

The Deliberation and Preliminary Decision Making reconvened on May 13, 2014 at 9:08 a.m., and proceeded as follows:

Deliberation and Preliminary Decision-Making:

Honorable Tim Bynum
Honorable Mason K. Chock, Sr.
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Chair Furfaro: *Aloha* and good morning. I would like to call back our session that went into recess yesterday. I would like to go around the table giving each member five (5) minutes to make comments or suggestions as a review of yesterday's work that ended last evening. Then we will be talking today about Capital Improvement Projects (CIP). We will be talking about revenues as it relates to the property tax piece. During the property tax piece, I will give each member ten (10) minutes for their comments as well. So, we will start around the table and Mr. Kagawa, we will give you the first five (5) minutes here to recap anything you wanted to say about yesterday's work.

Mr. Kagawa: Thank you, Chair. First of all, we are going to be proposing instead of twenty percent (20%) reduction in overtime, I am going to be proposing just a five percent (5%) reduction and the five percent (5%) for Fire would only come from restricted funds. Well, I guess, funds that are not contractually obligated. From the Police, they said none of the overtime is unrestricted. So, they said that they could live with the five percent (5%) and specify specific line items that would be taken out.

As far as the travel account, there were several accounts that, and I will just name them: Prosecuting Attorney, Personnel, Planning, and Economic Development, that went the other way by reverting to 2013. They actually got more money than they asked for in this fiscal year which is of course, we are adding to their budget when they are not even asking for it. So, those are just corrections to restore their 2015 request. For Council Services, we are adding eighteen thousand five hundred dollars (\$18,500) to the travel budget because this year is an Election Year and in 2013, there was not an election. So, Elections Division needs those moneys restored to account for it being an Election Year. As far as the Finance Department, I had a lengthy discussion with Mr. Hunt and they are going to be severely affected. The cut to Finance was going from fifty-five thousand dollars (\$55,000) back to fifteen thousand dollars (\$15,000), a reduction of forty thousand dollars (\$40,000). That was the largest percentage among all cut Departments. He said that things that would be affected would include the audit, the Comprehensive Annual Financial Report (CAFR), et cetera, and we definitely do not want to affect those timings being late because those are necessities. So, being that he took the time to contact us about it and saying specifically what would be affected, I am proposing that we restore thirty-four thousand four hundred six dollars (\$34,406) and that would get them back up to their request.

The last item, well, I would just like to end by saying that we receive a lot of comments from Departments, from the public as well, and one of the things that the public is still concerned about is, I think, the vehicle weight tax and asking me how much it is going up. So, your bill is going to go up again to reiterate, from one hundred ninety-five dollars (\$195) to possibly two hundred twenty dollars (\$220) or two hundred fifteen dollars (\$215). So, you would basically be paying about twenty-five dollars (\$25) more per vehicle

that you own. If you own two (2) cars it would be fifty dollars (\$50) a year more, and they expressed concern. I think one of the things that they said was that if they are going to be taxed more for their car, then let us do a better job on taking care of the roads. One of the roads that I just drove by yesterday that is in really bad shape is Nāwiliwili Road. We talked about Puhi Road being bad, but Nāwiliwili, right in front of our shopping center is just so highly traveled. I mean, that road is just horrible. So, I think we can justify charging more for vehicles, but I think in the end we need to see some improvement on the way we take care of our main thoroughfares. Hopefully, that will happen. So, I would say that I would be still supporting the vehicle weight tax and I will be working together with Public Works and let us start working on that priority list and seeing what we can do to get some of these roads done. That way we can justify to the public that hey, we are charging you more, but you are getting better service and we are trying to put that increase to work. So, with that, thank you Chair, and I look forward to a quick day. I know the adds always take faster than the cuts.

Chair Furfaro: Yes. Mr. Rapozo, you have time to discuss yesterday's events or anything new you would like. Five (5) minutes.

Mr. Rapozo: I will just be brief. I think I said most of my comments yesterday. My position has not changed at all. I think in football if you are playing the season, you have to win the game, but you also have to think about next week, the week after it, and if you are into the playoffs. You have to strategize your game plan to make sure that you have enough oomph to finish out and win the championship. I think that is critical. Similarly here at the budget, we have to make sure that when we are discussing costs, adds, and cuts we cannot just be thinking about this year's budget. We have to be thinking about next year and the year after. I mean, I have professed that every year, that we cannot look at it as a one (1) year budget. Mr. Hooser yesterday in his opening remarks kind of put everything in perspective as to where we are at and why. Now, if today is the starting point, I mean, I have heard several Councilmembers say, "This is the correction year." Well, let us think about that. Let us think about going down next year, the year after. The State does a biannual budget. We do a two (2) year budget. Maybe that is something that we have to look at because we cannot just do things today to get through this year and then be in a worse position next year. So, we have to tell out taxpayers, "Sorry, we tried, but we still need more." I think that is just the mindset that I am setting myself in today as we go through the discussions. I just ask that the rest of us think about next year and the year after and the year after because that is what we are here for. It is not just to get out of the hole we are in, but to make sure that we set ourselves up in a good way for next year and the year after that. Thank you, Mr. Chair.

Chair Furfaro: Okay. Thank you.

Mr. Chock: Thank you, Chair. I just wanted to first thank some of my colleagues for the great work that they did and Councilmember Kagawa, for the introduction of some cuts that we can consider and talk about because if it was not there then it would not exist. We would not have this chance to just talk about it. While we have had to make decisions, what I like to think is that this is a process. The process is that we present these thing and we get to talk about them and where there needs to be changes or adjustments, that is what we can move towards. So, again, I am thankful for the opportunity to look at everything that is being shared and that we can come towards resolutions to come to some sort of balance. I kind of see, just like life, an overcompensation of needing to act on certain things and then when we can find the middle road, just like in dealing with people's perspectives, then we can have some balance.

There is just one (1) area that I wanted to bring up since I had a discussion with the Managing Director and Director of Finance on the travel. I would ask that they continue to do their work. They have a presentation on the travel. By lunch, I think, is when they will have it. It leads towards their accounting of the County structure that they had within the years that we looked to change. So, to help them along that road would be to reconsider how it is we are adjusting it. Right now, the proposal is to look at a twenty percent (20%) cut of the total travel. However, there are a few classes or Departments that have been conservative while others have probably been a little bit...could use some trimming on their end. So, I would like to look at what they have to say. Chair, if we could look at that at lunch. Other than that, I am looking forward, again, to seeing where else we might be able to trim and then look at our enhancements. Thank you.

Chair Furfaro:
Mr. Bynum.

Okay. Continuing going around the table.

Mr. Bynum: Thank you. I thought it was a good and spirited day. There were surprises. I surprised myself by voting for cuts that I did not probably initially come in intending to vote for, but I understood the rationale, particularly those proposed by the Chair who was kind of a master at finding places where we can trim that do not have a huge impact on the operations. I am very pleased to hear Councilmember Kagawa and an effort to relook at the travel cuts because the way it happened, I do not think gives the flexibility. So, wherever that was, I was considering saying, "Let us just go the same dollar amount, but cut it from the existing budget." I hear that there is an effort in way to help accommodate the Administration, how they distribute those cuts, is what I am hearing. I really applaud that.

I just want to put this in context. This year is the reset year. This is the year that the cap is no longer a part of the equation and what that means is that there is a lot of reset happening among resident homeowners. People who have been paying very low taxes for ten (10) to fifteen (15) years, many are going to have significant increases. Other citizens that are among our taxpayers in the upper side that were paying very high taxes, sometime three (3) or four (4)...two (2) or three (3) times what their neighbors were paying for the same value home are going to have tax decreases. Currently, under the Mayor's proposal, that is...where is the account? Scroll over. Four thousand six hundred (4,600) resident homeowners that have exemptions that will have tax increases this year and five thousand six hundred sixty-six (5,666) that will go down if we leave the homestead rate unchanged. If we raise the rate up, then there will be more people paying increased taxes at a higher rate. If we lower the homestead rate at all fewer people will be paying increases and the increases they would be paying will be smaller. So, the decisions we made about revenues and what came clear yesterday, that equally strong commitment and upset at some of the measures we have to take and we are debating which of the egregious ones is the one that we should do. That outcome will come today. But what we decide today on tax rates and on this bigger issues is going to set...the dye will be cast because most of our structural changes are done this year. We have put in increased exemptions for homeowners. We have put in long term rental incentives that landlords who choose to rent their rentals at a lower price can be in the homestead rate that I hope to keep low and if we lower that rate, we give our landlords who are keeping their rentals. Greater incentive to keep affordable housing available for working people as opposed to that housing going up, market rate, or into vacation rental. We structurally have made wonderful changes over five (5) years, but this year, we reset and believe me, those folks that get a six hundred dollars (\$600) or seven hundred dollars (\$700) increase in their taxes, when they go from...some of them like four hundred dollars (\$400) to nine hundred fifty dollars (\$950) all in one (1) year, they are not going to be happy. The choices that we make here will decide the fate of those individuals,

our friends and neighbors. Again, those people are paying big increases. They have enjoyed tax rates well below most of their neighbors for ten (10) or twelve (12) years. So, this readjustment is just. It is appropriate. So, this is the reset year. Yesterday we did good work here. I really appreciate looking at some of the cuts that I voted against, but I lost. That is democracy. Now to be able to reprogram those a little bit that make more sense for our workers out there so it does not hit the Departments as strong. I still have huge concerns about an across the board cut in overtime. Anything that is across the board is going to cause these anomalies and we have like just a few hours for the Administration stand up and say, "Wait, wait. Did you think of this?" I expected the cuts from all of things that people said, the big cuts, not be that kind of across the board let us cut this and you folks figure it out, but what I heard was people saying, "Hey, there are things that we just have to quit doing." I expected there to be cuts in Departments that says this service, we cannot just do it anymore. There kind of cuts that are across the board...

ALLISON S. ARAKAKI, Council Services Assistant I:

Five (5) minutes.

Mr. Bynum: ...and an already trimmed budget, make it really difficult to administer our government and we should think about that too because part of that difficulty will be perhaps a flood of Money Bills coming over because we cut it so tight that they have to come back to us when reality strikes, but overall, this is democracy in action and it happens pretty good here on Kaua'i. Thank you.

Chair Furfaro:

Okay. JoAnn.

Ms. Yukimura: Thank you. I thought we did good work yesterday, hard work, not easy at all, but I appreciate the thinking and offerings of my colleagues and also the discussion that we had around the table. I continue to be concerned about the across the board cuts as I have mentioned before about the smaller Departments and Divisions. As I gave an example about Housing, it was very critical that Housing be at the Legislature this year to talk about a very important issue where the Department of Hawaiian Homelands (DHHL) is taking away the housing zoning credits that we have where we require developers to build affordable housing. DHHL is able to just take all of those credits and use it instead of the County using it for our constituency, which is the people of Kaua'i. So, I would be in favor of the cuts if they are the...only for the discretionary cuts and only for the larger Departments.

I agree with Councilmember Rapozo that we need to be thinking about the years ahead and not just this year, and that is why I will be proposing an Arts & Culture Comprehensive Economic Development Strategy (CEDS) implementation program to work with the artists in the community on a project that can bring together arts and economic development. We have been having some hard time getting that Arts & Culture piece of our economic plan launched and young entrepreneurial artists have stepped forward to work with the County on this proposal. I think that there is all of the elements for a very successful way to build arts into the economy and service our young people, our residents, and our visitors in a way that will make this economy prosper.

I also thought the newspaper article in today's front page of the Garden Island, about the United States Department of Agriculture (USDA) report that farmlands are increasing in the State, but decreasing on Kaua'i to be very timely. We have to begin to look at how to increase food production on our island, both for self-sufficiency terms and also for economic diversification. We have the potential for some...I mean, the basic essential for food production is long term tenure for farmers. We have several agricultural park proposals which will require a lot of investment of time and money, and we need to

make sure that these proposals are successful. So, I am proposing, for a very small amount, an Agricultural Workshop where we can bring together those who have been working on this issue for a long time. Farmers who have been very successful over the years like Richard Ha who is a banana farmer on the Big Island, and because of his work Hawai'i is fifty percent (50%) self-sufficient in bananas. Larry Jeffs because of his work, we are thirty percent (30%) self-sufficient in melons. To tap the brains of these people, Neil Hannahs, my college classmate, Kamehameha Land Assets Manager, who is looking carefully at how to give Kamehameha's Bishop Estates lands to farmers for farming and how to do that in an effective way. I would like to bring them all together in an Agricultural Workshop where we can meet with our farmers and our policy makers like this Council, like ADC, the Agribusiness Development Corporation, like the Farm Bureau, and others and work together to move toward a vision of greater agricultural production. So, my time is up. I want to say we are doing very important work not only to stabilize the budget, but also to prepare for the future. So, I look forward to the work that we are going to do today.

Chair Furfaro:

Mr. Hooser.

