

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

June 6, 2006

Council Chamber

CONVENE: 1:34 p.m.

PRESENT: Councilmember Dain P. Kane, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Robert Carroll, Member
Councilmember Jo Anne Johnson, Member
Councilmember Danny A. Mateo, Member
Councilmember Michael J. Molina, Member
Councilmember Joseph Pontanilla, Member (In 1:35 p.m.)
Councilmember Charmaine Tavares, Member

EXCUSED: Councilmember Michelle Anderson, Member

STAFF: Lance T. Taguchi, Legislative Analyst
Camille Sakamoto, Committee Secretary

ADMIN.: Agnes M. Hayashi, Community Development Block Grant Program Manager,
CDBG, Office of the Mayor
Brian T. Moto, Corporation Counsel, Department of the Corporation Counsel

OTHERS: Jud Cunningham, Chief Executive Director, Aloha House, Inc.

PRESS: None

CHAIR KANE: . . .(*gavel*). . . I would like to call to order the Council's Budget and Finance Committee meeting for June 6, 2006. For the record, we have in attendance: the Vice-Chair of the Committee, Member Hokama; as well as Members Carroll, Johnson, Mateo, Molina, Tavares. Excused from this afternoon's meeting: Members Pontanilla and Anderson. Members, before you, you have one item on our agenda for this afternoon--Budget and Finance Item Number 83, amending Resolution Number 02-61, Aloha House, Incorporated project for the Community Development Block Grant.

ITEM NO. 83: AMENDING RESOLUTION NO. 02-61, ALOHA HOUSE, INC. PROJECT FOR CDBG

CHAIR KANE: This afternoon, we have with us in attendance. . .the Coordinator for CDBG, Ms. Agnes Hayashi, who I will provide opportunity for opening remarks to this request.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

Also in attendance, we have Committee Staff, as well as Mr. Brian Moto, Corporation Counsel. Before we move any further, Members, we do have the public testimony phase of this meeting to take care of. Is there anybody signed up to testify, Ms. Sakamoto?

MS. SAKAMOTO: No, Mr. Chair.

CHAIR KANE: Thank you. Is there anybody here in the audience that wishes to testify?

. . . Okay, seeing nobody approach, Members, without objections--because we have one item on the agenda--so that we can proceed with the business, we'll go ahead and close public testimony?

COUNCIL MEMBERS: No objections.

CHAIR KANE: Okay. Thank you very much. That is now closed. And I believe we have not received any written testimony from the public, so without objections, we'll close it up. Members.

COUNCILMEMBER TAVARES: No objection.

CHAIR KANE: Also in attendance, we have Committee Member Pontanilla, who will be . . .seated with us in a moment. With that, good afternoon, Ms. Hayashi. If you have any opening remarks, we'd like to hear them at this time.

MS. HAYASHI: Certainly. And thank you very much. . .Chair Kane and Members of the Budget and Finance Committee. This item before you, amending Resolution Number 02-61, is to primarily reflect a change in the project scope of a 2002 CDBG project. And the reason for this change in project scope is to reflect a more reasonable scope within the subrecipient's available funding and . . .address the timeliness concerns being that it is a 2002 project. So I ask for your consideration and approval in amending Resolution 02-61 so that we may address these concerns with this project. Thank you.

CHAIR KANE: Thank you very much. Members, for your . . .so you know, we have Mr. Jud Cunningham from the Aloha House here in the room. And we can provide him as a resource if you have any particular questions specific to the Aloha House and specific to the request that's before us, Members. So, again, he's here as a . . .resource person if there are any questions. But before we . . .ask for his comments, *if* any, are there any questions for Ms. Hayashi?

VICE-CHAIR HOKAMA: Uh, question.

CHAIR KANE: Mr. Hokama?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

VICE-CHAIR HOKAMA: Chairman, thank you. From our understanding of Mr. Cunningham's written request to you, Ms. Hayashi . . .

. . . and maybe you can answer it, unless, you know, you need Mr. Cunningham . . .

