gavel)*. . Thank you, Members for that lunch break. At this time the Budget and Finance Committee Chair is gonna call this meeting to order again. Members, when we left off we left off in regards to the real property tax area as part of the reconsideration of the ag rates. And, Members, we did ag rates at 4.50 We need to address the Budget as we are now unbalanced by . . . Mr. Taguchi do you have that number?

MR. TAGUCHI Approximately 5.7 million.

CHAIR PONTANILLA: Five point seven. And the Chair would like to make a recommendation that we reduce the Post-Employment Fund by that amount that's the Chair's recommendation.

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COUNCILMEMBER VICTORINO: So move, Mr. Chair.

COUNCILMEMBER MATEO: Second.

CHAIR PONTANILLA: Moved by Councilmember Victorino, seconded by--

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: --Member Mateo.

COUNCILMEMBER MEDEIROS: Oh.

COUNCILMEMBER VICTORINO: Oh, sorry, guys . . . (inaudible) . . .

CHAIR PONTANILLA: Discussion, Members? Hearing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: APPROVE.

CHAIR PONTANILLA: Okay. Let's see . . .

(silence)

CHAIR PONTANILLA: At this time, if there's no objections the Chair would now like to move into the budget bills that is before us. We do have several of them, and the Chair would like to move on the Budget bills item by item so that everybody's clear in regards to the intent of the bills.

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COUNCILMEMBER ANDERSON: Can you give us a second to find them.

CHAIR PONTANILLA: Okay.

(silence)

COUNCILMEMBER ANDERSON: April 27th.

CHAIR PONTANILLA: Member [*sic*] Taguchi, in regards to the proposed bills . .

(silence)

MR. TAGUCHI: The proposed--

CHAIR PONTANILLA: Notify the Members where to look for 'em, please.

MR. TAGUCHI: We have a memo which lists the bills. However the actual bills were brought into your binder at different times based upon when it was received by Committee. So if you need to review the actual bill then we would have to locate them for you because they were at various times that was sent. However, the listing of the bills I think is provided to you in that memo.

COUNCILMEMBER MATEO: The memo dated?

COUNCILMEMBER ANDERSON: April 27th. Looks like this. Big signa..., signature.

(silence)

CHAIR PONTANILLA: Everybody got it?

MR. TAGUCHI: Chair Pontanilla.

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: If I may suggest some, perhaps we can go through the list of provisos while the Members offices look for the individual bills.

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CHAIR PONTANILLA: Okay, fine. Thank you, Mr. Taguchi. We'll move into the . . .

COUNCILMEMBER ANDERSON: Mr. Chair, excuse me.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: If we could ask how many Members don't have the memo--

CHAIR PONTANILLA: Yeah, how many of you don't have the memos?

COUNCILMEMBER ANDERSON: I think it's quicker to just make copies of the one's that we have. Three people.

CHAIR PONTANILLA: Three. In that case here we will move into the proviso. Members, on May 2nd you do have a memorandum that was provided by the Corporation Counsel in regards to provisos and at this time--

COUNCILMEMBER ANDERSON: And which one is that?

CHAIR PONTANILLA: We go review the provisos while your EAs are looking for the proposed bills.

COUNCILMEMBER ANDERSON: Mr. Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Would that be Fiscal Year 2008 Committee Initiated Provisos--

CHAIR PONTANILLA: Yes.

COUNCILMEMBER ANDERSON: --that we're gonna work off of?

CHAIR PONTANILLA: Yes. Okay, the first proviso that is shown is in Operations. Civil Defense Program. Item (2) Provided, that \$5,000 shall be for HAM radio equipment.

(silence)

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CHAIR PONTANILLA: Since there's no reference point in the Exhibit "1", Members if you can flip through your pages again and look for Civil Defense Program.

(silence)

MS. REVELS: Mr. Chair, it's on page 2 of the Exhibit "1".

CHAIR PONTANILLA: Thank you. On page 2. Civil Defense, item number (2). Proviso reads - Provided, that \$5,000 shall be for HAM radio equipment. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. In the Diversion Program – Solid Waste Fund.

MS. REVELS: Page 4 of the Exhibit.

CHAIR PONTANILLA: Page 4. Thank you, Staff. On the bottom of the page the pro..., proviso reads for (2), number (2) Provided, that \$250,000 shall be for recycling/diversion projects, project on Molokai. Any objections?

COUNCILMEMBER MOLINA: No objections.

CHAIR PONTANILLA: Thank you. Item (3) Provided, that \$250,000 shall be for a recycling diversion project on Lanai. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Turning to the Housing Program.

COUNCILMEMBER MEDEIROS: Page 7.

CHAIR PONTANILLA: Page 7. Item number (3) Grants and disbursements for affordable housing and/or supportive living housing. Provided, that participation shall be based on economic need. Any objections, Members?

COUNCILMEMBER BAISA: None.

COUNCILMEMBER VICTORINO: No objections.

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CHAIR PONTANILLA: Thank you. Under Human Concerns Program item number--

COUNCILMEMBER MATEO: Chairman.

CHAIR PONTANILLA: Member Mateo.

COUNCILMEMBER MATEO: Thank you. Chairman, just for clarification purposes on page 7 of 49 the item that you just read what's, what's existing in Exhibit "1" is provided that participation be based on economic need. And what we're seeing is the word "shall be--

CHAIR PONTANILLA: Shall be.

COUNCILMEMBER MATEO: --(inaudible)-- so we're in fact amending what exist in one?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MATEO: Thank you.

(silence)

CHAIR PONTANILLA: On item (32) Human Concerns Program. That's page 10. Item (32) the proviso reads - Provided, that \$120,000 shall be for renovations and improvements for the Kihei Youth Center. Any objections?

COUNCILMEMBER BAISA: No.

COUNCILMEMBER ANDERSON: No objections.

CHAIR PONTANILLA: Thank you. Item (37) . . . on page 11 – Provided, that the grantee shall not receive a Community Partnership Grant under the Department of Housing and Human Concerns. Members, any objections?

COUNCILMEMBER BAISA: Yes, Chair. Yes, Chair.

CHAIR PONTANILLA: State your objections. Member Baisa followed by Member Johnson.

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COUNCILMEMBER BAISA: Mr. Chair, there is a . . . I think there's confusion here. The Maui Farm has received a Community Partnership Grant under the DHHC for the two years. One in 2007 for 45,540 and for 2008 \$40,540 for initial implementation of a new program. This is their Family Strengthening Program Pilot Project which provides housing and support services for whole families and supports them in a successful transition to self-sufficient living in the community. And some of us who attended the Paia hearing will remember that there was a participant there, a lady with her child, who came to testify on the, how this had helped her family. Concurrently these folks have applied for a line item and they received the funding and for \$230,000 which is not to supplant but to increase the program because there has been demonstrated a great need with homelessness and, you know, helping families make transition from, you know, all kinds of dysfunctional problems. And the Director of the Maui Farm has written all of us a letter and I have spoken with her and she would like very, very much for us to remove this proviso because it will cause a very harmful affect on what they're trying to do.

Also, I want to make the Members aware about the community, the grants process when you go to the Community Partnership Grants. Often they set limits on the amount of money that a agency can receive through that process, and this is why we're seeing more and more nonprofits and agencies coming to us for line items. And I think that the unintended consequence of us penalizing the Maui Farm for having a Community Partnership Grant and a line item is going to have an even further affect on people come directly to us because they will feel that they cannot do what they need to do with money received from the Community Partnership Grant. Also they were not told at the time that this line item was submitted that this proviso would be imposed on them. So I would humbly ask my colleagues if we could please remove this proviso.

CHAIR PONTANILLA: Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: I just echo Member Baisa's concerns because it was never my understanding that this would damage in any way the funding they already receiving. This was a pilot program that was in addition to it. The monies that they had already received and because some of the matching funds and some of the funding at various levels, including Federal levels, are evaporating, I think that it's that much more important that we include this. So I just think we shouldn't put the proviso in.

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CHAIR PONTANILLA: Thank you. Member Mateo.

COUNCILMEMBER MATEO: Chairman, thank you. And, and I guess I will be the one to say no. I think . . . and it's nothing to do with the organization. It's the fact that this body has in the past limited it's either you're gonna go with the GRC's grants or you gonna go with a line item grant. That's the chance you took at that particular point in time. I think for us to not add provisos like this at this point in time I think it subjects us to all of the grants recipients at this point coming to both sources in future. So eh, more power to them and I congratulate them and everything else, but I think for us where do you hold the line? Where do you draw the line and say the GRC--excuse me?

COUNCILMEMBER BAISA: No, no.

COUNCILMEMBER MATEO: --the GRC has the opportunity, you know, to provide what they already providing. And if the individual organization wants and come for a line item, then you come for the line item, but we have restricted and I for one know that a grantee on Molokai forewent the GRC's award to them because they got a line item. Thank you, Chairman.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER BAISA: Chair.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: Just one more comment, Member Mateo. I'm not familiar with that. Is that explained to the grantees when they apply for like a line item they're told that if they have a Community Partnership Grant they have to forego that? I'm not aware of that.

CHAIR PONTANILLA: Thank you, Member Baisa. We have indicated in previous years to some of the nonprofits if they were gonna go to the GRC that they take their chances if they would come to, for a line item with the County Council. So we've told to some organizations last year, there were two of 'em--excuse me--there were two organizations that had indicated that they were on both sides and we told 'em you go through the GRC or you go through the line item process you take your chances.

COUNCILMEMBER BAISA: Just one more question, please, and then you know if that's the way it is that's the way it is. But in the rules for the

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GRC when you apply for a grant does it say that if you receive this grant you cannot receive a line item is it in the appl..., applying rules? 'Cause you know if people know the rules then that's the way it is, but if they don't know the rules then mistakes are made.

CHAIR PONTANILLA: We can have the Director of the Department of Housing and Human Services or Concerns come up here and provide us with that information if you want.

