

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

October 27, 2008

Council Chamber, 8th floor

CONVENE: 1:36 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Michelle Anderson, Member
Councilmember Jo Anne Johnson, Member
Councilmember Danny A. Mateo, Member
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member (in 1:37 p.m.)

EXCUSED: Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Michael P. Victorino, Member

STAFF: Lance Taguchi, Legislative Analyst
Michael Geers, Legislative Analyst
Yvette Bouthillier, Committee Secretary

ADMIN.: Frederick Pablo, Budget Director, Office of the Mayor
Agnes Hayashi, Deputy Director, Department of Finance
Cheryl K. Okuma, Director, Department of Environmental Management (BF-99)
Scott Rollins, Civil Engineer, Wastewater Reclamation Division Chief,
Department of Environmental Management (BF-99)
Lori Tshako, Director, Department of Housing and Human Concerns (BF-99)
Milton M. Arakawa, Director, Department of Public Works (BF-99)
Eric Yamashige, Deputy Director, Department of Water Supply
Herb Chang, Engineering Program Manager, Department of Water Supply
(BF-129)
Edward S. Kushi Jr., Deputy Corporation Counsel, Department of the Corporation
Counsel (BF-129)
Kimberly Sloper, Deputy Corporation Counsel, Department of the Corporation
Counsel (BF-99)

OTHERS: **Item 99:** Alice Lee, Alice Lee, LLC
Kamaile Sombelon, Executive Director, Lokahi Pacific

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Sherri Dodson, Executive Director, Habitat for Humanity

PRESS: Akaku: Maui Community Television, Inc.

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting of October 27, 2008 is now in session. The time is 1:36. I'd like to welcome all the Members here this afternoon that are present. We, we do have bare quorum this afternoon. Today we have Member Mateo, Member Anderson, Member Johnson, as well as Member Medeiros present. Presently excused are Member Baisa, Molina, Hokama, and Mr. Victorino. Oh, here comes Member Molina, welcome.

COUNCILMEMBER MOLINA: Thank you, sorry.

CHAIR PONTANILLA: Supporting the Committee this afternoon we do have Michael Geers, as well as Mr. Lance Taguchi, our Legislative Analyst, as well as Yvette Bouthillier, our Secretary. Upfront on the Administration side, we do have Mr. Kushi from Corporation Counsel, Mr. Pablo from the, the Budget Director, as well as the Deputy Director for Water, Eric Yamashige, and Herb Chang from the Water Department.

Members, we do have two items on the agenda. At this time, the Chair would like to call for public testimony, if any. Seeing none, is there anyone out in the gallery that would like to provide public testimony at this time? Seeing none, if there's no objections, the Chair would like to close public testimony.

COUNCILMEMBER MEDEIROS: No objections.

CHAIR PONTANILLA: Thank you. Before we start though, can everyone turn their pager to the silent mode or turn it on [*sic*]. We don't want to be interrupted. Thank you.

ITEM NO. 129: INTERGOVERNMENTAL AGREEMENTS FOR A DRINKING WATER TREATMENT REVOLVING LOAN FUND (NAPILI WELL "A" SITE IMPROVEMENTS) (C.C. No. 08-233)

CHAIR PONTANILLA: Our first item on the agenda is BF-129, "INTERGOVERNMENTAL AGREEMENTS FOR A DRINKING

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WATER TREATMENT REVOLVING LOAN FUND NAPILI WELL "A" SITE IMPROVEMENTS". Three million dollars for the Napili Well "A" Site Improvements is available in State revolving funds. The request is for the authorization for the Mayor to enter into the intergovernmental agreement. At this time, the Chair would like to call on the Budget Director for any opening comments. Director.