. . . why is Building B the priority building instead of Building A. . .since Building A is the one that. . .uh. . .I had thought was the, the priority. . .project?

CHAIR KANE: . . . Proceed.

MS. HAYASHI: Yes.

. . . Councilmember Hokama, I left that determination up to the subrecipient. And I did that because. . .being that the situation was that the funds were limited, we, really what we were trying to do was to find an alternative of where we could make the use of the funds productive. Uh. . .if you would prefer a more detailed answer, I would like to defer this question, your question to Mr. Cunningham.

VICE-CHAIR HOKAMA: Chairman, before you consider entertaining that request, if I may continue with--

CHAIR KANE: Please.

VICE-CHAIR HOKAMA: --a few questions--

CHAIR KANE: Please.

VICE-CHAIR HOKAMA: --with Ms. Hayashi? So by this proposal before this Committee this afternoon, in no way does it hinder Mr. Cunningham or his organization, Aloha House, to return back for additional CDBG funding for both Building B and A?

. . . 'Cause the way I'm reading, you know, Building B is still. . .possibly, depending on. . .I guess the bids. . .mainly to raise additional funds. So. . .I'm just. . .trying to see how, how your agency is viewing, viewing this project.

MS. HAYASHI: . . . Councilmember Hokama. . .that's a, that's a very good question. At this point, with this action, I do believe that this will amend the project scope so that the existing projects--2002 and 2003--will be *limited* to Building B. *However*, having said that, the subrecipient *does have*. . .or has applied. . .for the Program Year 2006--which the Council *just* approved and we've applied with HUD. . .supplemental funding which *includes* funding the shortfall of. . .Building A and Building B. But that is an *alternate* project. So. . .at the point in time that we do proceed with alternate projects, then the '03, I'm sorry--then the Building A will be. . .placed, I guess, back into the scope. But at this

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

point in *time*, the alternate project is strictly an “alternate”. We are not proceeding with the subrecipient agreement, only unless there is available funding.

VICE-CHAIR HOKAMA: . . . Okay. Do you. . .do you currently have or are for. . .forecasting. . .reprogrammable funds from previous allocations?

. . . And if the answer is “yes”, then where does this project, *projects* stand in the priority list to receive those reprogrammable funds?

MS. HAYASHI: . . . At the current time, I did mention to the Council back in January/February that we had reprogrammable funds. Because of the crisis that the County was facing in terms of meeting timeliness, we looked at all project ready and. . .have utilized those funds. And at this current time, we have a remaining balance of 16,000 dollars in reprogramming funds from the half-a-million dollars. Which, as a result, I’m very happy to, to report to the Council that timeliness was met at 1.49. So that’s where the use of funds went to. In terms of forecasting, what alter, what reprogramming funds *may* be, become available? Um, that’s very difficult to say at this point because projects are closing, I mean, as we speak. I would guess that there may be. . .hmmm. . .yeah, it’s very difficult for me to say. It depends on how certain projects--we have a project that is looking at a change in project scope which could result in additional funding, but that would require Council action and Council approval and a number of different things that would be very difficult for me to say. But at this point in time, our available funding for reprogram, reprogrammable funds is 16,000 dollars. Thank you.

VICE-CHAIR HOKAMA: Where would this project. . .whether it be the balance of Building B or funding for Building A. . .be placed. . .in. . .a priority of reprogrammable funds? Would it be at the top of the list now since it’s an ongoing project? Or. . .that has yet to be determined?

MS. HAYASHI: Yeah, I, I’m sorry, I didn’t answer the second part of your question. At this current time with the 16,000 dollars that we have available, we have on file request for--I would say *hard* request--by three existing projects, of which Aloha House is just one of them. And all three projects at this point in time, I would say are. . .fairly equally, in. . .

. . . they’re competitive. They’re not *all* project ready yet to expend the funds. It depends on what actions will be taken in the next month or so. We’ve been--these requests, by the way, date back to February when. . .when projects first identified that there may be a, a shortfall. I have other requests that are in, but they have not yet procured for. . .services. But they are also on file.