COUNCILMEMBER BAISA: I would appreciate it.

CHAIR PONTANILLA: Thank you. Mr. Young if you could have Ms. Medeiros to come by to answer that question. Member Johnson.

COUNCILMEMBER JOHNSON: Yes. And I know that in the past while that has been our standard mode of operation, we call it double dipping, and we did not want that to occur, but I believe on at least two occasions that I can recall we have made an exception for a onetime line item. Sometimes it's for capital improvements, but sometimes it's also because the program monies that were needed were not sufficient because of policies established within the Community Partnership Grants which we as a body have no control over. So even the allocations as they're given out in Community Partnership Grants, when they did that . . . I mean basically Boys and Girls Club got hit one time because they working more efficiently. I think another special circumstance was the Big Brothers Big Sisters. We did make an exception for them when . . and I was not at the Paia meeting, but when I met with Ms. Ambre it was made very clear that this was in addition to what they were getting as a part of their regular line item because certain monies were drying up at both State and Federal level and it was a onetime thing. So beyond that that's all I know, but I know that we have done this for other entities and my understanding from the beginning was that this was not viewed as double dipping but a program.

CHAIR PONTANILLA: Thank you, Member Johnson. If I recall last year we did have one organization that came in here for additional money, for monies that we made an amendment to their request through the Housing and Human Services area so that they could complete their reconstruction work at Aloha House. We did make a budget amendment so that they could complete their project.

COUNCILMEMBER BAISA: Mr. Chair, one more consideration, just a small one.

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CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: I know that the two year funding for GRC is a recent thing. In past years it was just one year at a time, and I'm wondering if that possible second year had, had caused, you know, some of this to happen.

CHAIR PONTANILLA: You're right it did and that's the reason why it's here. So we'll wait for the Housing and Human Services *[sic]* Director to come up here explain to us in regards to the GRC funding because it's a two-year funding and this organization so happen is in their second year of the two-year funding. So we'll come back to this particular item, grant to the Maui Farm, Inc.

Moving on page 11 of 39 . . . oh, item (39). And this is a grant to Boys Scouts of America for Camp Maluhia septic system upgrade and the proviso is - Provided, that the grantee shall raise matching funds from non-County sources. Any objections.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Okay. Thank you. Moving on on page 11, item (46) Grant to the Maui Family Y.M.C.A. Capital Campaign. The proviso - Provided, that the grantee shall raise matching funds from non-County sources. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Mr. Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: I just have a question for clarification. The provisos that we're going through are they only one's that have slight word changes like adding "shall" or is that it? Or are we going through all of 'em?

CHAIR PONTANILLA: We're gonna go through the one's that were reviewed by Corporation Counsel so that we get the language all straight, yeah.

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COUNCILMEMBER ANDERSON: Okay, good, thank you.

CHAIR PONTANILLA: Thank you. On the Animal Management Program page 11, item number (3), Provided, that \$40,000 shall be for Molokai Humane Society for the spay and neuter program and office space. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 12 Mayor's – Administration Program area. Item number (2) the proviso (end of tape 3A - 2:30 p.m.) Mayor, Mayor may establish, establish a position in the Office of the Mayor, to determine whether the position can improve coordination and reporting of County-wide capital improvement projects; and further provided, that the Mayor may submit an assessment of the function and position with future budget proposals. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 15 Economic Development Program, item number (30).

COUNCILMEMBER ANDERSON: Page?

CHAIR PONTANILLA: This is page 15.

COUNCILMEMBER ANDERSON: Thank you.

CHAIR PONTANILLA: Economic Development Program, item (30), Grant for Special Events Program. Provided, that \$5,000 shall be for the Puunene Reunion. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On the same page item (31), the proviso reads - Grant to Maui Arts and Cultural Center for Pundy Yokouchi Pavilion. Provided, that the grantee shall raise matching funds from non-County sources. Any objections, Members?

COUNCIL MEMBERS: No objections.

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CHAIR PONTANILLA: Thank you. On page 16--

COUNCILMEMBER JOHNSON: Mr. Chair.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: Yes, I have a, an amendment that I would like to propose per grant number (35). Because Maui Long Term Care Partnership is really not dedicated as a 501(c)(3) themselves, my language change would read on line (35) Grant to Maui Community College for Maui Long Term Care Partnership to develop long term care workforce.

CHAIR PONTANILLA: Member Johnson, that's on page 15--

COUNCILMEMBER JOHNSON: Yes, that's on page 15, right.

CHAIR PONTANILLA: --item (35).

COUNCILMEMBER JOHNSON: Would you like me to repeat that, Mr. Chair.

CHAIR PONTANILLA: Yes. And if Corp., Corporation Counsel also can you comment on the proviso as stated by Member Anderson [*sic*].

COUNCILMEMBER JOHNSON: Johnson.

CHAIR PONTANILLA: Oh, Johnson. (chuckled)

COUNCILMEMBER JOHNSON: The proposal is grant to Maui Community College for Maui Long Term Care Partnership to develop long term care workforce.

CHAIR PONTANILLA: Corporation Counsel.

MS. FUJITA VILLAROSA: Well, Mr. Chair, my only question is so this is okay with Maui Community College?

COUNCILMEMBER JOHNSON: Yes, this is going to be a partnership arrangement under Maui Community Care Corps.

CHAIR PONTANILLA: Thank you. Members, any objections to the proviso for item (35), Grant to Maui Long Term Care Partnership for long term care workforce development.

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COUNCILMEMBER JOHNSON: Yes, it's actually gonna be the grant now would be to Maui Community College.

CHAIR PONTANILLA: Yes. And the grant will be forwarded, be to Maui Community College. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Moving on page 16, Park Administrative Program, item number (2), Grant to Lahaina Restoration Foundation, the proviso reads – Provided, that \$125,000 for reimbursement of courthouse repair expenditures by LRF are eligible for reimbursement following review by the Director of Parks and Recreation. Members any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 20 Administration Program – Highway Fund, item number (2) provisos reads – Provided, that the Administration shall consider appropriate cost-sharing processes so that the downhill bike tour industry benefiting from this assessment shares in the costs, in its cost. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 20, Road Bridge and Drainage Maintenance – Highway Fund, item number (2), the proviso reads – Provided, that the expenditure of maintenance funds for Palama Drive Storm Drain shall only be used for emergency purposes until the Department of Public Works 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 system and easement. Members, any objections?

COUNCILMEMBER ANDERSON: Mr. Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: This was a proviso that I would put in, Members, due to the fact that we have not yet reviewed this drainage easement or accepted the system and I understand that they're still

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working on the agreement. The one that was proposed it's not acceptable. So I appreciate Deputy Corporation Counsel Villarosa for catching this because it was not the intention that we would, withhold these funds for emergency purposes. And so the language that she provided I think makes it clear that the funding can be used if they need to use it for emergency purposes such as during a big storm turning on the pumps, but in the meantime they still have to come back to us for us to accept this system for continuance main..., continue maintenance. Thank you, Mr. Chair. And I would just like to . . . I'm looking at Ms. Villarosa's handout dated today and the language is exactly the same on our handout. So I just ask her if she's okay with it.

CHAIR PONTANILLA: Thank you. Corporation Counsel.

MS. FUJITA VILLAROSA: Yes, Mr. Chair, after I spoke with Councilmember Anderson I made the revision. So this handout is up to date handout that you have.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: Thank you.

CHAIR PONTANILLA: Okay, Members, turning to page 24.

COUNCILMEMBER ANDERSON: We have to ask no objections, Chair.

CHAIR PONTANILLA: Oh, I'm sorry. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 24 CIP. GENERAL FUND: HANA COMMUNITY PLAN AREA, item number (3), Hana Physician's house improvements. The proviso reads – Provided, that a long term lease of at least five years for the property shall be executed for kidney dialysis.

COUNCILMEMBER MEDEIROS: Question, Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Can I ask Corp. Counsel why the determination of five years was part of the proviso, Chair.

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CHAIR PONTANILLA: Corporation Counsel.

MS. FUJITA VILLAROSA: Yes, Mr. Chair, I wanted to provide some clarity because the phrase "long term lease" isn't defined and so I what I did was I took a look at the Maui County Code provisions under lease of County of property. And if there's a lease of five years or more it's considered a long term lease and that lease has to be approved by the Council so that's why I use that, the term five years.

COUNCILMEMBER MEDEIROS: Okay, thank you for that clarification. Thank you, Chair.

CHAIR PONTANILLA: Member Medeiros, I'm gonna call on Mr. Taguchi to provide you with more information in regards to the request that's being made. Mr. Taguchi.

MR. TAGUCHI: Thank you, Chair Pontanilla. The Hana Physician's house improvements I believe there was some question as to who actually . . .regarding the lease. Because the amount is \$5,000 I have a, I had a discussion with your Executive Assistant and perhaps if the Members wish this would be more appropriate in the Department of Housing Concerns as a proviso rather than a separate CIP considering the amount of \$5,000.

CHAIR PONTANILLA: Thank you. Members, hearing that, in regards to the Hana Physician's house improvements, is there any objections to moving this item from CIP to the Department of Housing and Human Concerns?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MEDEIROS: Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: However, the proviso will remain the same?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Thank you, Chair.

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CHAIR PONTANILLA: Moving on to page 25 GENERAL FUND: WAILUKU-KAHULUI COMMUNITY PLAN AREA, and the proviso reads – Provided, that the Department of Parks and Recreation shall submit periodic reports on the status of this project to the Council starting on February 1st, 2008, and continuing every three months thereafter, until the final report is issued upon completion of the project, and provided further, that each report shall provide the description of each previous expenditure for this project in a reasonable detail, and an assessment of the Department’s ability to build capital improvements without general contractors. Members, any questions or objections to the proviso?