MR. PABLO: Thank you, Chair Pontanilla, and good afternoon, Members. Just a brief comment, the, this capital improvement project called the Napili Well "A" Tank was approved in the Fiscal Year '08 budget. It was approved for \$3 million to be funded from the State revolving loan fund. The present interest rate for this loan fund is at .37 percent per annum, so you can see it's a very favorable rate compared to the general obligation bond rate, which is approximately around 5 percent at this time. Deputy Director Eric Yamashige from the Department of Water Supply and Herb Chang are here to answer any specific questions you may have. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Yamashige, any opening comments? No comments. Okay, Members, any comments for the Department at this time? Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chairman. Mr. Yamashige, this is for a three million gallon tank, is that correct?

CHAIR PONTANILLA: Deputy Director.

MR. YAMASHIGE: Yes, thank you. No, I'm sorry, Member Anderson. It's a 300,000 gallon tank.

COUNCILMEMBER ANDERSON: Three hundred thousand gallon tank. Does that say that anywhere in any of our. . .am I missing it? Is it in the res..., or the ordinance request for loan?

CHAIR PONTANILLA: Director.

MR. YAMASHIGE: No, I'm sorry, I do not see it in the actual ordinance.

COUNCILMEMBER ANDERSON: But that's the purpose of the loan, right, is to put in an additional 300,000 gallon tank in addition to the existing 100,000 gallon tank?

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MR. YAMASHIGE: That's correct.

COUNCILMEMBER ANDERSON: So that would give us more storage and more contact time if needed?

MR. YAMASHIGE: That's correct.

COUNCILMEMBER ANDERSON: What do . . . can you tell me what the yield of the Napili Well is or how many wells will be feeding this tank?

MR. YAMASHIGE: Yes, thank you, Member Anderson. We have five wells in that field. Three Napili Wells and two Honokohau Wells. So, five . . . a total of five wells that would be feeding this existing 100,000 gallon tank, in addition to the 300,000 gallon tank.

COUNCILMEMBER ANDERSON: And it's going to be close by so there won't be any a lot of trans . . . , new transmission lines?

MR. YAMASHIGE: That's correct.

COUNCILMEMBER ANDERSON: And so all five of these wells currently feed into the existing tank?

MR. YAMASHIGE: Yes.

COUNCILMEMBER ANDERSON: Okay, thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Mr. Yamashige, is this similar to the construction that we did for Kamole, I think, in regards to adding a tank for more contact time?

MR. YAMASHIGE: Yes, in, in a way it is similar. The Kamole project was a clear well for contact time on the surface water system. This is a groundwater system and the groundwater rule is slated to come into effect next year. So, contact time may be required at this site.

CHAIR PONTANILLA: Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Eric, with regard to Napili Well "A", I know that with some of the wells out in that area we've had the DBCP problem. This is not one of those wells, is that correct?

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MR. YAMASHIGE: This, this project is not for the well. It's just expanding the storage capacity. However, yes, the Napili "A" Well is the one that's being treated.

COUNCILMEMBER JOHNSON: Okay, so, it is being treated for DBCP. So, when the storage tank that you are doing is actually constructed and then the water from the various sources will be co-mingled, all the water's treated to a safe level so that we won't have issues arising in the general public again with water contamination?

CHAIR PONTANILLA: Director.

MR. YAMASHIGE: Yeah, thank you. Absolutely. The water is actually treated to very safe levels prior to that co-mingling or mixing but certainly after it's mixed it's much more diluted.

COUNCILMEMBER JOHNSON: Okay, and, and because we're looking at increasing the storage, is it primarily due to the increase in the population in that area that we're wanting to increase storage, or is it just simply part of your planning and ongoing capital improvement?

CHAIR PONTANILLA: Director.

MR. YAMASHIGE: Thank you. It's part of both. The, the project will expand the storage capacity or facility, which would allow our, our wells to run more efficiently. With a small tank as you can imagine when the wells go on the tank will fill up quickly. With a larger storage facility, we wouldn't have that on and off as quickly or, I am sorry, I can't think of the word.