Mr. Hooser: Yes, thank you, Chair. I also think we did great work yesterday and I want to commend Councilmember Kagawa, especially for being willing to put forth some strong measures of budget cuts. I want to reassure the people watching on television, the millions, that none of these cuts will impact any contractual obligations whether it is for overtime, or health care, or whatever. It is not going to increase costs to any individuals in terms of the health care or diminish any contractual obligations that might occur in overtime and others. I agree that these cuts are better made by the Administration and that broad-based cuts are not the most efficient way to do it. We asked the Administration to make those cuts and they made some, but they did not make enough. So, we have to then go back and do the best we can. I would encourage the Administration and the Council, the Administration, if they think they can restructure some of these cuts better, to put those proposals forward and as long as for me personally, the net amount does not change. Let us say for the travel for example. It is x amount of dollars that we put up there on the table. If they want to rearrange things within their Departments and come up with the same amount of savings, I am okay with that whether it is in all categories, but I do not want to see those numbers increase. I want them to decrease in terms of the savings. I believe we need to stay focused on the ball, keep our eye on the ball and for me, the ball is that we need to increase our reserves. This budget started out as a hallow budget with, I want to say four hundred thousand something in uncommitted reserves and that is with...just for one (1) example. The County Attorney's Office has a budget that was unrealistic. They are going to spend over one million dollars (\$1,000,000). I believe it was budgeted much less. So, at the end of the day, I would like to wind up with increase reserves and a budget that for once in the past six (6) years or so, is balanced with the income coming in from tax revenue and fees equals the expenses that are going out in operating expenses. Yes, we have to kick the can down the road a little bit maybe in some of these areas over others, but I would like to see this Council come up with a budget at the end of the day that increase reserves which will increase and help our bond rating, and balances income and expenses. I think that is a responsible thing to do and I would only put two (2) caveats on that for myself personally. I cannot support an increase in vehicle weight tax and I would like to see a reduction in owner occupied real property tax rates, certainly no increase. Other categories can be increased, but my main priority in terms of the people is to protect people who are on fixed incomes. People in fixed incomes cannot afford twenty dollars (\$20) or thirty dollars (\$30) or forty dollars (\$40) more on their car. They just do not have it. All of the other...their expenses are going up. The same with their property taxes. They do not have any method of increasing their revenue to pay for that. So, those would be my caveats as we move forward, but at the end of the day I want

to wind up with increased reserves and a balanced budget. I also encourage the Administration to help us here. I am looking...we ended yesterday's conversation, I did anyway, with looking for one hundred thousand dollars (\$100,000). We are looking at the CIP budget. There is one hundred thousand dollars (\$100,000) in round numbers of Operating Funds that could be replaced by Bond Funds. So, we just need to find a project that is not going to be funded or it is unlikely to be spent this year. We know there is tens of millions of dollars for projects that, if they follow history, will not happen. So, we could either look into those CIP projects and pick one (1) and take one hundred thousand dollars (\$100,000) off it or we could, the Administration could offer up one (1) or offer up ten (10) ten thousand dollars (\$10,000) on ten (10) different projects, but wherever. That is a more efficient way to do that budget cutting. Not for me or for any of us just to reach in there and do things, but to ask them to work with us on this. I am pleased with the way the direction is going and hope that we could have the same success if you would, as we go through the revenue increases that are going to be difficult for us to make as well. So, thank you all. Thank you, Chair. Thank you, to the Administration. *Aloha*.

Chair Furfaro: Okay. Before my time, I have a few announcements here. So, I sense after what I have heard around the table, that between Mr. Kagawa and Vice Chair Chock, maybe there will be a revisit of the travel pieces. So, before we do that, and we can do it a little later today, I want you to know because we took a vote on that, I am going to ask is it Mr. Chock's position that you would like to reconsider that vote and we can do that later on?

Mr. Chock: Sure. Chair, the request is for us to amend that current proposal.

Chair Furfaro: Okay.

Mr. Chock: If it takes us...it is easier to look at the best options and consider Councilmember Kagawa as a combination, I am happy to start again and rescind my vote.

Chair Furfaro: Okay. Why do we not plan to look at an amendment then and we will do that a little later after you folks have had time to talk at the break? Mr. Kagawa.

Mr. Kagawa: Well, actually I do have an amendment. I think the fact of the matter is even with my amendment the Council will still be, second to the Mayor's Office, the largest Department hit by this cut. So, we are actually...we are cutting ourselves the most, but again, I think Councilmember Hooser hit the nail right on the head in that we had large variances or lapses for Fiscal Year 2013, the CAFR. This is fact. We had in public safety....

Chair Furfaro: Excuse me. I was just asking if you were going to reconsider. I still have not been able to have my time. So, go ahead.

Mr. Kagawa: Yes. I am just saying that they do have moneys in their accounts. It is just if they do not give it to us as far as where to cut, this is the only, I think, fair way to cut every Department is to look for an account that everybody has and reduce it. Especially the travel account, which has really blown up. If you look at the history from 2012 to 2015, oh my goodness. I mean, I do not think it is inflation, but anyway.

Chair Furfaro: Okay. So, we will be shooting for an amendment then after you folks talk.

Mr. Kagawa: Okay.

Chair Furfaro: Rather than a reconsideration. That is what I wanted to hear from the two (2) of you.

Mr. Kagawa: Thank you, Chair. I have my amendment, but if he wants the Managing Director to propose the amendment and we get to the same point, then I am happy with that.

Chair Furfaro: I want to leave the discussion between the two (2) of you.

Mr. Kagawa: Thank you.

Chair Furfaro: And we will do that before lunch.

Mr. Kagawa: Okay. Thank you.

Chair Furfaro: How is that? Now, along the way I want to make sure I thank Mr. Bynum for the comment that he made that he said I am pretty good at this. I think I do know some of the moving parts. You can start my time, please. I proposed yesterday my changes. My reductions came to one hundred sixty-eight thousand nine hundred dollars (\$168,900). I do want you to know that I do plan to look at a couple things with my savings. One (1) of them is I would like to pass out this article from Kamehameha Schools as it relates to the agricultural community and the need to have a system to manage our bee harvests here on the island (Attachment 1). So, I do not want to go into discussion. I just wanted to let you know that I am looking for about twelve thousand dollars (\$12,000) here for the beekeepers. I will also be supporting with my cuts, the idea about cultural and the arts and twenty-five thousand dollars (\$25,000). I piggy-backed on that with Councilmember Yukimura.

Next, I want to talk a little...talk about terminology here. If I can, it is really important. I noticed that the Garden Island, and JoAnn referred to it. The Garden Island referred to two million four hundred thousand dollars (\$2,400,000) worth of cuts today, but the reality is they are not cuts. They are IOUs. Okay? One million five hundred thousand dollars (\$1,500,000) in deferring of Other Post-Employment Benefits (OPEB) is an IOU. It is not a cut. Please, we need to make sure we use the right terminology because yesterday was very critical for the Council as we used Fund Balances for taxes we collected on projects that we need and so forth. Well, that is duplicating the same thing. That is a liability. That is a liability that we need to be aware of and that is why if at last resort we have to go there, then we will, but I did not vote to defer that one million seven hundred thousand dollars (\$1,700,000). It is a future debt service.

So, along those lines, I also want to touch on the fact that in the revenue side that I proposed, there was thirty-six thousand dollars (\$36,000) for the Spouting Horn vendors and that is handled as a Parks repair & maintenance (R&M) item, but I wanted to say to the Administration, I am looking for how we are spending two hundred eighty-four thousand dollars (\$284,000) that is currently in that account? Where is the plan for that R&M? That should be happening twice a year, that we get updated on it. So, please

understand. So, that money of rent added actually goes and is added to the two hundred eighty-four thousand dollars (\$284,000) that is there.

I am pleased to hear from Mr. Kagawa and Mr. Chock that they will be working on a relook at the travel. That is really important. On the staffing guides, I want to remind us also when we talk about the positions as being half-time and so forth. Unless they are less than nineteen (19) hours they are in reality, still entitled to benefits by Federal law. So, please make a note of that. Nineteen (19) hours and less, people do not collect any overtime benefits and/or medical and other retirement benefits. Twenty (20) hours starts that clock ticking. So, please understand I think this is really important for us to recognize. Then on the revenue cycle, I want you to know that the hotels and resort business, I know pretty well. I do not think that the attempt to get us to the same value as hotel and resorts on other islands is difficult and here is what I am trying to share with you. I will ask this to be circulated if I can to the members (Attachment 2), but this is the growth on the Transient Accommodation Tax in revenue, but the revenue is tied to the growth and average daily rate. The average daily rate on Kaua'i is tied to the fact that the Grand Hyatt is now the Grand Hyatt because of renovations. The Sheraton Princeville is now the St. Regis. The Sheraton Kaua'i entered into a twenty-seven million dollars (\$27,000,000) repositioning of their project. Even Sue Rizzle came to us four (4) years ago, who is the Asset Manger for Le Sera. The owners of Sheraton Princeville said, "We are prepared to revisit our tax base, but let us get through our renovations first." These hotels are repositioned and the other hotels that we are dealing with now are either in time share inventory and/or shared ownership. So, there is room, but at the two dollars (\$2) rate, it is probably at the top of the line. So, on that note I would ask this be passed out and I would ask to consider my comments on this deferral as being a future payment, but it is owed and we will start to talk a little bit about CIP, which is where we left off yesterday. Yes, JoAnn.

Ms. Yukimura: Mr. Chair, just a process question. I did want to propose some increases like you did on the Golf Course and there is this Park Fund issue in terms of potential savings to the General Fund if we can use the Special Fund for some repair & maintenance. So, I was wondering when we would be able to discuss it.

Chair Furfaro: I think we can discuss that as we are going around thorough the CIP because some of the things that we are spending repair & maintenance on are confusing at times under the terminology of the Principles of Accounting. For example, the sprinkler system that was put in the at the Wailua Golf Course is being charged to the operation as if it is an R&M item, but in reality the sprinkler system is a capital improvement. I have always had that position because it added value to the whole golf course. Unfortunately, that is one of the reasons we have a one million dollars (\$1,000,000) lawsuit with the Golf Course because we are carrying the debt service of a CIP item, but we kind of ended yesterday, Mr. Hooser wanted to chat in terms of CIP. We left Keith with some questions along with Ernie, and I would like to kind of start from there.

Ms. Yukimura: Okay.

Chair Furfaro: I will be open to it. Yes, Mr. Kagawa.

Mr. Kagawa: Thank you, Chair. Are we going to deal with the overtime budget cut prior or after?

Chair Furfaro: No, I heard that they also wanted to consider that before lunch.

Mr. Kagawa: Oh, okay.

Chair Furfaro: Okay. So, we are going to do that travel and the overtime before we get to lunch.

Mr. Kagawa: I thought that Councilmember Nakamura just wanted...I mean Managing Director Nakamura just wanted to address the travel. I thought the overtime, we were getting responses from Public Works, Police, and Fire. We got those responses. So...

Chair Furfaro: Oh, did we get them all?

Mr. Kagawa: Yes.

Chair Furfaro: Okay. So, maybe we will go there first.

Mr. Kagawa: That piece is ready. We just vote it up or down and we will see.

Chair Furfaro: Fine. I have no problem with that. I did not realize that. Yesterday they only finished Fire, I think, but if they got everything, we are ready to deal with it.

Mr. Kagawa: Yes. Thank you, Chair.

Mr. Kagawa moved to Reduce Regular Overtime by 5% across all Departments, except Public Works (\$2,500 reduction in General Fund, Highway Fund, Sewer Fund, and Solid Waste Fund) in the amount of one hundred fifty thousand three hundred seven dollars (\$150,307), seconded by Mr. Hooser.

Chair Furfaro: Okay. We have a motion and a second.
Discussion?

Ms. Yukimura: Question.

Chair Furfaro: Yes.

Ms. Yukimura: Of course I am interested in the Transportation Agency and I am just looking at this material for the first time. What is the proposal exactly with respect to Transportation because in speaking with the Executive yesterday, the cuts as I understand them would result in cuts to services?

Mr. Kagawa: So, the cut to Transportation would be five thousand one hundred thirty-three dollars and seventy cents (\$5,133.70).

Ms. Yukimura: Where is that?

Mr. Kagawa: It is on the third page. Well, the comma is at the wrong place. From one hundred two thousand dollars (\$102,000), we will be cutting five thousand dollars (\$5,000). Like I said, Transportation, I can read the CAFR again, but I have done it several times. They lapsed in 2013, I think, ninety thousand dollars (\$90,000) or something. So, they know where ninety thousand dollars (\$90,000) they lapsed. They know where those moneys are in their budgets that they have a little more than they need.

What I am saying is that if it really crucial that they have that additional five thousand dollars (\$5,000), which I am pretty sure they do, they can pull that five thousand dollars (\$5,000) out of whatever lapses. If they are getting better at tightening their budget, they will still have seventy thousand dollars (\$70,000) or fifty thousand dollars (\$50,000) or whatever left in some type of budget account. They can pull it from there. So, it is a very small cut.

Ms. Yukimura: So, has the Administration quarried their Heads to see whether they can live with this without cutting services?

Mr. Kagawa: I believe so.

Ms. Yukimura: I need some acknowledgment from the Administration.

Chair Furfaro: Please come up.

There being no objections, the rules were suspended.

ERNEST W. BARREIRA, Budget & Purchasing Director: Good morning, Chair Furfaro and members of the Council. Ernie Barreira, Budget & Purchasing Director. My apologies for a couple of the errors. This was done very late last night and we were able to get that transmitted to Scott this morning. This communication was sent to all County Departments and obviously, while there are concerns about reduction in overtime, particularly with Police, Fire, and in Public Works. They have had an opportunity to check the numbers and because of the lack of time, I did not have the chance to speak to them on critical issues about impacts to each Department, but they have qualified that the numbers that were provided were correct. Beyond that, there simply was not ample time to talk about what the impacts would be, especially Public Works continues to have some concerns particularly because the cut last year was about two hundred forty thousand dollars (\$240,000) in overtime as a result of significant shift changes and negotiations with United Public Workers (UPW). So, I apologize Councilmember Yukimura. I cannot tell you that we have had time in the late last night discussions to get the impact from individual Departments. I can tell you that there are concerns. Whether they are going to be debilitating to each Department, I cannot speak to that, but the Department Heads are here if some commentary would be desired from them.