VICE-CHAIR HOKAMA: I see.

. . . When. . .is there a certain dollar amount of reprogram. . .that you must, you reach before you look at reallocating or reprogramming those funds? Or is 16,000 dollars

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

enough for you to make a, if that was enough to take care of one. . .additional project, that you would release those monies? Or do you wait 'til, like, you get 50,000 or 100,000?

. . . It depends on the project?

MS. HAYASHI: Yes, it depends. We don't necessarily wait if. . .if it, if it's ready, if the project is ready. . .and when I mean "ready", it's, it's contract or it could be a change order. It could be a project has been contracted. . .the project started, they have workers on site, and there is. . .something that was unanticipated and a change order is needed. That just recently occurred and a request came in for 7,000. Quite frankly, workers are on the field, it's an active project, the 7,000 dollars were, was awarded without hesitation. So that, it. . .it's a number of things. But we do not have a dollar limit, nor. . .it's just based on a combination of factors--of which project readiness is primary.

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

CHAIR KANE: Thank you, Member Hokama. Any further questions for Ms. Hayashi?

. . . Is there--oh, excuse me. Go ahead, Member Pontanilla.

COUNCILMEMBER PONTANILLA: Thank you. In regards to Maui Masters. . .Master Builders, they said that they'll hold the quote until May 15. May 15 has gone by. Will they still continue to hold the quote that was previously given to Aloha House?

MS. HAYASHI: . . . Councilmember Pontanilla, that's a good question. I. . .it would really depend on the commitment that was expressed between the subrecipient. We do not necessarily get into--

COUNCILMEMBER PONTANILLA: Oh, okay.

MS. HAYASHI: --that level of management of the contract. We do encourage the subrecipients to . . .

. . .have the. . .the bidders maintain a, you know, as long as possible. . .their quote because anything can happen. So we usually recommend about a 90-day hold.

COUNCILMEMBER PONTANILLA: Okay. Thank you.

MS. HAYASHI: But that's up to the contractor.

COUNCILMEMBER PONTANILLA: Thank you. Thank you, Chair.

CHAIR KANE: Okay. Thank you. Any further questions for Ms. Hayashi?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

. . . Seeing none, Members, are there any requests for Mr. Cunningham to come forward to respond to any questions that you may have?

COUNCILMEMBER PONTANILLA: Yeah.

CHAIR KANE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Yeah, the question that I posed to Agnes--

CHAIR KANE: Okay.

COUNCILMEMBER PONTANILLA: --earlier.

CHAIR KANE: Members, without objections, we'll have Mr. Cunningham come forward?

COUNCIL MEMBERS: No objections.

CHAIR KANE: Thank you. Mr. Cunningham, if you could use the podium. . .probably be the most. . .convenient for, for everybody. We appreciate it if you can identify yourself for the record, as well as if you can confine your. . .your responses to the questions that are being asked. Thank you.

MR. CUNNINGHAM: I'll try my best. Chairman Kane, Members of the Budget/Finance Committee, the question asked, I believe, was about the 431,000 bid that we received from Maui Master Builders. We did subsequently re-bid that. I think there's some documentation that you have in front of you that's. . .that was recommending us to do that. And the bid actual, the second bid actually did come in at 350,000. The 431,000 was kind of like a hedge with the construction costs going as, rising as fast as they were. There was concern on the part of that company that they didn't wanna hold it out there and then be stuck with the increased cost. But when actually, we re-bid it again, we received two bids. And the low bid was, again, Maui Master Builders at 300, rough, just, just slightly under 350,000.

COUNCILMEMBER PONTANILLA: Thank you.

. . . Thank you, Chair.

CHAIR KANE: Okay. Thank you. Any further questions for Mr. Cunningham? Mr. Cunningham, before you leave. . .any further questions? Member Hokama?

VICE-CHAIR HOKAMA: Uh--

COUNCILMEMBER TAVARES: No, I was gonna remind him about A and B Buildings.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

CHAIR KANE: Yeah. Yeah.

COUNCILMEMBER TAVARES: And C and D.