COUNCILMEMBER JOHNSON: And, and as far as the, the, I'm not going to talk about the capacity of the wells, but regarding the storage facility that's going to be constructed with that money, the storage tank, about, let's just assume that there is some kind of a breakdown in transmission or at least the ability for treated water to go into that storage tank, about how long, given the population in that area, is that tank going to last us if we have some kind of an emergency? Or, do you not know that information?

MR. YAMASHIGE: I will see if Mr. Chang can respond.

MR. CHANG: Good afternoon. The project is mainly, like Eric was saying, just to. . . we have. . . for years we've been having problems with the deep wells coming on and off. Therefore, the electricity costs and the wear and tear

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on their pumps to deep wells is very expensive to replace. So, we finally got the opportunity to, to increase the storage quantity. Also, we're doing some chlorine renovation to the disinfection system. But so it doesn't really improve the, the holding time because that's not the intent of this project. But we do have roughly two million gallons of water storage below this site, which we are already using. So, it's not going to improve but that wasn't the intent of the project.

COUNCILMEMBER JOHNSON: Okay, so, the intent of the project though basically is to just have that additional storage so that when the wells do experience problems or shutdowns that you'll have additional capacity to draw on when you have to, I guess, make improvements or modifications to the actual well sites and plant?

MR. CHANG: It helps very little 'cause we already have like two-and-a-half million this. . .this additional .3 million. It will help a little, not too much.

COUNCILMEMBER JOHNSON: Okay. I, I guess that's all the questions I have. Thank you.

CHAIR PONTANILLA: Thank you. Member Medeiros.

COUNCILMEMBER MEDEIROS: Yeah, mahalo, Mr. Chairman. Yes, for the Department also, and, and maybe for Member Anderson. On Exhibit B, you know, it describes the 300,000 gallon tank. And my question for the Department is that there's quite a bit of demolition that's going to be required in order to make this new footprint for this tank?

CHAIR PONTANILLA: Department.

MR. CHANG: I see some demolition of a. . .part of the buildings too so that we can incorporate. Right now we have a temporary chlorination system that's. . .we want to remove and put a permanent CMU type of a building so that it's, it's more of a safe and the equipment is not going to be as exposed, with more of a permanent type of a structure. That, that's the most of the demolition. . .I think we also have some pavement--

COUNCILMEMBER MEDEIROS: Right.

MR. CHANG: --demolition but.

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COUNCILMEMBER MEDEIROS: And, and the, the demolition of the pavement, is that because that's where the new tank is going to sit? Or, it's just that the condition of it is that you're going to replace it with newer asphalt?

MR. CHANG: I'm not sure on that but the new tank is going to be, I'm told, a non-improved areas. It's a small, it's a small little area that's going to be, you know, pavement removed.

COUNCILMEMBER MEDEIROS: I see. Is, is there a breakdown between the cost of constructing the tank and the cost the demolition?

MR. CHANG: I think in the bids we will have actual bids, which is going to open up November 6th, I believe.

COUNCILMEMBER MEDEIROS: Okay. And then finally, the design and construction of the tank is that a tank of this size, is it a covered tank?

MR. CHANG: It's a concrete, concrete roof, concrete sides, totally concrete.

COUNCILMEMBER MEDEIROS: Including a top structure that covers it?

MR. CHANG: Yeah, concrete roof. This is all reinforced concrete.

COUNCILMEMBER MEDEIROS: Thank you, Department. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Mr. Chair. I guess the question is for maybe Mr. Pablo more on the financial issue. We're looking at a three million dollar loan for 20 years and if you can. . . could kind of explain the difference. I'm looking at Exhibit A, we have an interest rate of 0.37 percent per annum and then the loan fee is 1.625 percent semi-annually. So, are we making. . . looking at making a separate payment for the loan fee rate and then another payment for the interest rate itself? I'm just curious with the rates that we were given, I, I presume that we were given favorable rates because of our County's financial standing. Am I, am I correct?