COUNCILMEMBER VICTORINO: None.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 26 GENERAL FUND: KIHEI-MAKENA COMMUNITY PLAN AREA. Kalama Park Improvements. The . . . item number (1) – Provided, that improvements shall include an upgrade of the parking lot lighting. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 27 MOLOKAI COMMUNITY PLAN AREA. Item number (1) Molokai Baseyard . . . Parks Baseyard and the proviso reads – Provided, that this project shall include an expansion of the parking lot for park users. Any objections, Members?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On the same page. GENERAL FUND: COUNTYWIDE, item number (1) Countywide--

COUNCILMEMBER ANDERSON: What page is that? I’m sorry, Chair. The page?

COUNCILMEMBER MEDEIROS: The same.

CHAIR PONTANILLA: Twenty seven.

COUNCILMEMBER ANDERSON: Oh, thank you.

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CHAIR PONTANILLA: Same page. GENERAL FUND: COUNTYWIDE.
The proviso reads - Provided, that \$5,000 shall be for Hana Youth Center ramp. This is on item number (1). Any objections, Members?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: On page 30 HIGHWAY FUND: COUNTYWIDE.
Item (3) Countywide Safety Improvements. Number (1) Provided, that \$50,000 shall be for West Kuiaha Street speed tables. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Number (2) Provided, that \$50,000 shall be for traffic calming measures installed around Kahului School and Hale Mahaolu. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Item (3) Provided, that \$50,000 shall be for traffic calming measures installed around Iao Intermediate School. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Number (4) Provided, that \$60,000 shall be for Kealaloe Avenue and speed tables, Kealaloe Avenue speed tables. Members, any objections.

COUNCILMEMBER VICTORINO: No objections.

COUNCILMEMBER MOLINA: Chairman. Chairman.

CHAIR PONTANILLA: Member Molina.

COUNCILMEMBER MOLINA: Clarification. I believe the \$60,000 was proposed for Maui Meadows and 15,000 for Kealaloe in Makawao.

COUNCILMEMBER VICTORINO: Yeah, reverse.

COUNCILMEMBER MOLINA: Yeah, should be reversed.

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CHAIR PONTANILLA: Okay, 60..., \$15,000 for Kealaloa Avenue, okay.

COUNCILMEMBER MOLINA: Yep.

CHAIR PONTANILLA: Okay, Members, any objections to that change?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: And then on item number (5) Provided, that \$60,000 instead of 15 shall be for speed tables in Maui Meadows. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. And item number (6) Provided, that \$15,000 shall be for Welakahao speed tables. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page 35 WATER SUPPLY FUND (RESTRICTED): HANA COMMUNITY PLAN AREA, (a) Hana Source Development – Hamoa Well 2. And the proviso reads – Provided, that a comprehensive performance evaluation shall be considered in the final design. Members, any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. On page--

COUNCILMEMBER ANDERSON: Excuse me, Mr. Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: You know I'm not really sure how that this got in, in here unless it was 12 o'clock at night and we weren't thinking clearly 'cause I know this is my proviso. And the comprehensive performance evaluation that we're requesting, Mr. Chair, is for the Upcountry water system not for the Hamoa Well. Could we skip this so I can look back at my notes on this 'cause there may be a proviso but I know this one isn't it.

CHAIR PONTANILLA: I think we added the proviso to several of the--

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COUNCILMEMBER ANDERSON: Yeah, but it was to the Upcountry water treatment plant filtering systems.

CHAIR PONTANILLA: Okay, we'll, we'll revisit this.

COUNCILMEMBER ANDERSON: And I'll check my notes on that.

CHAIR PONTANILLA: Okay, on page 35 the next one down, WATER SUPPLY FUNDS (RESTRICTED): MAKAWAO-PUKALANI-KULA COMMUNITY PLAN AREA (a) and this is for Kamo..., Kamole Water Treatment Plant (WTP) Improvements provided . . . the proviso reads – Provided, that a comprehensive performance evaluation shall be considered in the final design. Any objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: That's the one, but I think there was suppose to be . . . well, maybe we'll get to it. I guess not 'cause this is the last one.

CHAIR PONTANILLA: This is it, yeah.

COUNCILMEMBER ANDERSON: We, we, we put this proviso in, Mr. Chair, for at least two of the water treatment plants. So wouldn't the other one's be on this list we're checking?

CHAIR PONTANILLA: Staff.

MR. TAGUCHI: I'm not quite sure. I believe that the proviso was in there.

COUNCILMEMBER ANDERSON: Oh, here it is. It, it--

CHAIR PONTANILLA: Page?

COUNCILMEMBER ANDERSON: If I may, Mr. Chair. On page 36, Members, it should be attached to the Kamole Water Treatment Plant. Maybe Kamole sounded like Kamoia [*sic*].

CHAIR PONTANILLA: Another proviso at that location?

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COUNCILMEMBER ANDERSON: Yeah, that's where the other, where the same proviso should be attached and not on the Hamoa Well because there's no comprehensive performance evaluation planned for that water source.

CHAIR PONTANILLA: Okay, Members, we'll add that proviso to CIP 25-16. The proviso for that will read – Provided, that a comprehensive performance evaluation shall be considered in the final design. Corporation Counsel comments?

MS. FUJITA VILLAROSA: No, not at this time, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any objections?

COUNCIL MEMBERS: No objections.

COUNCILMEMBER MEDEIROS: Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Chair. So does that mean that the proviso for the Hamoa--

CHAIR PONTANILLA: I'm gonna come back to that. Any objections to CIP 25-16 adding the proviso?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: No objections. Okay, coming back to the one above where Hamoa Source Development, Hamoa Well 2, is there a recommendation to remove that proviso?

COUNCILMEMBER MEDEIROS: Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Yes, I recommend that we remove it because I'm not sure how you, how that's attached to, you know, a well development, a comprehensive performance evaluation. So I, I would recommend that we remove that proviso.

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CHAIR PONTANILLA: Thank you. Members, we're on page 35, yeah, under (a). Corporation Counsel any comments to removing the proviso?

MS. FUJITA VILLAROSA: No.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: I think this is just an error, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any objections?

COUNCILMEMBER VICTORINO: No objections.

CHAIR PONTANILLA: If not thank you very much. So we go back to . . . page 10 item (37). We do have representative from the Department of Housing and Human Concerns over here this afternoon. If you can come forward.

(silence)

CHAIR PONTANILLA: And please identify yourself.

MS. TSUHAKO: Good afternoon, Chair. I'm Lori Tsuhako, Deputy Director of the Department of Housing and Human Concerns. Also with me is Wendy Stebbins from our Grants Management Division.

CHAIR PONTANILLA: Okay, Members, any questions for the Department at this time? Member Baisa.

COUNCILMEMBER BAISA: Yes. Ms. Tsuhako and Wendy thank you for coming down. You probably realized we have a concern over the funding, the line item funding for the Maui Farm that has been approved and the fact that they also are a second year recipient of a Community Partnership Grant. And my question was in the rules that people receive when they apply for a Com..., Community Partnership Grant, does it specifically state that they will not be eligible if they ask for a line item and to receive both the Partnership Grant and a line item?

MS. TSUHAKO: Thank you, Councilmember Baisa. I'm gonna defer to Wendy Stebbins to answer that question.

CHAIR PONTANILLA: Thank you.

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MS. STEBBINS: Good afternoon, Council Chair and Council members. In the application it does not state that. It's verbally told to the agencies at the public hearings so it's up to the GRC discretion to . . . it has been up to their discretion to, to make that rule, but it's not stated in the application. It hasn't been in the past. This is . . . you know we're on our second year grant cycle so they didn't meet with the agencies this, in the past couple months.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: Follow, follow-up question. Being that we have the situation we have now where they're in the second year of their Community Partnership Grant, and they have also received line item funding, we have a concern and . . . they need both. So we're trying to find a win-win. And obviously Ms. Ambre, who made the application, and the Maui Farm were not aware that they would, you know, have to make this choice or that they might have to forfeit one or the other. So I'm just interested in, in how you would handle this or what do you think?

CHAIR PONTANILLA: Department.

MS. TSUHAKO: I guess Councilmember Baisa that it would be up to the Department to help the agency work out an arrangement that could be beneficial to them. As Ms. Stebbins says there's no written instruction on the grant application that prohibits the agency from seeking monies through a line item as well. So we're sort of in a bind that way.

COUNCILMEMBER BAISA: Thank you very much. That clarifies it for me. Thank you.

CHAIR PONTANILLA: Thank you. Got a question. In regards to the GRC fundings subject, this is subject to funding by the Council at this time, and because the Charter restricts appropriation to one year, and I think probably that's the dilemma right now. So it's a Council that provide the, the funding on a yearly basis and what's being, what's happening here, you know, we have a two year funding that has been appropriated by the GRC, but again, you know, it's subject to the Council approval again, yeah.

MS. TSUHAKO: Mr. Chairman, I believe that the agencies realize that. That even though the grants are being given in two year cycles and being

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processed into your cycle that the agencies understand that all of the money is pending Council approval.

CHAIR PONTANILLA: Thank you. Members, any more discussions on that? Member Mateo.

COUNCILMEMBER MATEO: Thank you. Thank you very much. And just for clarification purposes, that requirement is not anywhere on the application form, but when you meet with the nonprofit organizations you verbally advise them that . . . on the concept of either GRC or line item?

MS. TSUHAKO: I'm gonna have Ms. Stebbins answer that.

MS. STEBBINS: Yeah, the GRC does remind the applicants when they go into the public hearing that's one of the first questions that they ask are you receiving a County line item, and they've explained to them in the past a few years that if you are getting County line item that they will not approve CPG funding.

COUNCILMEMBER MATEO: Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any more discussion in regards to this particular issue? Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Wendy, how much is the Maui Farm receiving under Community Partnership Grant?

MS. STEBBINS: Currently I believe it's about 41,000.

COUNCILMEMBER JOHNSON: So, so 41,000 is all their allocation is in this two year cycle?

MS. STEBBINS: Right.

COUNCILMEMBER JOHNSON: Okay. It's per year but, you know, it's . . . it would be 82,000 complete in two years if it's 41 each year?