Mr. Kagawa: Thank you.

Chair Furfaro: Okay. I am not sure that...I am just going to ask the question. This has now gone from twenty percent (20%) reduction to five percent (5%). Are we accepting that?

Mr. Barreira: Much appreciated at the five percent (5%), sir.

Chair Furfaro: And we are accepting that?

Mr. Barreira: Yes, sir.

Chair Furfaro: Thank you. Mr. Bynum.

Mr. Bynum: So, some Departments were able to respond and share their concerns and other Departments were not?

Mr. Barreira: Mostly just to qualify that the late night mathematics were correct, sir.

Mr. Bynum: So, I just want to make sure I heard you clearly, Ernie. You have not had enough time to analyze this to know that true impact on all Departments and whether there might be debilitating circumstance? Is that what I heard you just say?

Mr. Barreira: That would be an accurate statement. Yes, sir.

Mr. Bynum: Okay. Thank you very much.

Chair Furfaro: JoAnn.

Ms. Yukimura: I think this is a question more for the introducer of the motion. In our discussion yesterday we were talking about discretionary overtime and overtime required by contract. The motion does not specify. So, I would like to know...because I think if it is clear that it is overtime that does not affect services, which means that is why we would have to cut services. The money would be required by contract and we could not do it without cutting services. So, can we get a clarification?

Mr. Kagawa: Yes. That is why Public Works, we had that exemption for them...

Ms. Yukimura: So...

Mr. Kagawa: And for Police, all of their overtime is non-discretionary.

Ms. Yukimura: Well...

Mr. Kagawa: And for...

Ms. Yukimura: Okay. So, can we say that non-discretionary for all Departments?

Mr. Kagawa: Yes.

Ms. Yukimura: Because otherwise...okay.

Mr. Kagawa: The staff took out those that could not be touched, basically.

Ms. Yukimura: Well, is Transportation non-discretionary?

Mr. Kagawa: Well, we just feel like there is no, I guess, the law says that the bus needs to function on overtime. However, it is five thousand dollars (\$5,000) and it is in my view, a small measly amount that can be covered with their amount that they have been lapsing every year.

Ms. Yukimura: Small measly amount for...

Mr. Kagawa: Five thousand dollars (\$5,000).

Ms. Yukimura: For...

Mr. Kagawa: I would say that is pretty small.

Ms. Yukimura: For operations that are very, very tight may not be small, but perhaps we can ask our Executive on Transportation.

Mr. Kagawa: If the Transportation Manger wants to come up, she can answer.

Ms. Yukimura: Okay. Thank you.

Mr. Kagawa: If it would make this...

Chair Furfaro: Wait a minute. That is my decision. I am not...we are in decision-making. I am going to call up someone from the Administration. If you want to consult with the Transportation people, fine, but for every decision to be calling up Department Heads, we have a deadline. Now, have you folks been able to discuss this? Mr. Mayor, if you want to add to the...yes.

BERNARD P. CARVALHO, JR., Mayor: First of all, thank you so much for reconsidering this particular discussion. We have talked with all of our Department Heads and everybody at five percent (5%) is very clear and understands that this is okay.

Ms. Yukimura: Alright.

Mayor Carvalho: We are very appreciative of rethinking and looking at this. So, thank you so much.

Chair Furfaro: Thank you for coming up, Mayor.

Ms. Yukimura: That is all we needed to hear.

Mayor Carvalho: Thank you.

Ms. Yukimura: Thank you.

Chair Furfaro: So, did you have additional questions for Mr. Barreira from the Budget Team? No?

Mr. Rapozo: I have. I just had one (1) real quick.

Chair Furfaro: Go right ahead.

Mr. Rapozo: Thank you, Mr. Chair. The Police Department, you said all of the overtime is discretionary? That is not correct, right? I heard Mr. Kagawa say it. I am not sure if...I just want to make sure the number for the Police Department is, the two million one hundred thousand dollars (\$2,100,000), is the discretionary overtime.

Mr. Barreira: The information that is provided came directly from the Deputy Police Chief.

Mr. Rapozo: Okay.

Mr. Barreira: And all of the information that was provided was verbatim and I received his permission to provide that to all of you.

Mr. Rapozo: Okay. So, the non-discretionary overtime, meaning the Collective Bargaining, the Holiday Pay, the Standby Pay, and all of that overtime pay, premium pay, is not in this number?

Mr. Barreira: I believe that is, but let me get a nod from the Deputy.

Mr. Rapozo: That is fine. I think...because the Police overtime budget is much more than two million one hundred thousand dollars (\$2,100,000), the total overtime.

Chair Furfaro: Steve, would you come up?

Mr. Rapozo: That is a critical number because if you are cutting into the Collective Bargaining non-discretionary overtime, then I do have a problem with that.

STEVEN A. HUNT, Director of Finance: Steve Hunt, Director of Finance, for the record. I believe in the sheet that you have on the front page, there is actually a breakdown of the two million one hundred thousand dollars (\$2,100,000). Of those items, you have one million one hundred sixty-five thousand dollars (\$1,650,000) at regular sort of overtime that is discretionary. A portion of that is designated for the Field Training, one hundred seventy-two thousand dollars (\$172,000). Special Events, that would be discretionary, fifty-five thousand dollars (\$55,000). Holiday Pay would not be discretionary. That is three hundred eighty-five thousand dollars (\$385,000). Standby Pay, again, through Collective Bargaining, not discretionary. Kaua'i Police Activities League (KPAL) fifty thousand dollars (\$50,000) would be. IA Investigations, I am not sure on that one.

Mr. Rapozo: So, that number is not correct?

Mr. Hunt: Non-discretionary. Okay.

Mr. Rapozo: That number needs to be changed. The two million one hundred thousand dollars (\$2,100,000) needs to reflect the removal of the three hundred eighty five thousand dollars (\$385,000) plus the one hundred fifty thousand dollars (\$150,000) because that is non-discretionary.

Mr. Hunt: Right, and if you were to base it on the total overtime including the non-discretionary, these figures, it shows what would be the sacrifices to hit that figure.

Chair Furfaro: Okay, let us stay with the subject matter. The subject matter, and I asked that you folks are ready, and obviously you are not. The subject matter was five percent (5%) on the operational items that are non-discretionary, okay? So, if you have what Mr. Rapozo is pointing out, the three hundred eighty-five thousand dollars (\$385,000) and the one hundred fifty thousand dollars (\$150,000) is included in this total, the number you gave us is wrong. Okay? Let us go back and fix it.

Mr. Kagawa: Okay.

Chair Furfaro: Okay? We will have you come back later today.
Hold on, Steve. Question from Mr. Bynum.

Mr. Bynum: I am sorry. I will try to go down this as quick as possible. The one million one hundred sixty-five thousand dollars (\$1,165,000) is regular overtime, right? That is...

Mr. Hunt: Correct.

Mr. Bynum: That is not...so that is discretionary? Just tell me what the non-discretionary items are.

Mr. Hunt: The non-discretionary ...

Chair Furfaro: The non-discretionary items are the three hundred eighty-five thousand dollars (\$385,000) and the one hundred fifty thousand dollars (\$150,000).

Mr. Hunt: And I would likely say the Field Training Officers. I mean, that is overtime that would be associated with training the new recruits.

Chair Furfaro: The one hundred seventy-two thousand dollars (\$172,000)?

Mr. Hunt: Yes.

Chair Furfaro: So, we have three (3) numbers there, Tim.

Mr. Bynum: Okay.

Mr. Hunt: Four (4). The one hundred seventy-two thousand eight hundred dollars (\$172,800) for the...

Chair Furfaro: Please go back and fix it.

Mr. Hunt: I will.

Chair Furfaro: Go ahead.

Mr. Bynum: I just want to say that I really expected aggressive cuts to come consistent with that I heard is, there is this fat and things that the County does not need to do and these cuts now has gone from hundreds of thousands of dollars to now going to be revised again, less than one hundred dollars (\$100). It is still going to take one hundred thousand dollars (\$100,000). I want to hear from the Police Department if this is so, does that mean KPAL is going to get cut and Citizens Police Academy instructors and staff is going to get cut, and Underage Activity Investigations are going to get cut? These are what? We are cutting. I want to know. Are we going to cut these things because of this provision?

Chair Furfaro: First of all, let us make sure we understand. You are not cutting the fifty thousand dollars (\$50,000) from KPAL. You have this on the list as a five percent (5%) of that is going to be reduced, right?

Mr. Hunt: Yes.

Chair Furfaro: So, clarify that for Mr. Bynum, okay?

Mr. Bynum: So, five percent (5%) of regular overtime, five percent (5%) of one million one hundred thousand dollars (\$1,100,000), somebody help me. How much is that?

Mr. Barreira: I think if you look at the narrative that is provided by the Deputy Chief, he looked at the likely potential impacts on services should the different percentages be applied, and that is what the disclosure was that was provide to the Council this morning. So, we are going to go back and recount the numbers. It might have an impact.

Mr. Bynum: I am sorry. What was this disclosure that was...this is just saying where the overtime time is distributed. It does not say where the Police Department is going to choose what activities are currently involved in that they are going to cease. That is what I want to know.

Mr. Hunt: Okay.

Mr. Bynum: Because of this cut.

Mr. Hunt: If I can, the number that would be considered discretionary would be one million three hundred...

Chair Furfaro: Steve, go back and fix it. We are not going to sit here. You go back and fix it. We left it yesterday as the discretionary amounts. What is on this does not cover that, okay? Go back and fix it. We have a lot of business to cover today. I will bring it back when we have an agreement and the answers to Mr. Bynum's questions, okay?

Mr. Bynum: Do I still have the floor, Chair?

Chair Furfaro: Yes, go ahead.

Mr. Bynum: So, I read further in the document. They are saying that they are going to take fifty thousand dollars (\$50,000) from Underage Activities Investigations. So, we are going to stop doing Underage Activities Investigations at the Police Department because of this cut. Is that correct?

Mr. Hunt: You are going to have to ask the Police how they intend to manage it. The cuts are up to you in terms of controlling the purse strings. How they manage the budget is up to the Police.

Mr. Bynum: Okay. I would like those answers and I would like them...I would like every Department to be able to do that analysis when we do these across the board cuts. I will not support any cuts in overtime. This is not down to less than one hundred fifty thousand dollars (\$150,000) and we are going to stop doing things like

this and create these anomalies what Mr. Barreira just said, unknown. There may be critical problems that are going to arise. I mean, the Mayor, I understand his statement saying we are grateful it is not hundreds of thousands and now it is down to one hundred fifty thousand dollars (\$150,000). So, we will accept that. That is a big picture look at it, but the small picture look is this is...to save one hundred fifty thousand dollars (\$150,000) and one hundred eighty-five million dollars (\$185,000,000) budget, we are creating all of these turmoil. It is not worth it anymore. I beg our colleagues, just call for the question and vote these cuts and overtime down.

Mr. Kagawa: Let us do it.

Mr. Bynum: They are not meaningful anymore. They are not meaningful in terms of the whole context and they are going to create problems. The Police just told us in writing that they are going to stop doing Underage Activities Investigations because of this cut. That, I just...I cannot see how that is a wise decision to save one hundred fifty thousand dollars (\$150,000).

Chair Furfaro: You got the instructions from the Chair.

Mr. Barreira: Yes.

Chair Furfaro: Go back and fix it.

Mr. Hunt: Will do.

Chair Furfaro: You are not ready to make this presentation. Okay, we will probably hope to see you at mid-day. Let us come back and talk about the CIP areas. If we could have Keith back up, I would appreciate it.

KEITH SUGA, CIP Manager: Good morning Chair, Vice Chair, and Councilmembers.

Chair Furfaro: Good morning.

Mr. Suga: Keith Suga, County CIP Manager.

Chair Furfaro: Yes, and actually, I am going to give Mr. Hooser the floor. Mr. Hooser, as we ended the day yesterday you had some specific questions.

Mr. Hooser: I did.

Chair Furfaro: About CIP. So, let us take care of that this morning.

Mr. Hooser: Thank you. There was approximately one hundred two thousand dollars (\$102,000) of CIP projects that were General Fund funded. So, my question to the CIP Manager was what Bond Fund projects could we identify to transfer that one hundred two thousand dollars (\$102,000) out of the Bond Fund into the General Fund and therefore put that General Fund money back into our reserve? So, that was my question and whether it was one (1) project or whether it was multiple projects. We spoke earlier. Do you want to restate your position?

Mr. Suga: Sure. First of all, I do want to say I do appreciate Councilmember Hooser's creativity because that...I similarly did an exercise for the March submittal. So, as you requested yesterday, I went back and I looked through the Bond funded projects that we currently have, and what I found was a lot of the projects that we have Bond funded are projects that are in motion in terms of either they are in the design phase, or the design is completed, and we are at the construction phase. A lot of the projects that we have proposed for the Fiscal Year 2015 budget, majority of them are the lighting projects at the park facilities for which the designs are complete. So, we are proposing to move those moneys towards construction. So, as I scanned through all of the Bond funded projects, I see a lot of projects that are committed and in motion as well as the new projects that are being proposed for construction. We discussed several projects, Councilmember Hooser and I, such as 'Aliomanu Road that budgeted for about just under three million dollars (\$3,000,000), and that is a project that we are currently awaiting agreements with Department of Hawaiian Homelands to be finalized so that we can advertise and go out for construction for that project, as well as the Moana Kai project which is about one million five hundred thousand dollars (\$1,500,000) worth of construction funds that we are waiting U.S. Army Corps of Engineers' approval to move forward with that project for construction. So, what I would fear is if funding was removed from some of these Bond funded projects, that at the time of construction advertisement or design advertisement, that we would not have sufficient funds to award. So, at this time, I was not able to identify Bond funded projects that could supplant the one hundred two thousand dollars (\$102,000).