CHAIR PONTANILLA: Budget Director.

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MR. PABLO: That's correct. We have a . . . this is a favorable rate. It's less than 1 percent. You can see it's .37 percent. That's over a period of 20 years and the actual payments are done under the Finance Department, so I can't give you the, the exact process. But I can say it's over 20 years. The interest is annually and then it's, it's also on a declining basis. As the balance goes down, the interest is charged against that declining balance. There's a, there's a fee which is due semi-annually and that's for, for processing the account.

COUNCILMEMBER MOLINA: Okay.

MR. PABLO: And that's the one at 1.62.

COUNCILMEMBER MOLINA: Okay, any, you have a calculator handy to see how long, how much this, that three million dollar loan will cost us over 20 years? If you don't, that's okay. I'm just. . .

MR. PABLO: No, I haven't worked it out. Usually, I believe, the Department will get an amortization table from the State of Hawaii and that would show what it is.

COUNCILMEMBER MOLINA: Okay, well, I'm just glad at least the rates are very favorable to us. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. I got a question for Mr. Yamashige or Mr. Chang in regards to the bid opening is November 6th. When do we expect if we have favorable numbers to start this project and when do we expect to complete?

MR. CHANG: We would like to have the construction contract signed by, before the end of the year, this year and notice to proceed within. . . hopefully by February, mid-February. And I believe, the, the time, time normally for this type of concrete tank would be somewhere between nine months to one year. So, hopefully, by the end of the, close to Christmas next, next year.

CHAIR PONTANILLA: Okay, thank you. Members, any more questions for the Department? Member Anderson.

COUNCILMEMBER ANDERSON: Yes, please. Mr. Yamashige, is this the total cost of the project, the three million dollar loan?

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MR. YAMASHIGE: Member Anderson, this is actually our estimate when we prepared the budget a few years ago. The engineer's estimate is actually in the \$2.2 million for the construction. You know, I remember asking about the cost of design and the land, and I can't remember that amount right now.

COUNCILMEMBER ANDERSON: Oh, we gotta buy the land from somebody? If, if it's Maui Land and Pine maybe they'll give us a great discount.

MR. CHANG: In fact, they are.

COUNCILMEMBER ANDERSON: Oh good.

MR. CHANG: Yeah, we're. . .it's Maui Land and Pine's land and I think the rate they're charging us is very, very, very, very small.

COUNCILMEMBER ANDERSON: I hope so. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, thank you, Member Anderson. Members, any more discussion regarding this particular agenda item?

COUNCILMEMBER MOLINA: Recommendation.

CHAIR PONTANILLA: If not, the Chair would like to recommend that the passage of the proposed bill, "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE NAPILI WELL "A" SITE IMPROVEMENTS" and also the filing of County Communication No. 08-233.

COUNCILMEMBER ANDERSON: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Anderson, second by Member Molina. Members, any more discussion? If not all in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any opposed? Seeing none, there's six ayes and three excused, Member Baisa, Hokama, and Mr. Victorino.

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

MOTION CARRIED.

ACTION: FIRST READING of proposed bill; and FILING of communication by C.R.

CHAIR PONTANILLA: Thank you, Members, and thank you, Mr. Yamashige, as well as Mr. Chang.

ITEM NO. 99: AFFORDABLE HOUSING FUND PROGRAM FISCAL YEAR 2009 ANNUAL PLAN (C.C. No. 08-68)

CHAIR PONTANILLA: Okay, Members, the next item is BF-99, Affordable Housing Fund Program Fiscal Year 2009 Annual Plan. And Members, joining us upfront are from the Corporation Counsel, Ms. Sloper, and we do have representing the Finance Department, Deputy Agnes Hayashi, as well as the Director of Housing and Human Services, Lori Tshuhako.