MS. STEBBINS: Yes.

COUNCILMEMBER JOHNSON: Okay. I, I just wanted to know what amount of money we're talking about. Okay, thank you.

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CHAIR PONTANILLA: Members, any more discussion on this matter? Member Medeiros.

COUNCILMEMBER MEDEIROS: Yeah, I'm just trying to get clear on this. So if that's part of the discussion during the review, why isn't it in writing some place?

MS. STEBBINS: Because it's not, it's not a Department policy. It's the GRC's . . . the current GRC's policy. They've done different things different years, but it hasn't been a departmental policy where we put it in the application.

COUNCILMEMBER MEDEIROS: I see. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Medeiros. Thank you, Member Molina.

COUNCILMEMBER MOLINA: Yeah, thank you, Chairman. Just to follow-up on Member Medeiros's question. So is there anyway to implement some type of policy where we have some control over the GRC because it's . . . this has sort of put us in a, to use Member Mateo's word earlier this morning, a quandary, you know. 'Cause I think all applicants should be made aware of seeing something in writing. I mean that's the bottom line, yeah. So that's why I think we some, have somewhat of a problem here and it's difficult for some of us. Can you further expound on that from past history. I know Member Johnson had mentioned that there were few exceptions made over the past--I can't seem to recall exactly what. I don't know unless Member Johnson has some I guess some specific cases that she can cite but maybe at a later time.

MS. STEBBINS: There be a possibility that we could put it in the application for next year--

COUNCILMEMBER MOLINA: Yeah, I, I--

MS. STEBBINS: --and we're working on it already for, for being, for the next go around.

COUNCILMEMBER MOLINA: Yeah, I think I can certainly agree with that. It would save a lot of potential headaches by doing that. So thank you, Chair.

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CHAIR PONTANILLA: Thank you. Question. In regards to the particular funding for this organization, if they were to come back to you folks and require more funding, uh, come in for a budget amendment, is the Department open to such an arrangements in the future? Because last year we had Aloha House over here. They were in their construction. They had a construction project to rehabilitate the buildings that were at the old Maunaolu College and they ran short of funding, and through the Department they came in for a budget amendment. And at that time the Council took actions to provide them the additional funding so that they could complete the program. Do you see any problems so that the, in regards this organization coming to you you know following this budget process? As they go through their program and if there's lack of funding, is the Department receptive to such an amendment so that they can get the additional funding to complete their program?

MS. TSUHAKE: Mr. Chair, I think that the Department would be very willing to help the applicant if they were to come and ask for our help with additional funding. I think a lot of it depends on this body whether you would entertain a request for more funding.

CHAIR PONTANILLA: Thank you. Members, any more discussion at this time? Member Baisa.

COUNCILMEMBER BAISA: Mr. Chair, with no objections, could we ask the applicant to . . . so that we can ask her a few questions of the impact of this. She is here.

CHAIR PONTANILLA: Thank you. Members, any objections to the executive director to come forward?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Seeing none. Ms. Ambre, if you could.

(silence)

COUNCILMEMBER BAISA: Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any questions for the--

COUNCILMEMBER BAISA: Mr. Chair.

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CHAIR PONTANILLA: --the applicant at this time? Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. Thank you, Ms. Ambre for being here. Could you tell us or explain to us how we got to where we are because it seems that there is a misunderstanding and that you had a different understanding of how this is gonna go. I'd like to understand and I know my colleagues do too.

MS. AMBRE: Thank you for this opportunity. I'm Paula Ambre, Executive Director of the Maui Farm. First I wanna thank the Council and the County of Maui for your ongoing support for our agency. We certainly aren't here today to try and cause problem but there is confusion and perhaps this is an opportunity for a dialogue. The Maui Farm is currently, has been awarded a Community Partnership Grant for initial implementation of a new program, our Family Strengthening Program working with homeless families. The Community Partnership Grant supported a two-year pilot project--\$45,540 in FY '07; \$40,540 in FY '08. Given the success of the program in the first year, and encouragement from our community partners, as well as program participants, we have come to the County to ask for expansion funds in FY '08. So (end of tape 3B - 3 p.m.) we asked for "x" number of dollars from GRC but they didn't give it to us so I'm going to come ask you. That is not what we're doing here. We are coming to ask for your support to expand the program so that we can serve additional homeless families and other families in transition. So the line item would be separate from the Community Partnership Grant and would allow us to expand services to additional families in Fiscal Year '08.

COUNCILMEMBER BAISA: What would be the impact of not receiving of one or the other?

MS. AMBRE: We'll serve less families. And we currently have a program and facilities in place. We're ready to go. Our partners so far in the Community Partnership Grant include Women Helping Women, and the Family Life Center. And we're working with those agencies to work with families transitioning out of the domestic violence shelter, or families who have been in emergency shelter for the homeless to give them a family strengthening component before they go out into the community into affordable housing. The idea being that many of these families are in crisis could benefit from supports that help them to provide a healthy family setting for them and their children. We provide life skills training, parenting training, supports for the families in getting employment in

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setting up their basic needs so that when they then transition out into the community with the help of the Family Center into affordable housing that they have a better skill set in place, and have a stronger possibility for success in independent living. And the results of our pilot project . . . as Councilmember Baisa mentioned, we had a young woman with four children who spoke to you folks at the Paia budget testimony. Jessica spoke about the incredible impacts that it has had for her family. So based on her encouragement as well as other service providers working with the families that we've worked with, we feel that we have something to offer to the County's comprehensive plan for addressing homelessness in our community. And so we come here asking for your support to expand that program so that we can serve additional families. Sorry the short answer is we would serve less families if we're unable to have the level of funding that we have requested.

COUNCILMEMBER BAISA: Okay.

CHAIR PONTANILLA: Thank you. Member Anderson followed by Member Mateo.

COUNCILMEMBER ANDERSON: Thank you, Chair. So if the second year funding of 41,000 is the second year's funding for your pilot program . . .

MS. AMBRE: Correct.

COUNCILMEMBER ANDERSON: . . . but now we've got funding in the same year for an expansion of the project . . .

MS. AMBRE: Correct. Correct.

COUNCILMEMBER ANDERSON: . . . then you really don't have a pilot project anymore if you're going into expansion. And so what of that 41,000 is actually used to service a family that you're currently servicing . . . in other words, you know, you've got 230,000 to expand a pilot project that was funded 41,000 this year. So it seems like some of the money in the 230,000 is going to take up your administrative costs, all the other costs that may be associated with the pilot program. So it seems like there should be some adjustment and, you know, you're not serving people for more than one year are you?

MS. AMBRE: No, we're not.

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COUNCILMEMBER ANDERSON: So how many people . . . I mean if, if you didn't have the 230,000 for expansion of the program . . . and really it's not expansion. It is, it is setting up a long term or at least a . . . in other words it's no longer a pilot project. So I'm wondering how many people will this \$41,000 serve taking out all the duplicative expenses that should be in your expansion project?

MS. AMBRE: The Community Partnership Grant plus the line item that we're asking for from the County plus other monies that we're raising from other sources equal a total of budget for this program. So I don't see any duplication from what we've asked in the 40,000 versus what we're asking in the 230,000. It is to expand us to have the staff, facilities, and program resources to serve more families. So I don't see that there's anything in the 40,000 that is a duplication of what we're asking for elsewhere because we have developed a comprehensive budget that was included in the materials that we shared with the Council members.

COUNCILMEMBER ANDERSON: I see. So when you ask for the 230,000 line item you were counting on that--

MS. AMBRE: Yes.

COUNCILMEMBER ANDERSON: --\$41,000 from the pilot project to fill out your budget.

MS. AMBRE: That's correct.

COUNCILMEMBER ANDERSON: Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Mateo.

COUNCILMEMBER MATEO: Chairman, thank you very much. And, and just for information purposes then, did you have the same discussion with the Department of Housing and Human Concerns in terms of an expansion?

MS. AMBRE: As Wendy mentioned when we went to the Grants Review Committee last year we were asked if we had a line item requested or pending and the answer was no and that was accurate at that time. We submitted our request to the Mayor. Subsequent to that we met with Vanessa Medeiros from the Department to advise her of our plans. We did not talk about any other alternatives to, you know, the CPG plus the line item. We did not ask for their support in, you know, somehow

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combining or if that's what you're asking, sir. So we advised Ms. Medeiros after our proposal had been submitted to the Mayor's office.

COUNCILMEMBER MATEO: Okay. So, so then you just submitted the request through the Mayor's office and it was added as a line item. So the question still is . . . well, I guess you told me you didn't have discussion with the Department in terms of wanting to expand a pilot program or a pilot project that was scheduled for two years and within one year you're ready to start an expansion so it's not a pilot program anymore. So there is an expansion and we just heard the Department say little bit ago that they're willing to help, they're willing to assist, but somewhere there was, somebody went a step above, a notch above. Instead of going to the Department somebody went to Administration to get the item into line budget which personally I don't think is the right thing to do. I think you should have dealt with the Department because that is where the need is. So Chairman, when . . . I'm done. I just wanted to ask the Department that because at a later date because they do have monies to deal with homeless so whether or not funds can go, come from that pot or do we still leave this in as a line item. So thank you very much.

MS. AMBRE: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for Ms. Ambre at this time? Thank you for being here.

MS. AMBRE: Thank you.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER JOHNSON: Mr. Chair.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Paula, just one quick question. For this program will you be coming back next year for an additional \$230,000?

MS. AMBRE: It would seem that it is in the best interest of the Maui Farm to come in for a line item rather than a Community Partnership Grant next year. The, the GRC has each year established some policy, some limits, what have you. I don't believe that we would be able to secure \$230,000 grant through the GRC process, and so given that, given that fact I think

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that yes, the Maui Farm would be requesting the Department of Housing and Human Concerns again to include us in their budget.

COUNCILMEMBER JOHNSON: Okay. And it would be an approximate range of \$230,000 similar to what you're doing minus the 41,000 from GRC?