Mr. Hooser: Questions?

Chair Furfaro: You have the floor.

Mr. Hooser: Okay. Thank you. So, what is the total amount of Bond funded projects nonetheless, round numbers?

Mr. Suga: About twenty-three million dollars (\$23,000,000).

Mr. Hooser: About twenty-three million dollars (\$23,000,000). So, how long has the 'Aliomanu project been on the books?

Mr. Suga: I am not sure. It was on the books prior to me coming.

Mr. Hooser: For years?

Mr. Suga: Yes.

Mr. Hooser: For years, I think. As we forecast looking at next year, we are sitting here next year doing the budgets if we are still around, what percentage of these projects will be complete?

Mr. Suga: That is a fair question. A couple years ago, our percentage of expenditure and encumbrance of CIP funds was about twenty-three percent (23%). This year, we reported through April it was about forty percent (40%). So, I am encouraged that we will...I am confident that we will continue to make improvements with that percentage. With the capacity in the Department of Public Works Engineering Division under the leadership of Michael Moule, I am even more excited at the efforts that are going to be happening there. Just as an example, we are currently, or I just recently

saw Puhī Road plans that were close to being one hundred percent (100%) complete, which would allow us to submit that to Hawai'i Department of Transportation (HDOT) to be able to have Federal Highways obligate their Federal moneys for us so we can go out to advertise for that project. Similarly, Engineering has been working on the various collector roads design work in-house. I just saw ninety percent (90%) plans for those as well. So, I see the change in the Engineering Division and I am excited about the possibilities that are ahead for this upcoming year.

Mr. Hooser: I think the reality though is, I appreciate your optimism. I think the reality of it is a year from now there will be a significant amount of money that has been unencumbered or unspent. I mean, I think if you look at history every year it is like that. Every year these projects move forward and we do the best we can, but every year there is money unspent. So, that is my frustration. I would think that we could fine one hundred thousand dollars (\$100,000) that will not keep any of these projects from moving forward. The 'Aliomanu project is just under three million dollars (\$3,000,000) and it has been on the books for a long, long time. If one hundred thousand dollars (\$100,000) was taken off of those Bond Funds and it goes out to bid and so we do not know what the bids would be. So, we do not know if we need that three million dollars (\$3,000,000) or not, right, because we will not know until the bids come in?

Mr. Suga: Based on our latest estimates from the consultants, they have indicated that is the projected estimate that we would need. Now, again, until the bids come in, we will not know for sure.

Mr. Hooser: When will the bids come in?

Mr. Suga: As soon as we resolve some items with Department of Hawaiian Homelands, we will be able to go out and advertise the project.

Mr. Hooser: How long have we been negotiating with Department of Hawaiian Homelands?

Mr. Suga: I do not have a date for you right now.

Mr. Hooser: Okay. So, what would be the worst case situation if we transferred one hundred thousand dollars (\$100,000) off of the 'Aliomanu project and then went out to bid and the bids came in above what moneys is there?

Mr. Suga: We would not be able to aware the construction contract and we would either have to potentially modify the scope, reduce scope, or we would have to come forward with a Money Bill.

Mr. Hooser: So, you would have to value engineer it, reengineer it, or come back and ask the Council for one hundred thousand dollars (\$100,000)?

Mr. Suga: Possibly, yes.

Mr. Hooser: Okay. So, it would not stop the project though?

LYLE TABATA, Deputy County Engineer:
County Engineer, if I may.

Chair, Lyle Tabata, Deputy

Chair Furfaro Okay. You may, but keep it very short because I am not going to parade Department Heads up here. We had three (3) weeks of it.

Mr. Tabata: I understand. This project is on the verge of being launched. Our County Attorneys are working on a right-of-way agreement. Instead of doing an easement, which we originally planned with Department of Hawaiian Homelands, they suggested we go the route of a right-of-way. As soon as we get that, we are going to launch this project.

Mr. Hooser: Okay.

Mr. Tabata: So, it is eminent at this point in time. We feel that if we touch this project in particular, we risk quite a bit. As you mentioned, it has been a long time. This is before I came aboard.

Mr. Hooser: Okay. So, just one (1) final question, Chair, and then I am done.

Chair Furfaro: You still have the floor.

Mr. Hooser: So, what would be your preference? I mean, we had the discussion earlier, you were in the audience, and we are talking about doing across the board cuts, and we would much prefer to have the Administration suggest where these funds be taken from. So, do you have any suggestions?

Mr. Tabata: I do not at this time because I went back to work on overtime with Ernie, that was my charge last night.

Mr. Hooser: Okay.

Mr. Tabata: I honestly cannot say right now. I have to really sit down and go through it. I would not want to jeopardize other projects. As Keith mentioned, we are really making strides right now and I feel it would better than forty percent (40%) that we are going to encumber. So, I mean, we have been climbing this hill. That is all I want to say, and we are on the verge that great things are going to start happening. So, I cannot, unless I really sit down and go through with a fine tooth comb.

Mr. Hooser: I understand and I appreciate the time you are putting in with the overtime issues and everything else.

Mr. Tabata: Thank you.

Mr. Hooser: So, thank you. Thank you, Chair.

Chair Furfaro: Okay. Any further discussion, and I think just for the general thought of this, I want people to understand that funding for the General Fund as Mr. Hooser is trying to pursue the question, there is one hundred two thousand dollars (\$102,000) that he is trying to see if these pieces could be done within the Bond Fund so that the one hundred five thousand dollars (\$105,000) or the one hundred two thousand dollars (\$102,000) becomes available for this budget series if you are not following the discipline there. Do you have anything to add, Keith? Okay. Mr. Rapozo? No? No? Mr. Hooser, thank you for your questions.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Now what I am going to do is I am going to take a ten (10) minutes recess now, okay? I want you folks to have an opportunity to talk about your ten (10) minutes as it related to the revenue cycle. So, if you can have your thoughts together. So, we are going to take a ten (10) minute recess now and come back and talk about revenues.

There being no objections, the Committee recessed at 10:12 a.m.

There being no objections, the Committee reconvened at 10:28 a.m., and proceeded as follows:

Chair Furfaro: Ernie, may I have you up for a moment?

There being no objections, the rules were suspended.

Chair Furfaro: How long before we can revisit the subject?
Mr. Barreira: I would say, Chair, within the hour.

Chair Furfaro: Okay, within an hour.

Mr. Barreira: Yes, sir.

Chair Furfaro: So, we will come back to that and then I will go into the revenue cycle now then. With the revenue cycle, I am going to let each Councilmember have time for ten (10) minutes for them to have a presentation.

Mr. Barreira: Very good, sir. Thank you.

Chair Furfaro: Yes?

Mr. Bynum: As I said when we started this process, I do not want to put forward any revenue proposals until we finish the cuts and additions so we know what the target is. To do it short of that...

Chair Furfaro: Okay. Do you have some more cuts?

Mr. Bynum: I am sorry.

Chair Furfaro: Do you have some more cuts?

Mr. Bynum: I do not think we are done with cuts and additions.

Chair Furfaro: Members?

Mr. Bynum: I did not even do any additions, right?

Chair Furfaro: No, we did not do that. Any more cuts?

Mr. Kagawa: We have two (2).

Chair Furfaro: But they are both not ready.

Mr. Kagawa: Both not ready.

Mr. Rapozo: I am done.

Chair Furfaro: JoAnn.

Ms. Yukimura:
General Fund money? Shall I make a proposal about freeing up some

Chair Furfaro: Is that what you want to do?

Ms. Yukimura: Yes, which is like a cut.

Chair Furfaro: And how that is like a cut?

Ms. Yukimura: Yes.

Chair Furfaro: Okay, well let us hear from you then.

Ms. Yukimura: Okay. Well, I mean we are still...I do not have a paper to circulate, but I want to propose that one hundred thousand dollars (\$100,000) or less of repair & maintenance projects in Parks be placed under the 209 Fund which has two hundred eighty-four thousand dollars (\$284,000) in it unspecified.

Chair Furfaro: That was my question earlier. Parks does not have and has not made a proposal to us on what they are spending the two hundred eighty-four thousand dollars (\$284,000). That is what I opened this morning with. So, why would we add and not know what the proposal of what the two hundred eighty-four thousand dollars (\$284,000) is for?

Ms. Yukimura: Sorry.

Chair Furfaro: I said, we do not know what the two hundred eighty-four thousand dollars (\$284,000) is going to be used for, so why would we add money to an account we do not know what is already earmarked for?

Ms. Yukimura: No, we are not adding money. We are cutting from the General Fund moneys that...

Chair Furfaro: You want to take out one hundred thousand dollars (\$100,000)?

Ms. Yukimura: Take out one hundred thousand dollars (\$100,000) from the Parks moneys that are...and use the two hundred ninety thousand dollars (\$290,000)...is that it? 209 Fund, to fund those repair & maintenance items in the Parks budget.

Chair Furfaro: Okay. Can I have both Ernie and Steve up?

Mr. Rapozo: Mr. Chair, the 209 Fund, is that the Spouting Horn?

Chair Furfaro: That is the vendors...

Ms. Yukimura: Yes.

Chair Furfaro: ...money that earlier this morning I spoke about that that account has two hundred eighty-four thousand dollars (\$284,000) in it.

Ms. Yukimura: And here is the Ordinance that governs that fund.

Chair Furfaro: I understand how it works so I do not need a copy.

Mr. Rapozo: It was my amendment that put the money in the fund.

Chair Furfaro: I think so, yes.

Mr. Rapozo: But they could not use it for anything else. I am very familiar with it.

Chair Furfaro: Okay.

Ms. Yukimura: But it does say, "The Council shall appropriate any fees paid in." That is our job.

Chair Furfaro: Okay, hold on. Steve, you both understand the two hundred eighty-four thousand dollars (\$284,000) that is in the 209 account is what we are talking about?

There being no objections, the rules were suspended.

Mr. Hunt: Yes.

Chair Furfaro: And the Council has the power to make adjustments to that account, probably not necessarily in this format. I am not sure. I would have to revisit the Ordinance, but do you have any commentary about any conditions already committed to on that two hundred eighty-four thousand dollars (\$284,000)?

Mr. Hunt: The current budget before you on page 268 of the budget proposal actually identifies where the 209 Funds are being budgeted for, repair & maintenance and contingency for facilities. Those are spelled out. What is not spelled out is what those funds are going to be used for.

Chair Furfaro: Yes, that is what I am saying. We were supposed to get a report on a pretty regular basis, but we have not gotten a report. We do understand it is for R&M as it relates to Parks.

Mr. Hunt: And I believe when Director Lenny Rapozo was up here speaking about the funds from the 209 Fund, that a portion of that, in fact a large

four hundred thousand dollars (\$400,000), I believe, which included some of the fund balance was going to be used on renovations for the facilities at Spouting Horn itself. He said it was time that we put money back into the bathrooms and renovate the Spouting Horn area which is the economic driver that provides funding for that.

Chair Furfaro: Okay.

Mr. Hunt: How much of the operating will go in versus how much fund balance will go in, I cannot speak to that. I think I would prefer that the Parks Director speak to that.

Chair Furfaro: Okay. Well, what we are here to do is we are here to hear from a Councilmember on what her desires are for that money. So, just so we are all on the same page and where we are at on that money, I am going to give the floor to JoAnn. JoAnn.

Ms. Yukimura: So, the Council is owed a detailed plan for how these moneys are going to be used. That is part of the budget process and we have not gotten that and to put most of those moneys back into Spouting Horn does not make sense to me. I mean, those moneys are really to be used for Parks and Recreation's at-large. That is the intention of the law. The law says that they shall be used for repair, maintenance, and improvement projects. So, to me, that is CIP, for Parks and Recreation facilities. They shall not be used for salaries and other personnel expenses, but it does say, "The Council shall appropriate any fees." So, what I would like to propose is that one hundred thousand dollars (\$100,000), unless we see what the plans are and approve those plans for expenditure, we take one hundred thousand dollars (\$100,000) out of this fund, give the Administration the discretion to use that moneys, and replace the General Fund moneys that are being used for the Parks Department in repair & maintenance. I have identified about two hundred thousand dollars (\$200,000) of my own, and I can propose those. R&M buildings on page 200, repair & maintenance supplies like sprinkler systems one hundred fifty-five thousand dollars (\$155,000). Let us see...R&M building again on page 210, R&M equipment twenty-four thousand dollars (\$24,000), sixteen thousand dollars (\$16,000), and then make General Fund moneys available either for the reserve or for the additions that we have.

Chair Furfaro: Do you have any comments?

Mr. Hunt: Yes.

Chair Furfaro: If not, I want to dismiss you.

Mr. Hunt: Okay. I do see Director Rapozo if they...he has some specificity as to the use of the 209 Fund that is in the current Operating Budget. That would be my only concern, that we have not consulted with the Director for Parks & Recreation, but in terms of the appropriation just basically moving. Currently, items that are general funded within Parks that are R&M in nature into this account to identify how this two hundred eighty-four thousand dollars (\$284,000) will be used, that seems...it is not any kind of supplanting that would be an inappropriate use of the funds. So, I do not see a problem with that.