Members, the purpose of the proposed bill is to amend Appendix A of the Fiscal Year 2009 Budget as it pertains to Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds, by adding a proviso under the Affordable Housing Fund for the Waiehu Mauka Rental Housing Project – Lokahi Pacific, in the amount of \$1,216,152, and restricting disbur..., disbursement until Lokahi Pacific has obtained Section 201H-38, HRS, approval for the project.

And second, a proposed resolution authorizing appropriation of \$1.216 million from the Affordable Housing Fund to Lokahi Pacific for its Waiehu Mauka Rental Housing Project. And again, the purpose of the proposed resolution is approve the Waiehu Mauka Rental Housing Project – Lokahi Pacific in the amount of \$1,216,152.

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At this time, the Chair would like to call on the Director, Director Tsuhako, for any opening comments.

MS. TSUHAKO: Good afternoon, Mr. Chair. Thank you for having us. Good afternoon, Members. The issue before you is for the Lokahi Pac..., excuse me, Lokahi Pacific's Waiehu Mauka Rental Housing Project. This project is one of four projects that was submitted to the Council via the Department's Affordable Housing Fund Plan in February of this year. The Department went through a process of RFP solicited proposals for use of the Affordable Housing Fund and this Lokahi Pacific project was one of the project's that was selected by the Committee and chosen for funding by the Department. The funding request in the amount of \$1,216,152 is for a project that's 100 percent affordable. The Department is totally in support of this project as we are of all viable affordable housing projects. We ask for the Council's support. Thank you.

CHAIR PONTANILLA: Thank you. And, and Members, before we start, just a word from the Chairman in regards to. . .we do have members from the different departments, Water Department, Environmental Department, as well as Public Works Department. I, I know this morning they had gotten information regarding this particular project. I don't know if they had fully reviewed the materials. So, at this time, Members, any questions for the Department regarding this particular project? Member Molina.

COUNCILMEMBER MOLINA: Chair, just a question, so, we will start off with whatever department. . . .oh, we're starting with Housing and Human Services first--

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER MOLINA: --and then we'll go. . .

CHAIR PONTANILLA: And, and, again, Members, you know, this will come up on the 201H Project approval and at that time, you know, more in-depth information can be, can be provided by each of the departments that are here today. But, you know, I'll call them up as if you request any of them to come up to answer your questions, if you do have any.

COUNCILMEMBER MOLINA: Okay. When, when you deem it appropriate Chair, I'd like to hear from Water.

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CHAIR PONTANILLA: Sure. But we'll take the, the Department first. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chairman. It's my understanding that for the purposes today it's just to release that money towards this project so they can go out and leverage it to get more money.

CHAIR PONTANILLA: Exactly.

COUNCILMEMBER ANDERSON: And my question to Ms. Tsuhako is if we release this funding to them for this purpose and they go through and get their EIS done and they, you know, solve all these concerns that we have about water and what not, excuse me, hopefully they do that before they come for the 201H. But if they do come for the 201H and for whatever unforeseen reason they don't get it approved, would this money that we're now allocating go back into the Affordable Housing Fund?

MS. TSUHAKO: That is my understanding, Member Anderson, that it would revert back to the fund.

COUNCILMEMBER ANDERSON: Thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Anderson, and that's part of the proviso that we have included in this resolution. Members, any more questions for the Department at this time? We do have also Alice Lee, the former Housing and Human Services Director, here as a resource person for Housing and Human Services. So, if there's no more questions for the Department. Member Molina, you had a question for?

COUNCILMEMBER MOLINA: Water.

CHAIR PONTANILLA: Water Department. Mr. Yamashige, if you could come forward, please. Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chairman, and good afternoon, again, Mr. Yamashige. I guess this is just a standard question for all projects waiting in the wings. Can you give us a comment with regards to the water matter for this project?

MR. YAMASHIGE: Yes, thank you, I'm sorry.

CHAIR PONTANILLA: Mr. Yamashige.