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

CHAIR KANE: Member Hokama--

VICE-CHAIR HOKAMA: Thank--

CHAIR KANE: --to follow-up on--

VICE-CHAIR HOKAMA: Thank you.

CHAIR KANE: --some of the questions that you were asking earlier?

VICE-CHAIR HOKAMA: Mr. Cunningham . . .

MR. CUNNINGHAM: Yes?

VICE-CHAIR HOKAMA: . . . just, just help us to, to . . . maybe your comments. The priority of Building B to be your first choice over, over Building A, please.

MR. CUNNINGHAM: Okay. I was planning on responding to that question until I was reminded by the Chairman that I should limit my comments to . . .

. . . uh, why Building B rather than Building A. . . and why are they called "A" and "B" anyway? It . . . it was. . . it was very arbitrary why one's "A" and one is "B". It was something the architect did and--

VICE-CHAIR HOKAMA: Uh-huh.

MR. CUNNINGHAM: --you know, just the way they, they sit on the campus. But it makes a lot more sense for Building B because even though Building B is *larger*. . . it actually was bid at a lower, slightly lower amount. The costs are very similar for the two buildings. And so if we do Building B first, we will go from 10 beds to 16 beds. If we do Building A, at a slightly higher cost--at least as it's currently projected--we would only go from 4 to 8 beds on that. So we, we would net a few extra beds--

VICE-CHAIR HOKAMA: Right. Right.

MR. CUNNINGHAM: --you know, by going with Building B.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

VICE-CHAIR HOKAMA: Okay. Thank you for that response, Mr. Cunningham. And . . .also . . .what I wanted to ask is are you gonna plan, then, to re-bid Building A?

MR. CUNNINGHAM: . . . Uh . . .definitely.

. . .We, we've separated them out now and just went for, for "B" to try to get a figure, you know, for this process and then when we're ready we would go to, to Building A and re-bid it as well.

VICE-CHAIR HOKAMA: Should your request be approved, recommended for approval from this Committee to Council, are you in a shortage situation yet for your total construction requirements or have you pretty much made, made the . . .amount of funding required to, to construct, complete?

MR. CUNNINGHAM: Well . . .with approval of this resolution, we would have roughly 295,000 dollars. In order to complete just the construction itself, we would need 350,000 dollars. So it's about 55,000 dollar shortfall that we will have to address in some way. It was our hope that we would be able to receive reprogrammable funds from CDBG to do that. But as Ms. Hayashi has pointed out, that's a moving target. So when we start the process of requesting this in January, and then February rolls by and something else happens and so on . . .other projects come into play, there's no way of holding that . . .that money fixed. So . . .that's one way--we would hope--that in the very near future . . .that reprogram . . .reprogrammable funds would become available. But we are committed to the project. And we're so close to it, that . . .my sense is, is that we would make it work.

VICE-CHAIR HOKAMA: And I only ask that because in your letter to Ms. Hayashi, you mentioned private foundation grants and fundraising. So I was just wondering what amounts have you been able to generate and . . .to cross that threshold to, to go through full, full construction.

MR. CUNNINGHAM: When I . . .refer to the 350,000 for construction of Building B, we did raise 45,000 dollars in private grants . . .from several area foundations. But all that money was used to complete the environmental assessment, the architect . . .design and engineering, survey--you know, those kind of costs. So that's pretty much been expended for that purpose. So, yes, we did. If I could elaborate just a little bit, you're aware, of course, I . . .I've been here seeing you guys a lot. And . . .given that we were put on an alternate list for funding for CDBG for '06, we came to the County Council and received your blessings, recently, for an allocation of 188,500 to be applied towards the construction of Building B. I mean, I'm sorry, Building A, 188-5 which was gap funding. So it is our *intent*, and we're right, as we speak, preparing a letter of inquiry to the Weinberg Foundation. So it's our hope that we are able to package this entire project--Building A, Building B, design and engineering--everything, you know, as one project, which I think the estimated cost was around 710,000 and be able to get up to 30 percent of the total cost of the project funded by Weinberg. That's what our hope is.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

But the amount that we're asking from them doesn't, you know, doesn't include that gap funding at this present time. They're limited to 30 percent.