Mr. Barreira: Chair?

Chair Furfaro: Yes.

Mr. Barreira: May I make a comment, sir? The only thing that we would vet, and you are looking at one hundred thousand dollars (\$100,000) which is a conservative amount, which is good. One of the things...historically the fund has been used for, as you are all well aware, is unexpected repair & maintenance requirements that may come up during the course of the year and we understand now that the law mandates that we come to the Council even if those situations arise, to expend any money. So, we would like to hopefully keep some resources available in that fund to continue to be able to tend those unexpected repair and maintenance items.

Ms. Yukimura: I am not planning to touch the contingency which you already have in the fund.

Chair Furfaro: Excuse me. Mr. Kagawa has a question.

Mr. Kagawa: Thank you, Chair. Just process question. I thought this decision-making is about plus/minuses (+/-) that will affect either...add to our surplus or reduce our surplus. It seems like something that could perhaps be done at a Council Meeting or a Committee Meeting where...

Ms. Yukimura: This will add to our surplus.

Mr. Kagawa: This is just a wash in my view. We are taking from one account and putting it in another account. We are not adding or subtracting to our overall surplus of deficit.

Ms. Yukimura: We are because by freeing up the General Fund moneys it is like cutting them.

Chair Furfaro: You need to...

Ms. Yukimura: Cutting them out of the budget.

Chair Furfaro: You need to put this in a proposal to us.

Ms. Yukimura: Yes.

Chair Furfaro: You want to take one hundred thousand dollars (\$100,000) out of that account. You have to earmark where it is going, which will then loosen up the money.

Ms. Yukimura: Okay.

Chair Furfaro: You need to put that in proposal.

Ms. Yukimura: Alright. Thank you. We will get that.

Chair Furfaro: That is on that item where we need to be.
Mr. Rapozo.

Mr. Rapozo: I appreciate that. I was just going to say, proposals should be done in writing.
Mr. Chair,

Chair Furfaro: Yes.

Mr. Rapozo: I need to not (inaudible). I think it has to be here so we can...and just like your proposal yesterday for the forty thousand dollars (\$40,000), the one...

Chair Furfaro: Yes, yes. The forty thousand dollars (\$40,000) on the duplication.

Mr. Rapozo: In my opinion is not fair to do that cut and the addition in one (1) motion, and I would expect all of us to follow that same rule.

Chair Furfaro: Yes. So, we did my reduction, we will leave it at that, and JoAnn, if you would like to make this as a proposal go right ahead. Put it in writing for us.

Ms. Yukimura: Okay. Thank you. I did say yesterday that I had a proposal to increase revenues as well.

Chair Furfaro: Okay. Let us make sure we understand that pace here. Are we finished with cuts?

Mr. Kagawa: For now.

Ms. Yukimura: Except for the pending.

Chair Furfaro: The two (2) pending items.

Ms. Yukimura: Two (2) are with Ross.

Chair Furfaro: Are there anymore reductions proposals? None? Okay. Now, is there anymore dialogue on CIP? None? Then I said before the break when we come back we are going to be addressing revenues. I said I was going to give everybody ten (10) minutes if they have something. Yes, Mr. Bynum.

Mr. Bynum: Sorry. I do not mean to belabor it, but if we still have additions and we vote for them, then it changes the revenue target. So, I will just repeat my request from the beginning that after we know what the target is and we are done with both take away and additions, we take a break so we know what the target is and then make it then.

Chair Furfaro: Okay. This is my beginning statement for you folks. When nobody would let us take the straw vote on the revenues it is kind of that kind of proposal as that revenue is a moving target that is in the budget, but you want to go to additions, and we do not know what we are going to actually have for revenues, that is good. I have no problem doing that discussion now. I would prefer that we are doing and know what pot we have before we do any additions, but if you want to do the additions first, I am okay with that. JoAnn.

Ms. Yukimura: I think it could be useful to have a discussion on the revenues without making firm decisions because it gives us an indication of how tight or how much leeway we have. I do not know what my other colleagues think. I can go either way.

Chair Furfaro: Okay. To the Clerk, I want to work on Provisos now. We are going to do revenues after lunch, okay? Let us work on Provisos for the budget. We have some. These are housekeeping items. Do we have those Provisos to introduce? Looking to the staff, do we have Provisos?

Mr. Kagawa: I have one (1).

Chair Furfaro: You are introducing a Proviso?

Mr. Chock: Housekeeping.

Chair Furfaro: Housekeeping.

Mr. Chock: Chair, we have on the Operating Budget Provisos housekeeping amendments. Chair, if we could circulate those and have a motion for that.

Mr. Chock moved to approve Housekeeping Amendments to Operating Provisos, seconded by Mr. Kagawa.

Mr. Chock: Thank you.

Chair Furfaro: Okay. You can have the floor to talk about these Provisos that...

Mr. Chock: Thank you, Chair. They are pretty self-explanatory. You are looking at just sentence structure and some grammar changes. If you go through it, they are highlighted in your packet.

Chair Furfaro: They are highlighted in yellow?

Mr. Chock: That is correct. Nothing of substance in terms of the content.

Mr. Bynum: Housekeeping.

Mr. Chock: Any questions?

Mr. Rapozo: Yes, I have a question, Mr. Chair.

Chair Furfaro: Go right ahead.

Mr. Rapozo: I just...I mean, am I missing something? The Kaua'i and the Hawai'i? We are taking out Hawai'i and adding Hawai'i, we are taking out Kaua'i and adding Kaua'i?

Mr. Chock: Where is that? What page is that?

Mr. Rapozo: Section 15. I mean, is there like a trick question? You are testing us?

Mr. Chock: That is the new Kaua'i.

Mr. Rapozo: Oh, I see. Is there an explanation for that? I am just curious.

Chair Furfaro: Excuse me, you are going to have to go on the microphone if you are going to get an explanation from the staff.

Mr. Chock: So, just clarification. It is to stay the same just on those two (2), correct.

Mr. Bynum: Good catch.

Chair Furfaro: That is under Section 15.

Mr. Chock: Section 15.

Chair Furfaro: Stay the same. Okay.

Mr. Rapozo: I know I am tired, but...

Mr. Chock: You are seeing double.

Mr. Rapozo: Yes, okay, and it happens again. I mean, it is like it is all. All of the Kaua'i. So, maybe we have to housekeep the housekeeping.

Chair Furfaro: Okay.

Mr. Rapozo: It really has no effect. It just...

Mr. Bynum: If it is good, we can pass it...

Chair Furfaro: Excuse me let me ask, are there any more Provisos?

Mr. Kagawa: Yes.

Chair Furfaro: There are? Okay, I am not going to act on this until after lunch. Everybody gets a chance to work through it. Mr. Kagawa.

Mr. Kagawa: Yes, I have a Proviso amending the way we, well, currently we do not post any signage when we have large construction contracts and my Proviso is going to say that for every contract over two hundred fifty thousand dollars (\$250,000) that they will have to put up a sign similar to what the State puts up as to who is the contractor, what is the cost, what work is being done, and this is recommended by former Councilmember Bob Yotsuda. He said that they had a recent project, Department of Water project that lasted long. It impacted the community terribly with dust and noise. He said it looked like the County was not even really inspecting that project and he said calls were made by himself to Public Works and they did not know who the contractor was. I think he just said that if the taxpayers are paying for the bill, then we should know who is working on the contract, what is being done, who can we call if we are inconvenienced, and in the response we got from Public Works, it will cost six hundred dollars (\$600) to put up a sign to put up a sign. My feeling is that if the taxpayers are the one footing the bill then they should know without having to search and be frustrated with knowing who is doing the work and who can they call if they feel like they are being inconvenienced. I think it

just brings accountability to our contracts that we contract out. So, I do not know if members feel comfortable about that amendment, but I think it is a reasonable request. Those of you who lived in Wailua Houseslots, I think, know about that project.

Ms. Yukimura: Is that being passed out?

Chair Furfaro: Is that being passed out or is it being worked on?

Mr. Kagawa: Do you folks have it? I know I saw a draft earlier.

Mr. Chock: Chair, if I can make a clarification too. I think what occurred in the process here for the Kaua'i and Hawai'i's were just automatic correct happened on the revision. So, it is in reference to the *okin*s that were added and it is in two (2) Sections, Section 24 and Section 15 as noted by Councilmember Rapozo.

Chair Furfaro: So, will you say that one (1) more time please, very clear to everybody so we know?

Mr. Chock: Very good.

Chair Furfaro: There was some talking going on at the time. Go ahead.

Mr. Chock: So, the housekeeping measure here would be for adding *okina* to Kaua'i and Hawai'i. In the process of the change, automatic correction changed all of them so they are all showing up as correct at this moment. So, those are the two (2) Sections, Section 24 and Section 15, in question.

Mr. Rapozo: So, there is no change. It is just because the automatic correction, when you put in the new language?

Mr. Chock: It corrected the old one as well. Thank you.

Mr. Rapozo: Okay.

Chair Furfaro: Great observation. Mr. Kagawa, you still have the floor. Your piece has been passed out.

Mr. Kagawa moved to add a new proviso to the CIP Budget proviso to read: For all Capital Improvement Projects that utilize \$250,000 or more of County funds, construction signage indicating the name of the project, estimated cost of the project, project description, estimated start and completion date, name of contractor, and contractor contact information shall be posted for public information purposes, seconded by Ms. Yukimura.

Chair Furfaro: We have a second and now discussion, please.

Mr. Kagawa: And if I can just clarify again, with a personal request that we made to Public Works, they said the cost would be approximately six hundred dollars (\$600) per sign.

Mr. Bynum: I just want to know, is there any provisions about what type of signage we are talking about, like you mentioned the State? I know generally those signs are up there for political reasons. It is like, look what your Governor did for you, right? I like your idea though for the reason. So, I would hope that sign would be this big on the construction site so people could get that, but not the big highway sign that stays up often way too long. So, I think it is a really good idea that would make people informed and I support it. I just would...I would have difficulty supporting it if it is going to be these big signs like the State does.

Mr. Kagawa: I would say, if I can, Mr. Chair, respond?

Chair Furfaro: Yes, you have the floor.

Mr. Kagawa: I would say that if we pass the Proviso we could work with Public Works and make sure that they are going to do it appropriately and like you said, not use it as it is for political reasons or what have you, that is just goes up at the construction site and it comes down when then construction is completed.

Mr. Bynum: Right. Thank you.

Mr. Kagawa: Thank you.

Mr. Hooser: Another question.

Chair Furfaro: So, yes. Let me just say, so, this is basically what we have right now which indicates the name of the project, the estimated cost of the project, the project description, the estimated start date, the estimated completion date, the name of the contractor, and the contractor's contact information shall be posted on this public sign. That is what it reads, and the refinements will come later, I think, is what you are saying? Mr. Hooser, you have the floor.

Mr. Hooser: Yes, just a clarification. Who pays for the sign?
The contractor of the County?

Mr. Kagawa: I would hope the contractor, but I assume the County.

Mr. Hooser: So, I think you can make this a part of the contract, right?

Chair Furfaro: Yes, I would think part of the contract issue awarded would require them to put this sign up at their cost.

Mr. Kagawa: I stand corrected. I believe the contractor.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: Okay. Further discussions? I think as Mr. Kagawa said, it can be further refined in other words here, but the cost is by the winning contractor. Mr. Bynum.

Mr. Bynum: I will just take a minute for one (1) question. This is all public record I assume. Is there an easy way for citizens to access this

information on the web and is that something we could move towards, but do not answer that question now. This is all public information I assume. There is no legal restriction to this?

Chair Furfaro: No, it should be. There is no legal restriction.

Mr. Bynum: Okay. Thank you.

Chair Furfaro: So, any further discussion on this first Proviso, or this is the second Proviso? I am sorry.

Mr. Rapozo: Call for the question.

Chair Furfaro: Okay. We have a motion and a second. Do we have that second, Jade?

Ms. Yukimura: Yes.

Chair Furfaro: Yes, we do. Okay. Roll call vote, please.

The motion to add a new proviso to the CIP Budget proviso to read: For all Capital Improvement Projects that utilize \$250,000 or more of County funds, construction signage indicating the name of the project, estimated cost of the project, project description, estimated start and completion date, name of contractor, and contractor contact information shall be posted for public information purposes was the put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST ADDITION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

JADE K. FOUNTAIN-TANIGAWA, Deputy County Clerk: Seven (7)
eyes.

Chair Furfaro: 7:0. Can we go back to the original Proviso that was put in there? Is there additional work that needs to be done there now that we understand what happened with the electronic? It is *pau*? It is *pau*, right? So, I will give you the floor and then I will ask for a motion and a second.

Mr. Chock: I think we might have a motion and a second already.

Chair Furfaro: Oh, do we already have a motion and a second? Okay. Thank you. Anything more you want to say? If not, roll call vote, on Mr. Chock's Operating Budget statement.

The motion to approve Housekeeping Amendments to the Operating Budget Provisos was then put, and carried by the following vote:

FOR AMENDMENT:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
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AGAINST AMENDMENT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven (7) ayes.

Chair Furfaro: I was reading something. I am sorry.

Ms. Fountain-Tanigawa: Seven (7) ayes. We have one (1) more.

Mr. Chock: Chair, I have one (1) more CIP Proviso amendment.

Chair Furfaro: I am going to recognize Vice Chair Chock. We have one (1) more CIP amendment.