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MR. YAMASHIGE: I thought I turned that thing off. First of all, we, we do support the project as Housing mentioned. And as you all are aware, this will be subject to the "show me the water" bill that, you know, you've all passed. That being said, the project will not come on line tomorrow or even probably next year. So, we're looking at developing sources in Central Maui and hopefully those sources will be available when this project is ready to get started.

COUNCILMEMBER MOLINA: And based on your number of units that will be potentially constructed, how much water will, will they need?

MR. YAMASHIGE: Really roughly there's about a hundred units that were identified. When we look at apartments we're looking at about 400 gallons per unit per day. So, it's about 40,000 gallons.

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

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

COUNCILMEMBER MATEO: Chairman, thank you very much. Actually I didn't really have a question because I'm going to wait until the 201H process actually is submitted. But I do want it to be sure while mister, while the Deputy is here, that the Department really provide that priority to affordable housing in terms of allocation. I believe, I believe the Department was a participant in the process in trying to be sure that affordable housing units do get the priority, so with this affordable unit, you know, coming on line, I'm hoping that, that priority still remains. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions regarding this? Member Medeiros followed by Member Anderson.

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. For the Department, the Water Department, yeah, you did say that because of the completion projected schedule for this project that it will give the Water Department time to develop some other sources. Now, would that be in the form of wells?

CHAIR PONTANILLA: Department.

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MR. YAMASHIGE: Yes, thank you very much. Currently, we have a couple projects that are near. . . well one project near completion that would be the Maui Lani wells that you're all familiar with. Our Director is working on developing or working out a source in the Waikapu Aquifer, which is south of Waikapu Stream. And as you know depending on the stream flow requirements, we are still pursuing the Waiale Surface Water Treatment Plant.

COUNCILMEMBER MEDEIROS: I see. Okay, so, these new development of water sources will not be tapping into the Iao and Waiehu aquifers?

MR. YAMASHIGE: No.

COUNCILMEMBER MEDEIROS: Okay, it'd be more the Waikapu Aquifer site?

MR. YAMASHIGE: Those would be the new sources of water. The Iao would be more for spreading the, the pumping.

COUNCILMEMBER MEDEIROS: I see, okay, thank you, Department. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Member Medeiros asked my question, thank you.

CHAIR PONTANILLA: Oh, thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Eric, because I know that we've had other issues specifically Wailuku Country Estates with even having sufficient water supplied so that the people can implement their farm plans. We've been advised by some of the owners there that they're really having a difficult time struggling with that. So, I'm not sure if the source that they would be going to to address their problems is a similar source or solution that we would be going to with regard to this project being able to move forward, so could you comment on that?

CHAIR PONTANILLA: Mr. Yamashige.

MR. YAMASHIGE: I'll try. We, we have not had a lot of discussion on this project yet. As far as the Wailuku Country Estates that it was a dual water

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system where potable water was provided by the Department and irrigation water was provided through a private entity. I would not expect that to happen on this. . .in this case, although we, we don't know the details of it. I would assume that the developer would be coming to the Department for water.

COUNCILMEMBER JOHNSON: Okay, but because we're just at the preliminary stage now where the discussion is going on we at least want to give them that opportunity and that's what you're supportive of?

MR. YAMASHIGE: That's correct.

COUNCILMEMBER JOHNSON: Alright, thank you very much.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department or any other department in regards to this particular project at this time? Before the Chair makes his recommendation, the Chair is going to call for a five minute recess and we'll reconvene at ten after 2:00. This meeting is in recess. . . .*(gavel)*. . .

RECESS: 2:05 p.m.
RECONVENE: 2:18 p.m.

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened. Thank you, Members, for that short recess. At this time the Chair would like to offer his recommendation.

COUNCILMEMBER MEDEIROS: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair would like to take it one at a time. So, the Chair's recommendation on, on bill entitled, "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2009 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR THE FISCAL YEAR 2009, AFFORDABLE HOUSING FUND" be, be approved on first reading.