MS. AMBRE: Well, I would say it probably be around 230 depending how successful we are in identifying other sources of funding in the next 12 months.

COUNCILMEMBER JOHNSON: Okay. And if we put in a requirement and I'm not sure if we put this in, but if we put in a requirement of matching, do you have a problem with that?

MS. AMBRE: Um . . .

COUNCILMEMBER JOHNSON: Like in other words if you match what we're putting in terms of in-kind services or in terms of other outside funding sources, you know, combination thereof, do you have a problem if we--

MS. AMBRE: I think that would be a very difficult thing to do a one-to-one match. I think that because this is a program primarily benefiting the County and the County's residents and the major problem of homelessness, we have come to the County as our primary funder for this program. We are actively grant writing and trying to secure other funds for this program, but in terms of sustaining it I do believe that we would be coming back to the County for that.

COUNCILMEMBER JOHNSON: Okay, thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for Ms Ambre at this time? Thank you for being here.

MS. AMBRE: Thank you, Council Chair.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Mahalo, Chair. A question for the Department if I may.

CHAIR PONTANILLA: Go ahead.

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COUNCILMEMBER MEDEIROS: Thank you, sir. After hearing what Ms. Ambre had to say, is there anything in the Department's policies or procedures that . . . we, we talked about the applicant was . . . didn't have information during the review process for the grant that they could not apply for a line item if they had a grant, but what she says is when they answered that question they did not have a line item application at that time. So is there a follow-up policy where the grant receiver has to declare that during the time when they have the grant monies if they do go in for a line item like it's happened here on the second year of the grant do they declare that? Is that made known to the Department? And this is just to clear up this internal ambiguity that, you know, seems to have caused this.

MS. TSUHAKO: Thank you for your question, Councilman Medeiros. There is no current policy that requires the recipient to inform the Department of their intent to seek a line item.

COUNCILMEMBER MEDEIROS: Okay, so we may end up having the same problem for other applicant.

MS. TSUHAKO: I believe that some of the nebulousness can be cleared up with a written notification in terms of the new grant application, the CPG, and that might help out a lot to take away some of the gray area.

COUNCILMEMBER MEDEIROS: And who would be the one's to establish that?

MS. TSUHAKO: To establish that the written policy be included on the grant application?

COUNCILMEMBER MEDEIROS: Uh-huh.

MS. TSUHAKO: The Grant Management Division would do that.

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

CHAIR PONTANILLA: Thank you. Members, any more questions on this item? Okay, Members, there is a proviso in this particular area. Is there any objections to the proviso at this time?

COUNCILMEMBER BAISA: Yes.

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CHAIR PONTANILLA: Okay, fine, I'll take a roll. Member Victorino . . .

COUNCILMEMBER VICTORINO: What are . . . yeah, sorry, Mr. Chair, I'm clueless.

CHAIR PONTANILLA: Okay, we do have this proviso for The Maui Farms and the proviso reads . . .

COUNCILMEMBER VICTORINO: Yeah. No, I understand the proviso. So what are we voting on to keep it or to remove it?

CHAIR PONTANILLA: Well, what I'm reading here is what's in the Fiscal Year 2008 Budget as shown on Exhibit "1".

COUNCILMEMBER VICTORINO: Okay.

CHAIR PONTANILLA: Is there any objections to the proviso?

COUNCILMEMBER VICTORINO: Yes, I object to it.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: And because they seem to be . . . well, lack for a better term maybe a victim of circumstance you know I will not support the proviso at this point.

CHAIR PONTANILLA: Thank you. Member Medeiros.

COUNCILMEMBER MEDEIROS: Likewise because I don't think we're discussing whether they need this or not. It's the proviso. Yes, I, I, I will not support the proviso either.

CHAIR PONTANILLA: Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Yeah, I don't support the proviso.

CHAIR PONTANILLA: Member Baisa.

COUNCILMEMBER BAISA: I don't support it and I would also request that in the future everything be put in writing clearly so that there'd be no misunderstanding.

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CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Mr. Chair, this money has already been allocated to them from the previous year. So I would support removing the proviso.

CHAIR PONTANILLA: Thank you. Member Mateo.

COUNCILMEMBER MATEO: No.

CHAIR PONTANILLA: Thank you. Okay, the Chair will remove the proviso in regards to the grant to The Maui Farm, Inc. And I would suggest that the Department also create some policy in future requests by outside entities in regards to grants from the County of Maui. Again, Members, according to the Charter the Council has the right to accept or deny grants funding, not grant . . . providing grant funding to the public. So in regards to the vote that we just took, the Chair is recommending that we remove the proviso if there's no objections.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. Let's see . . . moving on. Okay, Members, you got your copies of your bills? Okay, coming down to home stretch. Okay, Members, the Chair is gonna read off the resolutions, as well as the bills in the order that I have it. The first one is recommending adoption of the following resolution. Number one, a proposed resolution entitled "ADOPTING THE FUEL TAX RATES FOR THE COUNTY OF MAUI EFFECTIVE JULY 1, 2007". The purpose of the proposed resolution is to adopt the fuel tax rates in accordance with Section 243-5, Hawaii Revised Statutes, and Section 3.20.010, Maui County Code. The Chair is seeking for a motion?

COUNCILMEMBER JOHNSON: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Johnson, second by Member Molina. Any discussion?

COUNCILMEMBER JOHNSON: Mr. Chair, do you wanna read what the fuel tax rates are for the benefit of the public?

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CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla, the current fuel tax is under Gasoline and Diesel Oil \$0.16 cents a gal..., a gallon. Biodiesel there is no tax. Ethanol there is a \$0.038 so 3.8 percent . . . 3.8 cents per gallon. Methanol 2.9 cents. Liquefied Petroleum Gas 4.3 cents and this is consistent with the current rates.

COUNCILMEMBER JOHNSON: Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any more discussion? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Oppose? Motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: ADOPTION of proposed resolution adopting the fuel tax rates for the County of Maui.

CHAIR PONTANILLA: Moving on. Recommending passage of the following bills. First, a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.68.060, MAUI COUNTY CODE, PERTAINING TO VOTER REGISTRATION COMPUTER TAPES". The purpose of the proposed bill is to allow the rental charge and deposit amount for the use of voter registration computer tapes to be set forth in the annual budget. The Chair's looking for a motion.

COUNCILMEMBER JOHNSON: So moved

COUNCILMEMBER VICTORINO: Move.

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COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Johnson, second by Member Molina. Any discussion, Members? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to voter registration computer tapes.

CHAIR PONTANILLA: Second, a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 18.20.250, MAUI COUNTY CODE, PERTAINING TO SUBDIVISION INSPECTION FEES". The purpose of the proposed bill is to allow the amount of the fee for inspecting construction improvements on Saturday . . . Saturdays, Sundays, and holidays to be set forth in the annual budget. Members, the Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Victorino, second by Member Medeiros. Any discussion? Member Anderson.

COUNCILMEMBER ANDERSON: Chair, as we don't have the bill in front of us, can someone tell me what we set that fee for for Saturdays, Sundays, and holidays? Was it triple the regular fee?

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CHAIR PONTANILLA: Thank you. Member *[sic]* Taguchi you got that?

MR. TAGUCHI: Chair Pontanilla, we're, we're looking for that revision. Perhaps we can get back to it.

CHAIR PONTANILLA: Okay, fine, thank you. Okay, we'll get back to that one. Okay, third item I have here a bill, a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 16.20A.200, MAUI COUNTY CODE, PERTAINING TO MISCELLANEOUS PLUMBING INSTALLATION INSPECTIONS". The purpose of the proposed bill is to allow the amount of the miscellaneous plu..., plumbing installation inspection fee to be set forth in the annual budget. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Victorino, second by Member Medeiros. Any discussion? Seeing none. All in favor please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried. I'm assuming there's no noes. Thank you.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to miscellaneous plumbing installation inspections.

CHAIR PONTANILLA: Item 4 a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, TO

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ESTABLISH A POST-EMPLOYMENT OBLIGATIONS FUND”. And the purpose of the proposed bill is to establish a Post-Employment Obligation Fund for the purpose of funding the County’s financial liabilities for post-employment benefits accrued under the Employees’ Retirement System of the State of Hawaii and the Hawaii Employer-Union Health Benefits Trust Fund.

COUNCILMEMBER JOHNSON: So move.

COUNCILMEMBER BAISA: Second.

CHAIR PONTANILLA: Moved by Member Johnson, second by Member Baisa. Members, any discussion? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of proposed bill amending Title 3, Maui County Code, to establish a Post-Employment Obligations Fund.

CHAIR PONTANILLA: Fifth, a proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.30.020, MAUI COUNTY CODE, PERTAINING TO THE FIRST-TIME HOME BUYERS’ REVOLVING FUND”. The purpose of the proposed bill is to repeal the provision that--

COUNCILMEMBER ANDERSON: Chair, I think you skipped number 4 regarding impounded animals.

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CHAIR PONTANILLA: Member Anderson, I'm gonna follow my . . . and I will get to that.

COUNCILMEMBER ANDERSON: I thought we're all following the same thing.

CHAIR PONTANILLA: I have one over here that's . . .

COUNCILMEMBER JOHNSON: Oh, okay.

CHAIR PONTANILLA: Okay. Okay, fifth, a proposed entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.30.020, MAUI COUNTY CODE, PERTAINING TO THE FIRST-TIME HOME BUYERS' REVOLVING FUND". The purpose of the proposed bill is to repeal the provision that states that any balance in the fund at the end of fiscal year shall not lapse. Chair's looking for a motion.

COUNCILMEMBER VICTORINO: So move

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Molina Any discussion?

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: Again, you know, we're passing bills here, Members, that we don't have in front of us. You're saying the purpose of the proposed bill is to repeal the provision that states that any balance in the fund at the end of the fiscal year shall not lapse. In other words, the purpose of this bill is to lapse the funds at the end of the year is that correct?