Mr. Chock: Yes. Circulated is just another housekeeping, just some small changes again, but this would be to the CIP Budget Provisos. So, if we could have a motion to receive those...I mean, accept those.

Mr. Bynum moved to approve the Housekeeping Amendments to the CIP Budget Provisos, Section 3-12, seconded by Mr. Rapozo.

Mr. Chock: Thank you.

Chair Furfaro: Discussion?

Mr. Chock: Seeing none.

Chair Furfaro: Okay, do a roll call vote on this Proviso.

The motion to approve Housekeeping Amendments to the CIP Budget Provisos, Section 3-12 was then put, and carried by the following vote:

FOR AMENDMENT:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST AMENDMENT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven (7) ayes.

Chair Furfaro: Seven (7) ayes. So, we are taking of there. Is any more housekeeping items? Okay. If not, the question now is we are at...Ashley, are we at negative two million nine hundred forty-three thousand dollars (-\$2,943,000)? Did she hear me? I cannot see it. This is the worst place to be. Negative three million two hundred twenty-four thousand dollars (-\$3,224,000) at this point. Now, if I am understanding, people want to have a discussion about additions when our checkbook is negative. So, we can start...oh, you have another Proviso?

Ms. Yukimura: Inaudible.

Chair Furfaro: Oh, we are ready for the cuts? I am ready to take it. We are not ready? We are not ready on the other two (2) cuts yet? Discussion about additions at this point? Mr. Hooser.

Mr. Hooser: Yes. I have a small addition under Economic Development. It will be passed it. It is for agriculture and I had tried to propose some cuts, and the cut I had to match this specific one unfortunately did not make it through. However, let the record reflect of my enthusiasm to support other people's cuts. Hopefully, it warrants the twenty-three thousand dollars (\$23,000) addition. This is for agriculture. It is being passed out. The Hawai'i Farmers Union United is proposing to train forty (40) farmers in Korean style farming, which well, takes into consideration the condition of the land and the soil. I think as I go around the community talking to different people in agriculture the repeated theme is that there are not enough farmers. We need to train farmers, we need to engage more people, and we...relatively speaking, we support agriculture very modestly. So, I would hope that I could have support for this addition.

Mr. Hooser moved to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Agriculture Grants," seconded by Ms. Yukimura.

Mr. Hooser: Thank you.

Chair Furfaro: Okay. There is a motion and a second. Discussion? Mr. Hooser has given us an overview. JoAnn, if you want to post your questions to Mr. Hooser, that is fine.

Ms. Yukimura: Oh, it is not a question. I am in strong support of this. The proposal that I have seen is very exciting in that it is not just training...I mean it is training farmers in a method of enriching the soil that has been extremely productive. It comes out of Korea, but the proposal is to use local inputs or things that are here and find out how to enrich the soil. In talking to a lot of the farmers...Kaua'i's soils sometimes needs replenishment and to do it without importing expensive oil based fertilizers, but instead using things from here would be a very important way to help our farmers survive and thrive. So, I think it is well worth the moneys that we would be putting here.

Chair Furfaro: Question, Mr. Chock.

Mr. Chock: Thank you. So, what I heard was forty (40)? It will fund forty (40) farmers, is that right?

Mr. Hooser: The proposal is for forty (40).

Mr. Chock: For forty (40). So, that is about six hundred dollars (\$600) per person for the course, at least is that what our contribution is or is it matched?

Mr. Hooser: There is an application fee.

Mr. Chock: Okay.

Mr. Hooser: That they would pay a portion of. I think both of them is a modest fee.

Mr. Chock: I see. Yes, I am familiar with the methods and it is a good program. So, I appreciate it. Thank you.

Chair Furfaro: Okay.

Ms. Yukimura: May I say something too?

Chair Furfaro: I will give it to Mr. Bynum next.

Ms. Yukimura: Okay.

Mr. Bynum: Just real briefly. I am in support of this. The Hawai'i Farmers Union is doing a lot of interesting work about sustainability and different options for farming. This is consistent with our goals that we have set in CEDS and our Mayor's Holo Holo goals. So, thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Yes. As I understand it, they are going to be doing some soil tests to actually see the evidence in terms of the improvement in soil quality. So, that is going to be a part of the cost. It is not just the training, but also a testing and a validation. I just want to say that this kind of information and expertise would be very important in successful farming. Our efforts to build agriculture are really important and the article in today's paper made that very clear. So, trained farmers who are committed to farming on this island are part of the essential elements for food production.

Mr. Chock: I just have a follow-up question.

Chair Furfaro: Go right ahead.

Mr. Chock: I am sorry. I do not have the application or anything about it, but so my question is, does the application process ensure that it goes to Kaua'i residents or it is open? Who can apply it the tuition?

Ms. Yukimura: I think it is open to all farmers, but it is designed for Kaua'i and I heard that it is not just for growing food, but actually related to livestock production as well.

Mr. Chock: Understood.

Ms. Yukimura: Because livestock production has some of the inputs into soil replenishment, but I have a copy here.

Mr. Chock: Thank you. Thank you, Chair.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. Is this an earmarked grant for that? I mean, your text just says adding twenty-three thousand nine hundred twenty-five dollars (\$23,925) for Agricultural Grants. I do not know if Economic Development is committed to...

Mr. Hooser: The...

Mr. Rapozo: For that specific agency organization or is it just adding money to the grant fund so that others can apply for Agricultural Grants?

Mr. Hooser: The...do you want me to respond?

Mr. Rapozo: Please.

Chair Furfaro: Yes, go ahead.

Mr. Hooser: The intent is to have the funding go to this specific proposal, which was submitted to the Office of Economic Development, which we could circulate. I have copies of it. Yes, so that is the intent. Just like whether it is the bees or whether it is...

Mr. Rapozo: Yes, just that the text does not reflect that.

Mr. Hooser: Okay.

Mr. Rapozo: In your proposal. So, I just wanted to...

Mr. Hooser: So, if the text needs to be amended, we could amend the text.

Mr. Rapozo: No, as long as there is an understanding with Economic Development.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: Question? Go ahead. Directed at Mr. Hooser?

Mr. Kagawa: No, I just...I am in support, but I just need to know that Economic Development is in support as well. I mean, if we are going to put the moneys in and there may be problems with them going forward with the grant, then I am not going to support it. So, if George, if you can...

Chair Furfaro: George.

There being no objections, the rules were suspended.

GEORGE K. COSTA, Director of Economic Development: *Aloha* Chair Furfaro and honorable Councilmembers. For the record, George Costa, Director for the Office of Economic Development. This grant, I was approached by Ray Maki of the Hawai'i Farmers Union United and as Councilmember Hooser stated, this is a Korean natural farming method. This was presented to me last week and one of the things that I had mentioned because of the timing, the Administration has already submitted its grant proposal. In fact, this along with the Arts & Culture, and there was another one from the Food Bank were all submitted last Friday. So, basically, I just listened to Ray on the proposal, but I am not about to make any commitment from the Office of Economic Development until deliberations are made.

Ms. Yukimura: Question.

Chair Furfaro: Questions? JoAnn and then Tim.

Ms. Yukimura: So, George, if there are five (5) or more votes who put it in the budget, will you do your best to implement it?

Mr. Costa: If that is the desire. I know I would refer to my boss, the Mayor. Again, I am not familiar with this program, but obviously if it comes into the Office of Economic Development, we would have to work with the organization and manage the grant. I know in the write up it says forty (40) farmers, but it is not specific to if it is...I am pretty sure it is open to anyone as far as my understanding.

Chair Furfaro: Tim.

Mr. Bynum: Without knowing the details of this specific proposal, I am really familiar with this. Farmers Union work all over the County and all over the world. This is about education, right, about learning? So, you want some people to come from elsewhere if you have things to teach them and like out people, go elsewhere to learn things. Agriculture is in a big transition. We have made a commitment as a County to look for food sustainability as a...anyway. So, I am in supporting of this and I am just appreciative of it. To me, totally consistent the Holo Holo and we have earmarked specific grants many times before. So, your willingness to facilitate, that is appreciated. Thank you.

Mr. Costa: If I can add. One (1) of the items that was mentioned as part of this grant is the soils testing, and we briefly covered that. I think soils testing is good. I am just not sure what laboratory the samples are going to and chain of custody and all of that. So, we did not have time to review that, but I guess that would be a part of the grant.

Mr. Bynum: That would be part of it, yes. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: So, George, I mean, I think we understand that you would do your review, which you are required to do. As Economic Development Director it is sort of your due diligence, but if the project is found to be aligned with the County's goals of self-sustainability and our goals for agriculture, you would give it your favorable consideration I would guess? If it meets those criteria.

Mr. Costa: Right. The Office of Economic Development would do our best.

Ms. Yukimura: Yes. Thank you.

Chair Furfaro: Thank you, George.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Mr. Hooser.

Mr. Hooser: Yes. I have slightly amended the proposal.

Mr. Hooser withdrew his motion to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Agriculture Grants." Ms. Yukimura withdrew her second.

Mr. Hooser moved to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Korean Natural Farming/IMO Farmer Training and Soil Study," seconded by Ms. Yukimura.

Mr. Hooser: The only amendment is it specifics the title/IMO Farmer Training and Soil Study of the grant, which is Korean Natural Farming. Just the amount of money is the same. This is the only add that I will be requesting as an individual Councilmember.

Chair Furfaro: Okay.

Mr. Hooser: It is the only add that I will be suggesting, and as the Chair of the Agricultural Sustainability Committee, I think it is a very modest request that will yield potential great benefits to agriculture and sustainability. So, thank you.

Chair Furfaro: We had a second from JoAnn on the amendment. Am I right? Just a voice vote before we go any further. Mr. Rapozo, go ahead.

Mr. Rapozo: I actually like the first proposal better, Mr. Hooser, simply because I think it gives the Office of Economic Development the opportunity to go through the grant request. I just saw this right now for the first time. Mr. Chock just passed it over to me. So, I am not familiar at all. I did read real quickly and obviously, it does seem like a great program. I am looking at the budget and out of the funding, twenty three thousand nine hundred twenty-five dollars (\$23,925). This is the proposal from this organization, which is twenty-three thousand nine hundred twenty-five dollars (\$23,925) and they are going to add another two thousand dollars (\$2,000) by charging each participant fifty dollars (\$50). So, of a total budget of twenty-five thousand nine hundred twenty-five dollars (\$25,925), eleven thousand dollars (\$11,000) goes to the instructor's stipend and Administration. I think I am having a problem with that. Almost half of the money that the County would provide would go to the instructor and the other half would be spread up amongst supplies. I am one that does not want to see our County taxpayer money pay people salaries or stipends or whatever you want to call it. If we give twenty three thousand dollars (\$23,000) then it should go to the training. It should go to the arming, the operation, the soil testing, and so forth. I do not see any...I mean, I see seven thousand dollars (\$7,000) for soil test, but I just would much rather have the Economic Development or whoever is going to manage the grant vet out the program to make sure it is viable and so forth because I do not think we can do that here with this write up in five (5) minutes. So, I would prefer your first proposal. I can support that and having the money available, but not earmarked and then give the Economic Development people the opportunity to go and vet out this grant proposal as you do with the rest, and at that point, make the determination whether or not. I just...I do not know. I never heard of this organization to be honest with you. I have not personally. Yes, I have not. I mean, there are many organizations that I am very familiar with that none of you are and so do not punish me for not knowing that. I just do not know and if I am going to approve funds today, obviously, for me personally...so, I would support the first one, Mr. Hooser. That is

broad and I think we heard from Mr. Costa that they would take a look at it. I could do that. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Okay. I mean, I understand the concern and I mean, we pay consultants. For training to happen, there has to be a trainer, but I think that whatever moneys we put in there Office of Economic Development (OED) goes through a process of review and can negotiate. Like the Kaua'i Marathon, they made sure that the moneys went for advertising and not for personnel because they felt that the contribution to the County should be in the public relations (PR) part of it. So, they can do that and we can leave it to them. I mean, in the way that our budget works, they can take that money and use it for something else actually. So, we are relying on their review process.

Chair Furfaro: Mr. Kagawa.

Mr. Kagawa: I would like to see us growing more of our own food. I think we need to learn what works elsewhere and from experts. I think education could go a long way. However, I am just staring at that number there and we are still three million dollars (\$3,000,000) behind and to be adding, kind of troubles me because I had hoped that we could have maybe a reserve in the end of that kind of amount. That was my hope, but we are in the opposite direction. I think it is going to be very tough for me to support any additions going forward until we resolve that deficit. Thank you.

Chair Furfaro: Further discussion? Mr. Hooser.

Mr. Hooser: In the interest of moving this along, if we could revert to our original proposal and trust that the Office of Economic Development will, frankly, either one that moves forward, the Economic Development office will make the final decision to spend the money or to implement the program or not. So, that is not going to change, but in order to ensure that the votes are here, I would agree to Councilmember Rapozo's request and generalize the proposal.

Mr. Hooser withdrew his motion to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Korean Natural Farming/IMO Farmer Training and Soil Study." Ms. Yukimura withdrew her second.

Mr. Hooser moved to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Agriculture Grants," seconded by Ms. Yukimura.

Chair Furfaro: Okay. So, we are back to the original submission, and on that note, I guess I will call for the vote. Let us do a roll call vote on this item, please.

The motion to add funding to the Office of Economic Development in the amount of twenty-three thousand nine hundred twenty-five dollars (\$23,925) for "Agriculture – Agriculture Grants" was then put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7*,
AGAINST ADDITION:	None	TOTAL – 0,

EXCUSED & NOT VOTING: None
RECUSED & NOT VOTING: None

TOTAL - 0,
TOTAL - 0.