VICE-CHAIR HOKAMA: Right. Okay. Thank you very much for your comments, Mr. Cunningham. Thank you, Chairman.

CHAIR KANE: Thank you. Members, any other questions for Mr. Cunningham?

. . . Seeing none, thank you very much. Members, any further questions or comments before your Chair makes a recommendation?

VICE-CHAIR HOKAMA: Recommendation?

CHAIR KANE: Okay. Thank you. Members, without objections, your Chair will recommend that we pass the amended. . .the amended amount for the resolution on 02-61 to. . .pass and to file the Communication.

VICE-CHAIR HOKAMA: So moved

COUNCILMEMBER TAVARES: Second.

CHAIR KANE: Moved and seconded--Members Hokama, Tavares. Discussion, Members?

. . . Hearing none, all in favor say "aye".

COUNCIL MEMBERS: Aye.

CHAIR KANE: Opposed? Let the record show it's 8-0 with 1 excused, Member Anderson.

VOTE: AYES: Councilmembers, Carroll, Johnson, Mateo, Molina, Pontanilla, Tavares, Vice-Chair Hokama, and Chair Kane.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Anderson.

MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution and FILING of communication.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 6, 2006

CHAIR KANE: Members, this will be forwarded on to the full Council for consideration. Keep in mind that this will be forwarded to the, I believe, June 23rd. We have a Resolution that requires just one reading. And so we would fall within the confines of a normal process or procedurally we'd make it through on a normal. So passing it today helps us to avoid discharge and other remedies.

VICE-CHAIR HOKAMA: Right.

CHAIR KANE: With that being said, Members, we have no further business for this afternoon by the Budget and Finance Committee. Time now is 1:54. This meeting is adjourned ...*(gavel)*...

ADJOURN: 1:54 p.m.

APPROVED:



DAIN P. KANE, Chair
Budget and Finance Committee

bf:min:060606

Transcribed by: Camille Sakamoto

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

Meeting Agenda

June 6, 2006

1:30 p.m.

Council Chamber, 8th Flo

200 South High Street, Wailuku

Status

website: <http://www.co.maui.hi.us/committees/BF/>

e-mail: bf.committee@mauicounty.us

COMMITTEE MEMBERS

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Michelle Anderson

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Charmaine Tavares

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ORAL OR WRITTEN TESTIMONY on any agenda item will be accepted. If written testimony is submitted at the meeting, 16 copies are requested. If written testimony is e-mailed or faxed, please submit at least 24 hours before the meeting so that copies can be provided to Council members in a timely manner.

INDIVIDUALS WHO INTEND TO ATTEND THE MEETING AND WHO HAVE DISABILITIES REQUIRING SPECIAL ASSISTANCE should call the Office of Council Services at least three days in advance.

DOCUMENTS ON FILE WITH THE COMMITTEE, which may include correspondence relating to the agenda items below, may be inspected prior to the meeting date. Photocopies may be ordered, subject to charges imposed by law (Maui County Code, Sec. 2.64.010). Please contact the Office of Council Services to make arrangements for inspection or photocopying of documents.

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BF-83 AMENDING RESOLUTION NO. 02-61, ALOHA HOUSE, INC. PROJECT FOR CDBG

DESCRIPTION: The Committee is in receipt of County Communication No. 06-115, from the Community Development Block Grant Program Manager, transmitting a proposed resolution entitled "AMENDING RESOLUTION NO. 02-61 TO CLARIFY THE ALOHA HOUSE, INC., PROJECT FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM". The purpose of the proposed resolution is to reduce the project's scope from the demolition and new construction of two buildings to the demolition and new construction of a single building.

STATUS: The Committee may consider whether to recommend adoption of the proposed resolution, with or without revisions. The Committee may also consider the filing of County Communication No. 06-115 and other related action.

ADOPTION of resolution, and FILING of communication by C.R.