CHAIR PONTANILLA: No, it continues on.

COUNCILMEMBER ANDERSON: I don't think so.

CHAIR PONTANILLA: Member Tagu..., Corporation Counsel.

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COUNCILMEMBER ANDERSON: It's repealing the provision that states that balances shall not lapse. So if it's repealing that provision I'm assuming that means they'll lapse. Who provided this? Oh, Corp. Counsel.

MR. TAGUCHI: Chair. Chair.

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: In discussion with Corporation Counsel the establishment of the fund as it was initially established, because there is a, and Corporation Counsel can correct me if I'm wrong, but because there was, the Charter has . . . there's a provision in the Charter that requires all funds that are not provided for in the Charter to lapse. Therefore this fund must lapse. However, in the course of doing the annual budget, in the appendix we re-appropriate the beginning balance plus future amounts to be accumulated in the fund within the annual fiscal year budget. So I believe that this bill, which was submitted by Corporation Counsel, is basically so that we're in compliance to the Charter.

COUNCILMEMBER ANDERSON: So, Chair if I may.

CHAIR PONTANILLA: Member Anderson.

COUNCILMEMBER ANDERSON: So . . . you know it is a revolving fund. And so are you saying that when we establish this revolving fund we were in violation of the Charter because there's a provision that says the fund shall not lapse?

CHAIR PONTANILLA: Corporation Counsel.

MS. FUJITA VILLAROSA: Mr. Chair, could I request a recess so I can find the actual bill.

CHAIR PONTANILLA: Sure. Okay, at this time the Chair will call for a ten minute recess. We'll reconvene at 3:35. This meeting is in recess. . . .(gavel). .

RECESS: 3:25 p.m.
RECONVENE: 3:38 p.m.

CHAIR PONTANILLA: . . .(gavel). . Okay, the Budget and Finance Committee meeting is now reconvened. Members, when we took our recess we were

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on item number 5. This is in regards to a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.30.020, MAUI COUNTY CODE, PERTAINING TO THE FIRST-TIME HOMEBUYERS' REVOLVING FUND" Again the purpose of the proposed bill is to repeal the provision that states that any balance in the fund at the end of fiscal year shall not lapse. And I think the question was posed on Corporation Counsel in regards to the monies being lapsed. Corporation Counsel.

MS. FUJITA VILLAROSA: Yes, Mr. Chair. I'm, I reviewed the proposed bill and the purpose for this bill is to make a correction to the language to comply with the Charter. The Charter requires that all funds lapse at the end of the fiscal year except for those funds that are appropriated to a capital improvement reserve fund or an emergency fund. Those are the only two exceptions that are currently allowed. And I'm, I'm sorry and there are . . . we added a few more. I think there were a couple of more Charter provisions that were added, but for the First-Time Home Buyers' Fund that is not a, a fund that was created pursuant to the Charter. And the language that's being deleted doesn't necessarily there's, there'll be a change in the way that the fund is maintained because there is a, there's a provision that we have in our general budget provisions that's in our budget every year that states that the balance remaining in the special or revolving funds are re-appropriated to the same fund the following year. So in effect it is, it lapses but then it's re-appropriated. So this is just to correct, yeah, this is just to correct some language.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Well, I'm glad we have Ms. Villarosa here to get us on track because I'm looking at this ordinance and, you know, we adopted in '05 and we amended it in '06 and, you know, that language "any balance remaining in the fund at the end of the fiscal year shall not lapse, but shall remain in the fund and may accumulate from year to year" so obviously we were in violation of the Charter when we adopted that. I'm, I'm glad someone's paying attention. Yeah. It would be interesting to see who signed off on this bill from your office Ms. Villarosa. (chuckled) Okay, thank you, Chair. I'm glad we clarified that.

CHAIR PONTANILLA: Okay, thank you. And going back to the second one that I had, a proposed bill entitled A" BILL FOR AN ORDINANCE AMENDING SECTION 18.20.250, MAUI COUNTY CODE PERTAINING TO SUBDIVISION INSPECTION FEES'. And the

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purpose of the proposed bill is to allow the amount of the fee for inspection construction improvements on Saturdays, Sundays, and holidays to be set forth in the annual budget. And I think Staff has that information at this time.

COUNCILMEMBER JOHNSON: Point of order.

CHAIR PONTANILLA: Member Johnson.

COUNCILMEMBER JOHNSON: We have a motion on the floor is not correct? Which we did not vote on.

CHAIR PONTANILLA: Sorry.

COUNCILMEMBER JOHNSON: It's okay.

CHAIR PONTANILLA: I'm trying to get ahead of this. Okay, Members, you heard the explanation by Corporation Counsel provided for you in regards to the First-Time Homebuyers' Revolving Fund. Members, there is a motion on the floor. If there is no objections the Chair would like to . . . if there's no objections the Chair would like to ask your rec..., support for item number 5 in regards to First-Time Homebuyers' Revolving Fund. Is there any objections?

COUNCILMEMBER VICTORINO: There's a motion on the floor.

COUNCILMEMBER MOLINA: Call for the question.

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: I'm sorry. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. That was easy.

COUNCIL MEMBERS: [laughter]

CHAIR PONTANILLA: Opposed? Okay, Motion carried.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to the First-Time Homebuyers' Revolving Fund.

CHAIR PONTANILLA: Too fast I going. Okay, going back to item number 2. This is in regards to a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING 18.20.250 MAUI COUNTY CODE, PERTAINING TO SUBDIVISION INSPECTION FEES". The purpose of the proposed bill is to allow the amount of the fee for inspecting construction improvements on Saturdays, Sundays, and holidays to be set forth in the annual budget. At this time the Chair would like to call on Staff in regards to question by Member Anderson. Staff.

MS. REVELS: Thank you, Mr. Chair. On page 5 of the rates and fees is this fee, and last week, I believe it was Friday, there was a motion to revise the minimum charge from \$20 to equal the amount that is currently required by the Collective Bargaining Units and that motion passed unanimously.

CHAIR PONTANILLA: Thank you. Members, any questions on that? Okay. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Victorino, second by Member Medeiros. Any more discussion?

COUNCILMEMBER MOLINA: Mr. Chair.

CHAIR PONTANILLA: Member Molina.

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COUNCILMEMBER MOLINA: If you could help refresh our memories, did we have a prior motion on the floor? I'm just curious.

MS. REVELS: Mr. Chair, there was a prior motion the floor. And it was actually made and seconded by the same people.

COUNCIL MEMBERS: [laughter]

CHAIR PONTANILLA: Okay, any more discussions? Thank you. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Okay, motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to subdivision inspection fees.

CHAIR PONTANILLA: Okay. Back on track. Okay, number 6, a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 16.20A.130, MAUI COUNTY CODE, PERTAINING TO THE (end of tape 4A - 3:45 p.m.) the purpose of the purposed bill is to correct a conflict pertaining to the fee for new plumbing permit following expiration of a permit. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Molina. Members any discussion? Member Anderson.

COUNCILMEMBER ANDERSON: If Corporation Counsel can explain to us what the conflict is.

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CHAIR PONTANILLA: Corporation Counsel.

COUNCILMEMBER ANDERSON: It's to correct a conflict pertaining to the fee.

(silence)

COUNCILMEMBER ANDERSON: I'm sorry, Chair, this isn't fair to ask her that. I thought this was from Corp. Counsel. Maybe your Staff could explain that to us.

CHAIR PONTANILLA: Oh, yeah, Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla, what we need to do right now is to maybe have some time to bring up one of the Staff members that was specifically working on this.

CHAIR PONTANILLA: Okay. So we'll revisit this one here. Okay.

(silence)

CHAIR PONTANILLA: Okay. We'll come back to that particular motion. Okay, number 7, a revised proposed bill "A BILL FOR AN ORDINANCE AMENDING SECTION 6.16.080, MAUI COUNTY CODE, PERTAINING TO REDEMPTION OF IMPOUNDED ANIMALS". The purpose of the revised proposed bill is to allow the changes to capture, impound, and keep an animal and all pound fees to be set forth in the annual budget.

COUNCILMEMBER JOHNSON: So move.

CHAIR PONTANILLA: Moved by Member Johnson.

COUNCILMEMBER VICTORINO: Second.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Second by Member Victorino. Members, any discussion? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any oppose? Motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of revised proposed bill pertaining to redemption of impounded animals.

COUNCILMEMBER MEDEIROS: Chair, point of information.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: Thank you, Chair. And on your listing that was number what?

CHAIR PONTANILLA: On my listing it's number 7 and on your listing is--

COUNCILMEMBER MEDEIROS: It's 4.a. on ours that's why.

CHAIR PONTANILLA: Yeah, 4.a.

COUNCILMEMBER MEDEIROS: Okay, thank you.

CHAIR PONTANILLA: Okay, moving on. A revised proposed bill entitled "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 13.16, MAUI COUNTY CODE, RELATING TO WAIEHU GOLF COURSE". The purpose of the revised proposed bill is to add definitions for "Daily rate" and "Twilight rate" and revise the definition of "Playing fee" for the Waiehu Municipal Golf Course. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino. Seconded by Member Molina. Any discussions? Seeing none. All in favor please say aye.

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COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of revised proposed bill relating to Waiehu Municipal Golf Course.

CHAIR PONTANILLA: The next item a proposed bill entitled "A BILL FOR AN ORDINANCE, AMENDING SECTION 2.44.015, MAUI COUNTY CODE, RELATING TO SALARIES OF DEPUTIES CORPORATION COUNSEL AND DEPUTIES PROSECUTING ATTORNEY". The purpose of the proposed bill is to amend the salaries of deputies in the Department of Corporation Counsel and the Department of the Prosecuting Attorney. Is there any motion?