*(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Council Councilmember Kagawa was noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Ms. Fountain-Tanigawa: Six (6) ayes.

Chair Furfaro: It is six (6) and one (1) silent, which makes it 7:0. Thank you. Okay. I have one (1) to add and it is in the agricultural area. It is tied to the narrative that I sent out to you earlier about the value of bees to Hawai'i's story and Hawai'i's agricultural activities.

Ms. Yukimura moved to add funding in the amount of twelve thousand dollars (\$12,000) for "Other Services - Bee Pollen Testing Grant," seconded by Mr. Kagawa.

Chair Furfaro: The issue here is simply about ten thousand four hundred dollars (\$10,400) for testing our, I think, twenty-seven (27) licensed beekeepers on the island for the Varroa mite as well as the health of our bees. There is a subsequent Resolution that is available that touches on that, but we have a strong request from the State Department of Agriculture on getting rid of the Varroa mite that is in Hawai'i and also hopefully, we can get some Federal help if in fact we had our bees tested. Again, this is the...have the bee inspector here on two (2) trips. The salary and wages for that are part of the State Agriculture Department and it is about four hundred dollars (\$400) cost to test the licensed beekeepers here. So, it is a simple add of twelve thousand dollars (\$12,000). I guess as Chair, I need a motion and I need a second.

Ms. Yukimura: I did do a motion and there was a second.

Chair Furfaro: Oh, you did? Very good. This intent is to be administered under Economic Development as well, but for once and for all, I will find out if we do have the mite here and how exactly healthy our bees are.

Mr. Kagawa: Question for you.

Chair Furfaro: Yes.

Mr. Kagawa: Thank you, Mr. Chair. I understand the sentiment. If the job does not get done, then let us do it ourselves, but is this not the State Department of Agriculture's responsibility to do this?

Chair Furfaro: I felt the same way and the apiarian, which is the bee inspector, there is only one (1) and they are in fact on the Big Island, part of the Department of Health. In my dialogue with them, they would be glad to participate with us, but they too, could not allocate even two (2) trips to Kaua'i to work with the beekeepers on the test. So, I am just at the point that I believe for the health of our Agricultural Department, we need to do this, but it is pitiful at this point.

Mr. Kagawa: Is there any...I mean, I have talked to several beekeepers and they indicated to me, and I will name one (1). One is Colin Wilson and the other is Jan TenBruggencate, and they both said that I guess they have developed a technique to deal with the mite. I do not know if they had it upside down or...they have

some technique where I guess the mite drops. So, I guess their hives have not been affected by those mites. I do not know if there is others that maybe George can share, that those mites are in fact, affecting negatively. Regardless, if it is happening I want to help attack it because I think we have to get rid of the mites, not just find techniques to get around the mites, I guess.

Chair Furfaro: Well, again, this is testing to first verify that we do not have the mites and then in fact if we do, the ability to get some extra Federal funds to help. JoAnn.

Ms. Yukimura: I may be wrong, but I do not think the mites are here on Kaua'i yet.

Chair Furfaro: At this point, they are not, but we have never been tested.

Ms. Yukimura: But there is another infestation of some sort that has come here, but the other thing that these tests show is also pesticide residue. So, that would be important given all of the issues we have heard about pesticides to keep track of whether the bees are...whether pesticides are infiltrating into the hives. So, I think it is an important thing to know and have.

Mr. Kagawa: Yes, I mean, if I can clarify. I think there was another well, culprit, that I think were affecting the bees. I had asked Jan and Colin if it was affecting their hives. They had some type of technique, but maybe it was not the mites, but it was recent that I asked them and they said their hives are actually thriving, and this was maybe six (6) months ago when I talked to both of them. So, I do not know. Like I said, if we need to do that mite testing, I will support it.

Chair Furfaro: Thank you. In the Resolution that I am preparing to introduce, it does reference that second pest. It has a long Latin terminology to it. Mr. Hooser.

Mr. Hooser: So, these funds go to the Office of Economic Development?

Chair Furfaro: Economic Development, yes.

Mr. Hooser: And then they implement it, they are the ones that contract the testers?

Chair Furfaro: They would with working with the State Agriculture Department from the Big Island, yes.

Mr. Hooser: Okay. Has the Office of Economic Development agreed to do this?

Chair Furfaro: It has been a while since we have even had a conversation about it. If you would like to bring George up again...

Mr. Hooser: I do not need to bring him up.

Chair Furfaro: Okay.

Mr. Hooser: I just want to make sure that...

Chair Furfaro: It has been a while. It was actually a Big Island visit with Chairperson Kokubun that I had.

Mr. Hooser: Okay. No, as long as you are confident that they will do it, it is okay with me.

Chair Furfaro: We are still in touch with, I believe, the inspector that we are dealing with, Denise on the Big Island is highly recommended for her work. JoAnn.

Ms. Yukimura: Yes. I just want to say that a logical partner in this would be the Beekeepers Association too.

Chair Furfaro: Yes.

Ms. Yukimura: So, there would be different ways to work with those organization.

Chair Furfaro: Yes, and I do want to make note, this is for being licensed. George, you do not need to come up. This is for licensed beekeepers. Do you want George to come up?

Ms. Yukimura: No. Let us go on.

Chair Furfaro: Okay. Mr. Bynum.

Mr. Bynum: I just wanted to say that I am one hundred percent (100%) in support of this. Since my first week on the Council I know that the Chair has focused on invasive species issues. He has saved our island almost single handedly, in my opinion, from serious infestation because of his attention and I applaud him. I just so admire it. So, thank you.

Chair Furfaro: I do want to say though, it was with everybody's *kōkua* and also I had JoAnn dragging me along. So, I have to share the credit. Okay. So, I have a motion and a second on this twelve thousand dollars (\$12,000). Can I have a roll call vote?

The motion to add funding in the amount of twelve thousand dollars (\$12,000) for "Other Services - Bee Pollen Testing Grant" was then put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL - 7,
AGAINST ADDITION:	None	TOTAL - 0,
EXCUSED & NOT VOTING:	None	TOTAL - 0,
RECUSED & NOT VOTING:	None	TOTAL - 0.

Ms. Fountain-Tanigawa: Seven (7) ayes.

Chair Furfaro: Seven (7) ayes. Thank you very much.
Mr. Kagawa.

Mr. Kagawa: We are finally ready to knock off one of the final cuts, which we want to do all of the cuts before we get to revenues. So, I can circulate it now if you want, Mr. Chair.

Chair Furfaro: Let us do that.

Mr. Kagawa: It is the piece on overtime reduction. Now, instead of raising one hundred fifty thousand dollars (\$150,000) or so, we are only raising fifty-four thousand one hundred fifty-seven dollars (\$54,157).

Mr. Kagawa moved to reduce Regular Overtime by five percent (5%) with the exception of Public Works (5% reduction only for discretionary Regular Overtime for Fire and Police), Public Works to reduce Regular overtime in the amount of two thousand five hundred dollars (\$2,500) in General Fund, Highway Fund, Sewer Fund, and Solid Waste Fund, seconded by Ms. Yukimura.

Chair Furfaro: Okay. I have a motion and a second. Would you like Mr. Barreira to come up?

Mr. Kagawa: I believe all Departments have agreed that they can live with these cuts including our Mayor and we will all try to change the direction. I guess, and try to get management to try and really focus on trying to cut down whatever can be avoided.

Chair Furfaro: I would like to say to the Administration, thank you for going back to the drawing board. I hope you took my direction of going back to work on this in the spirit that it was given. So, we did not want to overstate that number. JoAnn.

Ms. Yukimura: I want to thank the Administration for helping me be reassured that the different, especially small Departments, are not going to be affected adversely in their work because in my opinion, they do very important work. Even in the large Departments, this kind of discernment about what we can cut and we cannot is really important. That is why a broad brush cut really worried me, but with the kind of work that now has been done on it, I feel okay about voting for it. Thank you, Councilmember Kagawa, for initiating the thinking about it and then working with the Administration.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: May I ask some questions of the Police Department, please? The Deputy Chief is here.

Chair Furfaro: The Deputy Chief is here, but to be consistent this was an item that I would like to have Mr. Barreira up with the Deputy Chief as well. So, the Budget Director can come up.

There being no objections, the rules were suspended.

Mr. Bynum: So, Mr. Barreira, under this new proposal, the reduction to the Police Department would be what?

Mr. Barreira: I am sorry, sir. I could not hear you. Could you repeat yourself?

Mr. Bynum: On this new proposal, the reduction of the Police Department would be how much?

Mr. Barreira: The five percent (5%) of the one hundred eighty-five thousand dollars (\$185,000) identified would be nine thousand two hundred fifty dollars (\$9,250).

Mr. Bynum: So, we went from the original proposal at four hundred thousand dollars (\$4,000) as I recall, to one hundred and whatever it was the last time, right?

Mr. Barreira: Yes.

Mr. Bynum: What was it last time? One hundred five thousand dollars (\$105,000)?

Mr. Barreira: The cuts, the proposed five percent (5%).

Mr. Bynum: And now we are down to nine thousand two hundred fifty dollars (\$9,250)?

Mr. Barreira: Yes, sir.

Mr. Bynum: Okay.

Chair Furfaro: For Police.

Mr. Bynum: What does that make the total cut in overtime package now?

Mr. Barreira: I believe Mr. Kagawa reflected. I have not calculated that. I heard fifty thousand dollars (\$50,000) figure.

Chair Furfaro: It is on your worksheet. Fifty-three thousand dollars (\$53,000).

Mr. Bynum: So, we went from eight hundred thousand dollars (\$800,000) or nine hundred thousand dollars (\$900,000) originally proposed to right, total, down to fifty thousand dollars (\$50,000)? Mr. Contrades, thank you for being here.

MICHAEL M. CONTRADES, Deputy Chief of Police: Thank you, sir.

Mr. Bynum: What programs will have a reduction of what you are doing because of this nine thousand dollars (\$9,000)?

Mr. Contrades: With the nine thousand dollars (\$9,000) we are going to have to look at those programs that are listed. That would include Special Events Management, KPAL, Citizens Police Academy, and the Underage Drinking and make a determination in terms of priority where that nine thousand dollars (\$9,000) is going to have to come from.

Mr. Bynum: So, something you are doing now is going to be truncated, correct?

Mr. Contrades: In some way, yes.

Mr. Bynum: If we would have stayed at the one hundred thousand dollars (\$100,000) you would have to eliminate some of these things completely, right?

Mr. Contrades: Absolutely.

Mr. Bynum: Thank you for that. I appreciate it, for those answers.

Mr. Contrades: Thank you.

Chair Furfaro: JoAnn, and JoAnn, your microphone is not on.

Ms. Yukimura: Yes, thank you. With respect to the Underage Activates Investigations of fifty thousand dollars (\$50,000), may I just suggest that the Liquor Commission has moneys that are set aside for this purpose? So, it may be possible to supplement the moneys form that.

Mr. Contrades: We will look into that.

Ms. Yukimura: Yes. Thank you.

Chair Furfaro: Okay, and JoAnn has had a very good suggestion there because there is a percentage of their fees that can be used for these kinds of special programs. So, please work closely with them.

Mr. Contrades: Will do.

Chair Furfaro: Thank you. Mr. Bynum again.

Mr. Bynum: Are we still...I am done with questions.

Chair Furfaro: Oh, you are not done with questions? I thought you were. I am sorry.

Mr. Bynum: No, I am done with questions.

Chair Furfaro: Oh, you are done with questions?

Mr. Bynum: If I have the floor, it would be just for discussion.

Chair Furfaro: Okay, then we are *pau* with both of you gentlemen.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I am not going to vote for any reductions in overtime. Look at what we just did in this process today. We asked...you know, I thought we were going to come in there and say here is what we are currently doing that we can stop doing to save money. That is what a real cut is. I mean, everybody said that we have to look at what we can do and what we cannot afford to do any longer, but virtually all of the cuts have been these broad brush strokes of cut twenty percent (20%) and we almost called for the question on this twenty percent (20%), nine hundred thousand dollars (\$900,000). I am like wait, wait, I want to talk to the Police. Wait I want to talk to Fire. I want to know how this impacts them. Then in the second integration, oh, some of this is contractually obligated. Let us figure it out. So, we do an analysis for the Departments that are hit the worse. Police and Fire, wow. To me, I made a commitment when I got on this Council, that I would not be an obstacle ever in budget to the Police doing the job they need to do for our community. If the cut is nine thousand dollars (\$9,000) or the cut...he just said he is going to have to not do some of these things as robustly as they intended, right? Those are the realities of these cuts that are not targeted. Now, Police and Fire, because it was...because of our strong commitment to them, supposedly, we did a big analysis and we have made it not so egregious, right? What about the other small Departments that did not have time to do this analysis? These are not cuts that say our government is too big, let us cut it back. It says let us spend too much money so let us niggly money everywhere we can that is going to create, because I have been a civil servant for many years. All kinds of grief for all of these Departments because we grabbed fifty thousand dollars (\$50,000) here and forty thousand dollars (\$40,000) here without any really thoughtful analysis of it. I am not going to vote for these cuts in overtime and I am deeply saddened if we do this. My final closing is when we get to revenue, we have Residential Class now that has just people who have homes that they use for commercial purposes. They rent them at market or do other things. If we added one cent (\$0.01) to their tax rate, one cent (\$0.01), we could generate fifty thousand dollars (\$50,000). So, if we ask those homeowners that own a five hundred thousand dollars (\$500,000) home, "hey, this year we need you to pay five dollars (\$5.00) more," five dollar (\$5.00) so we can fully fund our Police Department and let our Departments run without imposed restrictions where we are going to have to be running around niggling all year long. Every single dollar we are going to get all of these moneys transferred around. So, please, I implore my colleagues not to vote for this type of cut, not this one at all. What difference...we did all of this work. Fifty thousand dollars (\$50,000). We are going to create these issues for the Administration for fifty thousand dollars (\$50,000) of savings. This is not cutting fat and waste.