COUNCILMEMBER JOHNSON: So move.

COUNCILMEMBER MOLINA: Second. . . .*(end of tape, start 1B)*. . .

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CHAIR PONTANILLA: Moved by Member Johnson, second by Member Molina. Members, any more discussion on that?

COUNCILMEMBER JOHNSON: I think Mr. Taguchi has something because I think the last part--

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER JOHNSON: --of your language may need to be slightly amended.

CHAIR PONTANILLA: Okay, thank you. Mr. Taguchi.

MR. TAGUCHI: Chair Pontanilla, because this is an amendment to the Affordable Housing Fund, once the appropriation has been made, it hasn't, it does not have an end date. The concern currently is that there is a proviso under the current bill, which requires that nothing be disbursed until Lokahi Pacific has obtained a 201H approval for the project. There, there is a slight concern as to what would happen if the 201H approval for the project is never granted. Whether or not there should be some kind of mechanism to release the funding or from being appropriated in the fund. If no language is there, we believe that the appropriation would have to be, be moved through another budget amendment at a later time. Or, the other option would be to have an end date. In other words, have the 201H approval be subject to a specific, to be obtained by a specific date.

CHAIR PONTANILLA: Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Yes, Mr. Chair, I think another way that we may be able to achieve this is to not necessarily put in an end date because, as you know, the 201H process is rather lengthy.

CHAIR PONTANILLA: Yeah.

COUNCILMEMBER JOHNSON: And it will go far beyond our term unfortunately. So, my suggestion would be that, you know, perhaps we actually amend the proviso in the budget document itself to allow a little bit more flexibility to say that the, you know, if for some reason it's not granted that it is our understanding that the appropriation would, you know, be coming back through for re-appropriation. Some, something to that affect. I'm not the attorney though so I don't know what language we would have to put it in, but I, I understand what Mr. Taguchi's concern is.

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But I also understand that the 201H or G or, you know, whichever the new, I guess, form would be that this project would be filed under that is not really as short as we would like it, and their. . .they may experience some delays simply because departments don't always respond on time.

CHAIR PONTANILLA: Thank you and, and the Chair's intent is to amend the proviso, Members. Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, you know, if you read this, Mr. Chair, I don't know that that's necessary because what we are doing is we are amending the Affordable Housing Fund section of the County Code with a proviso that says that 1,216,152 be for Waiehu Mauka Rental Housing Project – Lokahi Pacific, provided further that the 1.2 million not be disbursed until Lokahi Pacific has obtained 201H approval for the project. If they don't get approval for the project the money won't be disbursed.

CHAIR PONTANILLA: Exactly and, and what we want to do is provide Lokahi Pacific some time to get that approval. Otherwise, the money will linger into the. . .linger if the project is not approved for that particular area and, and that we need to come back and amend the budget again. So, with the amendment that the Chair would like to recommend we'll provide a sunset date for Lokahi Pacific, you know, enough time such that hopefully that the 201H approval for that project is given.

COUNCILMEMBER ANDERSON: Or another thing you could do, Chair, is, excuse me, I have a frog today, is just add another sentence that the proviso, at the end of the proviso.

CHAIR PONTANILLA: Member Anderson, can I add what the Chair intent was?

COUNCILMEMBER ANDERSON: Oh, I'm sorry, go ahead.

CHAIR PONTANILLA: The Chair's intention is to amend the proviso after the word "project" to include which approval shall occur on or before December 31, 2010.

COUNCILMEMBER JOHNSON: So moved.

COUNCILMEMBER MOLINA: Second.

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CHAIR PONTANILLA: Okay, moved by Member Johnson, second by Member Molina. So, any more discussion on this particular amendment?

COUNCILMEMBER ANDERSON: On the amendment?