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Moved by Member Victo--

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: --rino second by Member Medeiros. Any discussions? Seeing no discussion all in favor say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Motion is carried.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo,
Medeiros, Molina, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: **FIRST READING of proposed bill relating to salaries of
deputies corporation counsel and deputies of the prosecuting
attorney.**

CHAIR PONTANILLA: The next item that I have is a revised proposed bill “A BILL FOR AN ORDINANCE AMENDING SECTION 2.08.060, MAUI COUNTY CODE, RELATING TO SALARIES OF PERSONNEL IN THE OFFICE OF COUNCIL SERVICES AND OTHER COUNCIL STAFF”. The purpose of the revised proposed bill is to amend the salaries of positions in the Office of Council Services. The Chair would like to entertain a motion.

COUNCILMEMBER VICTORINO: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Molina. Any discussions? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Motion is carried.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: **FIRST READING** of revised proposed bill relating to salaries of personnel in the Office of Council Services and other Council Staff.

CHAIR PONTANILLA: The next item is a proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, PERTAINING TO THE REAL PROPERTY TAX EXEMPTIONS FOR DEPLOYED ACTIVE-DUTY MILITARY PERSONNEL”. The purpose of the proposed bill is to establish a real property tax exemption for deployed active-duty military personnel. The Chair is open to a motion.

COUNCILMEMBER VICTORINO: So move

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Medeiros. Any discussion? Seeing none. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to the real property tax exemptions for deployed active-duty military personnel.

CHAIR PONTANILLA: The next bill that I have is a bill, a revised proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF THIRTY FOUR MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$34,750,000) AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PART OF THE COST OF APPROPRIATIONS FOR THE *[sic]* PUBLIC IMPROVEMENTS OF AND FOR THE COUNTY OF MAUI; FIXING THE FORM, DENOMINATIONS AND CERTAIN OTHER FEATURES OF SUCH BONDS AND PROVIDING FOR THEIR SALE; AUTHORIZING THE DIRECTOR OF FINANCE TO DETERMINE CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL BOND *[sic]* OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR OTHER ACTIONS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS". The purpose of the revised proposed bill is to authorize the issuance of general obligation bonds for various capital improvement projects. Member, Members the Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So move.

CHAIR PONTANILLA: Moved by Member Victorino.

COUNCILMEMBER MEDEIROS: Second.

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CHAIR PONTANILLA: Second by Member--

MR. TAGUCHI: Chair Pontanilla

CHAIR PONTANILLA: --Member Medeiros. Mr. Taguchi.

MR. TAGUCHI: The proposed, the revised proposed bill that you just mentioned will be further revised to incorporate changes recommended by the Committee which will increase the bond authorization to 37, 050,000.

CHAIR PONTANILLA: Thirty seven million . . .

MR. TAGUCHI: Thirty seven million fifty thousand.

(silence)

CHAIR PONTANILLA: The Chair is looking for an amendment of the issuance of the \$37,000,050 [*sic*] in aggregate principal, an aggregate principal amount general obligation bonds of the County of Maui. The Chair is looking for a motion to amend.

COUNCILMEMBER VICTORINO: So move on the amendment.

CHAIR PONTANILLA: Thank you. Any second?

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Thank you, Member Medeiros. Any discussion?
Member Johnson.

COUNCILMEMBER JOHNSON: I just wanted to double check is it 37,050,000 or \$37,000,050?

CHAIR PONTANILLA: I have here \$37,000,050 [*sic*]. Mr. Taguchi.

MR. TAGUCHI: It's \$37,050,000 I believe.

CHAIR PONTANILLA: Fifty thousand dollars.

COUNCILMEMBER JOHNSON: Okay, thank you very much for that clarification.

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COUNCILMEMBER ANDERSON: So, Mr. Chair, do we have to correct that or will that be accepted?

CHAIR PONTANILLA: Yeah. The Chair is looking for a motion to amend the amendment to correct the \$37,000,050 to \$37,050,000.

COUNCILMEMBER VICTORINO: Thirty seven million fifty thousand so move.

COUNCILMEMBER JOHNSON: Second.

CHAIR PONTANILLA: Thank you. Moved by Member Victorino, second by Member Johnson. Any more discussion? Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, I'd like to know if that includes the 200,000 in bond money that was re-appropriated to Makawao Avenue today?

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: Yes. From my understanding in the discussion in Committee, the \$200,000 bond money that was initially set for the Kalama Park Pathway would be replaced by a different project. I believe at this time it's the Makawao Baldwin Avenue road repaving.

COUNCILMEMBER ANDERSON: No, Makawao Avenue resurfacing.

MR. TAGUCHI: Oh, sorry.

COUNCILMEMBER ANDERSON: And then there was a question as to whether bond money was appropriate for that, but that's why I'm asking is that bond figure include that 200,000? You're nodding, yes, Mr. Chair. Thank you.

MR. TAGUCHI: Yes.

CHAIR PONTANILLA: Thank you. Any more discussion? Okay, all in favor of the amendment to \$37,050,000 please say aye.

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any noes? Seeing none. Motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: APPROVE amendment to the amendment.

CHAIR PONTANILLA: Going back to the second amen..., first amendment as amended. In favor of the first amendment please signify by saying aye. The first ame..., this is the amended . . .

COUNCILMEMBER MEDEIROS: First amendment.

CHAIR PONTANILLA: . . . of the first amendment.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR PONTANILLA: All in favor of the amendment please signify by saying aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Seeing none. Motion is carried.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: APPROVE amendment to the main motion.

CHAIR PONTANILLA: Back to the main motion as amended and the amendment is to change the dollar amount from \$34,750,000 to \$37,050,000. All in favor of the motion please signify by saying aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Okay, motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of revised Bond Authorization bill.

CHAIR PONTANILLA: The next item I do have is a revised proposed bill entitled "A BILL FOR AN ORDINANCE DETERMINING THAT PART OF THE PROCEEDS OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI HERETOFORE ISSUED IS IN EXCESS OF THE AMOUNTS REQUIRED FOR THE PURPOSES FOR WHICH SUCH BONDS WERE INITIALLY ISSUED, OR MAY OR SHOULD NOT BE APPLIED TO THOSE PURPOSES, AND DIRECTING SUCH PROCEEDS TO OTHER PUBLIC IMPROVEMENTS OR

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AUTHORIZED PURPOSES OF THE COUNTY OF MAUI". The purpose of the revised proposed bill is to reauthorize the use of lapsed bond proceeds for various capital improvement projects. The revised proposed bill will further revise to incorporate the changes recommended by the Committee. Chair is looking for a motion.

COUNCILMEMBER JOHNSON: So move.

CHAIR PONTANILLA: Move by Member Johnson.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Second by Member Victorino. Members, any discussion? Seeing none. All in favor signify by saying aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none. Motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Councilmember Molina, and Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of revised Lapsed Bond bill.

CHAIR PONTANILLA: The next proposed bill a proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE CAPITAL PROGRAM FOR THE FISCAL YEAR ENDING JUNE 30, 2008". The purpose of the proposed bill is to set forth the Capital Program for Fiscal Year 2008 through 2013. Incorporated within the proposed bill are Appendix A, a report entitled "COUNTY OF MAUI, CAPITAL IMPROVEMENT PROJECTS REPORT, AS OF DECEMBER 31, 2006", which lists all pending capital improvement projects and appropriations as December 31, 2006; and Appendix B, which is the proposed Capital Program for Fiscal Year 2008 through 2013 . . . excuse me. The revised proposed bill will

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further be revised to incorporate the changes recommended by the Committee. The Chair is looking for a motion.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Moved by Member Victorino.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Second by Member Medeiros. Any discussion?
Excuse me. All in favor please say aye.

COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Any oppose? Seeing none. The motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Councilmember Molina, and Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of revised Capital Program bill.

CHAIR PONTANILLA: The next item I do have here a proposed bill--

MR. TAGUCHI: Chair Pontanilla.

CHAIR PONTANILLA: Member . . . Mr. Taguchi.

MR. TAGUCHI: Would the Chair like to revisit the plumbing bill prior to moving forward on the last proposed bill?

CHAIR PONTANILLA: Thank you. Okay, we're on the discussion on the proposed bill, a propose bill "A BILL FOR AN ORDINANCE AMENDING SECTION 16.20A.130, MAUI COUNTY CODE, PERTAINING TO THE PLUMBING CODE". The purpose of the proposed bill is to correct a conflict pertaining to the fee for a new plumbing permit following expiration of a permit. Mr. Taguchi.

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MS. NAKATA: Mr. Chair, there was a question from the Committee regarding the reason for the change. Basically it's just to correct an internal inconsistency in Subsection 16.20A.130(e), which provides for the permit fee that applies following the expiration of a plumbing permit. In the first sentence of that section it provides that the permit will expire within 90 days under certain circumstances. The second sentence provides that before the work can be recommenced a new permit must be obtained and the fear . . . the fee for that new permit would be one half of the amount of the initial permit. The third sentence says that in order to renew action on a permit after expiration, the permittee shall pay a new full permit fee. So the second and third sentences conflicted with one another. The change is simply to revise the third sentence to say that in order to renew action on a permit after one year, rather than after expiration, the permittee shall pay a new full permit fee. As amended the fee provision would be consistent with the provision currently in the Budget ordinance, Appendix B page 13.

CHAIR PONTANILLA: Thank you. Members, any questions. Member Anderson.

COUNCILMEMBER ANDERSON: Has DSA reviewed this? 'Cause I wanna make sure that the intention that we're following through, you know, we're correcting conflicts so that the intention is preserved.

MS. NAKATA: I believe Public Works provided us with a response agreeing to this revision, but I can review that response quickly and get back to you.

COUNCILMEMBER ANDERSON: You know I'm not gonna . . . I'm hoping, Mr. Chairman, that before we get to first reading we've got copies of all these bills that we're voting on here.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: And if there is a problem at that time then maybe Ms. Nakata can give us a little bit more information between now and then.

CHAIR PONTANILLA: Yes. Okay, we do have a motion in regards to this particular item. Is there any more discussion? Seeing none. All in favor of the motion please signify by saying aye.

COUNCILMEMBER VICTORINO: Aye.