CHAIR PONTANILLA: On the amendment. At this time, the Chair would like to call on the representative from Lokahi Pacific to give us her response to the December 31, 2010 date.

MS. SOMBELON: Thank you, Chair Pontanilla and Members of the Committee. Kamaile Sombelon, Executive Director for Lokahi Pacific. We are in agreement with this amendment. We were informed earlier this week by Munekiyo and Hiraga, who's doing our environmental, that the anticipated submission of our 201H will not happen till June '09. So, this would work perfectly into our plan.

CHAIR PONTANILLA: Thank you. Any more questions for Ms. Sombelon at this time? Seeing none, thank you again. Members, any more discussion in regards to the amendment at this time? Member Johnson.

COUNCILMEMBER JOHNSON: Having heard that Ms. Sombelon agrees to this, even though some times we know we have unforeseen delays, I'm sure that if such a delay should take place that at least we could make mention of the fact that if it's something that's not their fault or their responsibility due to whatever circumstances beyond their control that I would certainly be willing to extend that date by re-amending, you know, this particular ordinance to give them the time that they need.

CHAIR PONTANILLA: Thank you. Members, any more discussion? If not all in favor of the amendment please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none, six ayes; three excused, Member Baisa, Hokama, and Mr. Victorino.

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COUNCILMEMBER JOHNSON: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Johnson and second by Member Molina. Members, any more discussion? If not the Chair would like to recommend an amendment on Page 2 of the resolution. This is on the proviso again similar to the first one, after the word "project", we add a comma and the words "which approval shall occur on or before December 31, 2010".

COUNCILMEMBER JOHNSON: Move to amend.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Thank you. Moved by Member Johnson and second by Member Molina. Any more discussion, Members? All in favor of the amendment please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, six ayes; three excused, Member Baisa, Hokama, and Mr. Victorino.

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

MOTION CARRIED.

ACTION: APPROVE amendment to main motion.

CHAIR PONTANILLA: Coming back to the main motion as amended. Members, any more discussion? All in favor. . .Mr. Molina.

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COUNCILMEMBER MOLINA: Oh, thank you, no, just a comment. I want to thank Lokahi Pacific for this proposal and hopefully it's a good step in the right direction and address some of our housing needs in our community. Thank you.

CHAIR PONTANILLA: Thank you. Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, I want to also congratulate them and thank everybody that's worked on this project and getting this far. I know there's some concerns about the location and hopefully all that's going to get worked out. But the thing I really like about it is that it targets people making 50 percent and below the median income and those are the most needy people. And I think it's the best use of the Affordable Housing Fund. So, I want to thank them for all their efforts. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Any more discussion? And hopefully, Member Anderson, when it's completed you'll get an invitation from Lokahi Pacific for the dedication.

COUNCILMEMBER ANDERSON: I'll leave a forwarding address.

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

CHAIR PONTANILLA: Thank you. Coming back to the main motion if there's no more discussion all in favor say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, six ayes; three excused, Member Baisa, Hokama, and Mr. Victorino.

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

MOTION CARRIED.

ACTION: ADOPTION of proposed resolution.

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CHAIR PONTANILLA: Members, at this time, the Chair would like to request that for your permission to make any nonsubstantive changes to the bill to incorporate any pending legislation.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

MR. TAGUCHI: Chair Pontanilla, did that include the filing of the . . .oh--

CHAIR PONTANILLA: And the filing of the . . .what's that?

MR. TAGUCHI: The communication would still be open for the remaining two projects.

CHAIR PONTANILLA: Exactly. Yeah, thank you. Members, any announcements before the Chair adjourn this meeting? Okay, seeing none, this meeting is now adjourned. . . .*(gavel)*. . .

ADJOURN: 2:30 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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Transcribed by: Delfey Fernandez

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CERTIFICATE

I, Delfey Fernandez, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED this 20th day of November 2008, in Wailuku, Hawaii


Delfey Fernandez