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COUNCILMEMBER MEDEIROS: Aye.

CHAIR PONTANILLA: Any oppose? Seeing none. Motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FIRST READING of proposed bill pertaining to the Plumbing Code.

CHAIR PONTANILLA: At this time the Chair would like to call a five minutes recess to reconcile the figures that we have. So we'll have a short recess. Report back 4:10. This meeting is in recess. . . .(*gavel*). . .

RECESS: 4:03 p.m.
RECONVENE: 4:13 p.m.

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now reconvened Members we just have four more items to clear off before we're done. The next proposed bill "A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2007 TO JUNE 30, 2008". The purpose of the proposed bill is to appropriate, appropriate estimated revenues for the operating and capital improvement projects budgeted for Fiscal Year 2008. Incorporated within the proposed bill are Appendix A, which lists Grant Revenues and Special Purposes Revenues, and Appendix B, which is the Schedule of Rates, Fees, and Assessments. The revised proposed bill will be further revised to incorporate the changes rec..., recommended by the Committee. And Members, at this time the Chair is open for the motion.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: Moved by Member Victorino.

COUNCILMEMBER MEDEIROS: Second.

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CHAIR PONTANILLA: Seconded by Member Medeiros. Is there any discussion? Seeing none. All in favor of the motion please signify by saying aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none. Motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Councilmember Molina, and Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FIRST READING of revised Budget bill.

CHAIR PONTANILLA: Members, if there's no objection, we would allow the Chair to work with Staff to make the appropriate adjustments for our Fiscal Year 2008 Budget. Is there any objections? Member Anderson.

COUNCILMEMBER ANDERSON: No objections. I'm assuming you're referring to Appendix A and B?

CHAIR PONTANILLA: As well as the Exhibit "1" we had gone through.

COUNCILMEMBER ANDERSON: I do have a change to Exhibit "1", Mr. Chair, if I might.

CHAIR PONTANILLA: Mr..., Member Anderson.

COUNCILMEMBER ANDERSON: On the last page 49 of 49 under the Open Space fund the proviso reads "Land Acquisition Lipoa Point, Honolua, Maui, Hawaii, including portions of TMK Nos. (2) 4-1-01 blah, blah, blah. There's three TMKs totaling approximately 583.4 acres in the amount of \$1 million. Mr. Chair, just for clarity purposes and I think to underline the intent of the membership who voted for this, I would like to amend this proviso to say a grant for land acquisition subject to Chapter 3.88, and that is the Open Space Chapter, Members, for Lipoa Point and then just the rest of what's there. And the purpose, Mr. Chair, is to make it clear that this is a grant so that the members of Save Honolua Coalition can point to

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this as an acquisition or an appropriation towards a grant that they can hopefully acquire in order to leverage this money. And I just want that clear that this is not for the County to purchase this land per se but as a grant.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER ANDERSON: So I would . . . could I make a motion to that effect?

CHAIR PONTANILLA: Yeah, the Chair will entertain a motion to that effect. Member Anderson.

COUNCILMEMBER ANDERSON: I move to incorporate into the proviso the words "a grant for land acquisition subject to Chapter 3.88 for Lipoa Point..." and then rest as reads.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Thank you. Move by Member Anderson, second by Member Victorino. Any discussion at this time?

COUNCILMEMBER VICTORINO: Mr. Chair.

CHAIR PONTANILLA: Member Victorino.

COUNCILMEMBER VICTORINO: So this is to clarify what we inten..., our intentions are that is correct, yeah.

CHAIR PONTANILLA: That is correct.

COUNCILMEMBER VICTORINO: Thank you very much. I appreciate that.

CHAIR PONTANILLA: Thank you. Any more discussions? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Okay, motion is carried. Is there any noes? Seeing none motion is carried.

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VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**
 NOES: **None.**
 ABSTAIN: **None.**
 ABSENT: **None.**
 EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: APPROVE.

CHAIR PONTANILLA: Okay, Members, we have three more items. This is recommending filing of the following County Communications. Number one, County Communication No. 07-29, from Councilmember Joseph Pontanilla, relating to the matter of the proposed budget for Fiscal Year 2008. The Chair is looking for a motion filing this County Communication.

COUNCILMEMBER JOHNSON: So moved.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Moved by Member Johnson, second by Member Victorino. Any discussions? Seeing none. Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, I'm not clear what the request is, what we're voting on.

CHAIR PONTANILLA: We're filing this County Communication which means--

COUNCILMEMBER ANDERSON: Oh, you mean--

CHAIR PONTANILLA: --from here it goes to the--

COUNCILMEMBER ANDERSON: --filing the communication on the budget?

CHAIR PONTANILLA: Yes.

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COUNCILMEMBER ANDERSON: Okay, thank you, Chair.

CHAIR PONTANILLA: Please don't prolong this thing.

COUNCIL MEMBERS: [laughter]

CHAIR PONTANILLA: Okay. Any more discussions? Thank you. All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Oppose? Seeing none. Motion is carried.

VOTE:	AYES:	Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Councilmember Molina, and Vice-Chair Hokama.

MOTION CARRIED.

ACTION: FILING of communication.

CHAIR PONTANILLA: Recommending the filing of County Communication No. 07-87, from the Acting Corporation Counsel and the Acting Prosecuting Attorney, transmitting a bill, a proposed bill to adjust the salaries of deputies corporation counsel and deputies prosecuting attorney; and the filing of County Communication No. 07-109, from the Mayor, transmitting the proposed Fiscal Year 2008 and other related documents. Chair's looking for a motion.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MEDEIROS: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Medeiros. Any discussion? Seeing none. All in favor of the motion signify by saying aye.

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COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none. The motion is carried.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Victorino, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Molina, and Vice-Chair Hokama.**

MOTION CARRIED.

ACTION: FILING of communications.

CHAIR PONTANILLA: Members, we're done with our business in regards to the Fiscal Year 2008 Budget as being proposed by the County Council of Maui County. Mr. Taguchi comments?

MR. TAGUCHI: No comments, Chair.

CHAIR PONTANILLA: Thank you. Member Victorino.

COUNCILMEMBER VICTORINO: Yeah, Mr. Chair, thank you very much. Will we be getting whatever the changes we made today, compilation from Staff as far as the changes we made and how they equate to as far as the total budget is concerned? I know we subtracted five million something, something dollars, but a total compilation will we be receiving that?

CHAIR PONTANILLA: We can have Staff provide you with some updates on Exhibit "1"--

COUNCILMEMBER VICTORINO: That's correct.

CHAIR PONTANILLA: --for your review. And if any other Members would require that then we'll make it available to all of the Members here prior to first reading.

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COUNCILMEMBER VICTORINO: Thank you.

CHAIR PONTANILLA: Thank you. Any more comments? Member Johnson.

COUNCILMEMBER JOHNSON: I just wanted for the benefit of the public when will the first reading be?

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI I believe the first reading will be on the 22nd.

CHAIR PONTANILLA: And the second reading?

MR. TAGUCHI: Let me bring up the schedule just to make sure. First reading of the proposed Budget for Fiscal 2008 will be on the 22nd at 10 a.m. in the Council Chambers. Second reading will be at a Special Council meeting on May 30th at 9 a.m. in the Council Chambers.

CHAIR PONTANILLA: Thank you. Any more discussion? Member Johnson.

COUNCILMEMBER JOHNSON: The only other question I had is with regard to establishment of rates, fees, you know, are there any other meetings in between now and these two meetings?

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla, there are scheduled meetings for a public hearing on the proposed fuel tax rates at 9 a.m. in the Council Chambers. There also is another meeting for the proposed weight tax at 10 a.m. in the Council Chambers, and also the real property tax rates reconvened meeting at 11 a.m. in the Council Chambers on May 14th.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER JOHNSON: So that takes care of all three of those subjects on that date . . .

CHAIR PONTANILLA: Yes.

COUNCILMEMBER JOHNSON: . . . May 14th? Thank you very much.

CHAIR PONTANILLA: Thank you.

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MR. TAGUCHI: Chair Pontanilla, there also prior to the first reading on the 22nd there is a 3-Member Public Hearing at 9 a.m. prior to the Council meeting at 10 a.m. on the 22nd of May.

COUNCILMEMBER JOHNSON: And the purpose of the 3-Member hearing?

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: The 3-Member Public Hearing is convened because any three Members of the Council could make a request for a public hearing on any proposed ordinance. So in this, in the process of scheduling for this budget session we schedule in automatically a 3-Member Public Hearing.

COUNCILMEMBER JOHNSON: Okay. And is there any prohibition then have . . . have the three Members been decided upon who will attend and is there any prohibition for other Members to attend given the OIP opinion that we have?

CHAIR PONTANILLA: Very good point. Mr. Taguchi.

MR. TAGUCHI: I would have to research that, but I believe that the 3-Member Committee Public Hearing all Members attend but--

COUNCILMEMBER ANDERSON: Yes.

CHAIR PONTANILLA: Okay, thank you.

COUNCILMEMBER ANDERSON: Chair.

CHAIR PONTANILLA: Member Johnson, any more questions?

COUNCILMEMBER JOHNSON: No.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Thanks. I just wanna clarify that because Councilmember Nishiki's office utilized that 3-Member provision on a couple of occasions to force a public hearing and really it's just, it's just that three, if three Members request a public hearing there has to be one. That's the only reason it's three Members. And if there is a public hearing we're all obligated to be there. Thank you, Chair.

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CHAIR PONTANILLA: Thank you. Any more discussions? Thank you. Seeing none, I just wanna thank Administration, as well as Staff for enduring this budget cycle. I guess it's been a very good experience for everybody, especially last week Friday with that bombshell, but again, Members, we'll have more comments and discussions through first reading as well as second reading. So with that this Chair would like to adjourn this meeting at this time. Thank you. . . .(gavel). . .

ADJOURN: 4:25 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:070502:yb

Transcribed by: Yvette Bouthillier