Chair Furfaro: Okay, that is your opinion and I have other opinions on the table. So, Mr. Rapozo and then Mr. Kagawa.

Mr. Rapozo: Thank you, Mr. Chair. I have reserved my opinions throughout this process thus far because I think everybody has the right to their opinion, but I do feel compelled to defend my colleague to my left here because when we got into this budget we saw the number and it was a desire to cut the budget as much as we can. This overtime cut is not so much a fifty thousand dollars (\$50,000) cut. It is a message that we need to change the way we schedule and we need to change the way we operate. We talked about Solid Waste and when they do green waste hauling. I mean, all of these things can be done by the management of the Departments. Now, we make it seem like we cut fifty thousand dollars (\$50,000), the Police is going to shut down KPAL. That is not true. This Council has never denied any Department, any Department that came up here for extra money in a Money Bill for overtime for whatever. This Council never did that. I do not think nine thousand dollars (\$9,000) or whatever it is, is going to break the Kaua'i Police Department. If you look at the historical CAFRs, you will see that the lapse is quite

substantial. This is more of a message to the County Administration saying, hey, we have to start looking at...and the Department to their credit in the last year or so has done a remarkable job. I understand, Deputy Chief, that is your doing. That is what I have been told. Not by you, but by others, that it was Deputy Chief that has...and I know it is working because the men and women are complaining because they do not have the easy pot of overtime that they used to. So, I commend the Administration, but I do not think we deserve comments such as irresponsible or egregious and without thought. We are here to try to balance this budget with the least impact to the taxpayers. That is my philosophy, I believe that is Mr. Kagawa's. Because one (1) Councilmember does not agree, I will tell you. I took notes yesterday. Yesterday we have fourteen (14) or fifteen (15) proposals to cut, fifteen (15) proposals. Ten (10) of them passed. Ten (10) of them passed, and Mr. Bynum voted against seven (7) of them. So, I understand that he does not want to cut. That is his prerogative. I am not going to criticize him for that, but I do not expect to get criticized because I am supporting the cuts. I mean, we need to balance that budget and I can tell you right now, I am not going to consider raising anymore taxes. I am not. So, I just...I feel, Mr. Chair, like I said this morning. I was trying to be very patient, but sometimes the comments get a little offensive and I felt the need to defend Mr. Kagawa who I believe, for such a new young Councilmember is doing what I believe is the right thing in budgets. Thank you.

Chair Furfaro:

Mr. Kagawa, you have the floor.

Mr. Kagawa: Thank you, Chair. One of the main directions that I have given to all of the Department, the Managers, is that there is available moneys in your accounts if it is really necessary. It exists. I am looking at a fact-based sheet. Page 34 of your CAFR. Mr. Bynum yesterday, said the Fire Department is the thriftiest tight budgeted Department. They have the biggest variance or lapse in 2013. They lapsed one million six hundred thousand dollars (\$1,600,000). That means one million six hundred thousand dollars (\$1,600,000) was approved in their budget that they did not need that year, and he calls that responsible budgeting? I call that irresponsible budgeting. So, I am trying to get down so that we are spending our taxpayer's money wisely, not overtaxing our citizens, and not restricting certain other Departments. I believe now they have caught that up. I think now their budget is tight and I think everybody's budget it tight because we no longer have the money that we used to have, but there is still...everybody is not one hundred percent (100%) paid for. There is always a little bit of each budget. Maybe the Police, I do not know. Now that they are filling all of their positions they are pretty tight and they have been subject to some cuts because they are a huge budget, but when I do these cuts and it affects areas like the Police and Fire, please do not take it personal. I just have a concern that you have a thirteen million dollars (\$13,000,000) payroll in your operations and you have overtime. If I add regular overtime of two million one hundred thousand dollars (\$2,100,000) and if I add Premium Pay of one million two hundred thousand dollars (\$1,200,000)...so, for a force of thirteen million dollars (\$13,000,000) you have overtime being paid of another three million dollars (\$3,000,000). I am just thinking to myself, in four (4) years when we have beginning officers getting seventy-one thousand dollars (\$71,000) a year and you are adding another twenty-five percent (25%) of salary, if twenty-five percent (25%) of their salary is the going rate, you have a beginning officer making almost one hundred thousand dollars (\$100,000) a year. Can our County afford that or do we have to change our ways of paying officers because at some point, we are going to break the bank and it is going to be a point of no return? Wisconsin experienced that recently. I mean, we have to control the overtime somehow. If you are getting paid seventy-one thousand dollars (\$71,000) a year, that is almost fifty thousand dollars (\$50,000) more than the starting teacher. That is good money already. If you need overtime as well or a lot of it, then maybe you are getting overpaid, but I mean, we have to

start figuring out this balance of how we are going to set the tone for the future. I just cannot accept that how we are doing it is good and there is no room for change. To me, that is unacceptable. We always can improve. Everybody can improve, myself included, but that is the only way are going to change our ways, is that we always look to improve because with overtime pay, you are paying time and a half for an hour of work. If we can cut down on that, fine. If some is unavoidable, fine as well, but let us always try and get better. That is the way we set that tone for the future. Thank you, Chair.

Chair Furfaro: Okay. Anymore dialogue? I am not going to recognize anymore dialogue between the people that spoke. I am going to call for the question. I am not going to turn this into this dialogue going back and forth. A couple things you need to recognize here, you cannot keep comparing the CAFR to what we are going now because there have been a lot of increases related to costs, bargaining unit, and so forth. But the point is, we have to have tangible, measurable outcomes, and I think that is where Mr. Kagawa is at.

Mr. Bynum: Point of order, Chair.

Chair Furfaro: So, I am calling for the question.

Mr. Bynum: Point of order.

Chair Furfaro: What is your Rule that you are calling point of order on?

Mr. Bynum: You just said you are not going to allow anymore dialogue and then you took the floor.

Chair Furfaro: That is true. I apologize for it. I am calling for the question. I need a motion from somebody on the table.

Mr. Bynum: I am not calling for action on a point of order.

Ms. Fountain-Tanigawa: We have a motion and a second.

Mr. Rapozo: Motion is done. Motion and second is done,
Mr. Chair.

Chair Furfaro: Thank you very much. Roll call vote, please on the item.

Ms. Fountain-Tanigawa: Councilmember Bynum. Councilmember Chock.

Mr. Bynum: Wait. I made a call for the question.

Chair Furfaro: I heard you. I am calling...

Mr. Bynum: I heard no ruling.

Chair Furfaro: I did not hear the Rule that you referenced. Give me a number and we will take care of it when we come back.

Ms. Yukimura: Mr. Chair, maybe...

Mr. Bynum: Call for the question.

Ms. Yukimura: Okay.

Chair Furfaro: Call for the question.

Mr. Bynum: Unequal Rules. One (1) set of Rules for one (1)
Councilmember...

Chair Furfaro: Mr. Bynum, I just told you after...

Mr. Bynum: ...another set of Rules for another...

Chair Furfaro: Mr. Bynum, I just told you...

Ms. Yukimura: Mr. Chair...

Chair Furfaro: ...after the vote we will go to the Rules.

Ms. Yukimura: May I...

Mr. Bynum: No, let us just take the vote.

Ms. Yukimura: May I move to close debate?

Mr. Kagawa: Take the vote.

Ms. Yukimura: And take a vote on that issue, then the body will
decide whether to allow...

Mr. Bynum: I am entitled under the Rules to the floor.

Chair Furfaro: Call for the roll.

Mr. Bynum: And then you say, "No" and then you...

Ms. Fountain-Tanigawa: Councilmember...

Mr. Bynum: And then you take the floor.

Ms. Fountain-Tanigawa: Councilmember Bynum...

Chair Furfaro: I had three (3) seconds of summary. Call for the
question.

The motion to reduce Regular Overtime by five percent (5%) with the exception of Public Works (5% reduction only for discretionary Regular Overtime for Fire and Police), Public Works to reduce Regular Overtime in the amount of two thousand five hundred dollars (\$2,500) in General Fund, Highway Fund, Sewer Fund, and Solid Waste Fund was then put, and carried by the following vote:

FOR REDUCTION:

Bynum, Chock, Hooser, Kagawa,
Rapozo, Yukimura, Furfaro

TOTAL – 6*,

AGAINST REDUCTION:	Bynum	TOTAL – 1,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Council Councilmember Hooser was noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Chair Furfaro: Now, give me a Rule number, please.

Mr. Bynum: It is too late. There is no point.

Ms. Fountain-Tanigawa: Six (6) ayes.

Mr. Bynum: I would like the floor.

Chair Furfaro: You have the floor. Put your microphone on if you want the floor.

Mr. Bynum: I am very passionate about these issues because I am very passionate about our government. I came into this and Councilmember Rapozo choose to talk about how many I voted. Turn that into dollars, Councilmember Rapozo. How many dollars of cuts did people vote for yesterday? We are here to give our *mana'o*. My *mana'o* is that these are not real cuts. These are niggling cuts that cause real issues for our Departments. I am entitled to express that opinion. You cannot just take numbers from this year's budget and make these conclusions that are out of context and I said from the beginning, I do now want to debate the past because the past is done, but rewriting the past and making conclusions based on numbers that are out of context, that do not give an accurate picture, this is the kind of dialogue that is helpful for us. We just spent...we contemplated and almost voted one nine hundred thousand dollars (\$900,000). In some Departments that would have decimated it. The Police Department...we almost voted on second round until I said I want more questions and Councilmember Rapozo said oh no, let us look at what really is discretionary. We almost voted on it. That would have eliminated KPAL. I mean, that is what they said in the document. So, they came back and they did it again. What about all of the other Departments? This is not good budget making. These are not wise decisions that make sense. That is my opinion. I have a right to express it. Thank you.

Chair Furfaro: Okay. I want to make sure we all understand a couple things here. Although we were (inaudible), JoAnn, it is the duty of the Chair in Rule 13(e) to address to speak to any member and those members speak through the Chair. Any remarks confined to the question or under discussion needs to avoid personalities. That Rule, 13(a)(3) under the Chair. It is the Chair's duty to maintain that proper order and decorum. Thank you. Mr. Hooser.

Mr. Hooser: Could I ask for a brief recess?

Chair Furfaro: Sure. Good idea. We are going to go to a recess.

There being no objections, the Committee recessed at 11:41 a.m.

There being no objections, the Committee reconvened at 11:53 a.m., and proceeded as follows:

Chair Furfaro: Okay, we are back from our recess and I would like to share again, with all members. It is important that we keep the discussion focused on the item at hand. I would also like to make sure that we should really address each other as my colleague, the member of the Council, and so forth and try to not find it being directed personally. It is important. I also want you to know that in our Rules 13(e), the fact of the matter is if you call for a point of order, you should not call for it when a vote is being taken. The vote should be done and completed. That is also covered in Section 6(j) of our Rules. I also want to thank Mr. Hooser for his recommendation to take a break. That was a good point, but I want to let you know that the decorum is, by our Rules, in the hands of the Chairman. I do reserve that right to speak on an item to try to temper the issue and especially get an interpretation only after the vote, and that is in our Rules. So, we have now traveled to review. I believe that was the next cut item that we have for this review period. Is the Administration ready? They are not ready? Okay, JoAnn has her ready now. So, JoAnn, I will recognize you.

Ms. Yukimura: Thank you. If staff could pass it out. So, my proposal is to cut repair & maintenance expenditures that are in the Parks budget, but it does not mean they will not get done. Instead, they would be paid for by the repair & maintenance account, the 209 account. I am proposing one hundred thousand dollars (\$100,000) out of the account of two hundred eighty-four thousand dollars (\$284,000), and you will see it on page 200...let me see. Page 268 is the 209 Fund. You will see that there is already a contingency fund for repair & maintenance of eighty-five thousand dollars (\$85,000). I am not touching that. Instead, taking from the one hundred ninety-nine thousand dollars (\$199,000) that says repair & maintenance projects. That is where the repair projects would be paid for, and that would be freeing up one hundred thousand dollars (\$100,000) in General Fund moneys.

Ms. Yukimura moved to utilize funds in Fund 209 to be used for these repair & maintenance expenses that are being removed from the General Fund

Chair Furfaro: Before we go further on this discussion. I was able to look at the Ordinance a little bit and it seemed the Ordinance to me, was very clearly stating there was a point in time where we would touch money. Prior to that, we could not address this money. Could I get some interpretation from the Administration?

There being no objections, the rules were suspended.

Mr. Hunt: Steve Hunt, Director of Finance for the record. There was a point in time which was the passage in May of 2013 that the 209 Fund was no longer a general ledger balance sheet fund, but moved to the operating and this is the first fiscal budget since the passage of that. The funds that had been on the balance sheet had been committed or were available to commit. I believe a breakdown was provide in the fund balance estimates including a portion since the May to the end of the CAFR, of the Fiscal Year 2013 CAFR, which would have been available to appropriate by Council for specific projects or repairs. Since then, we have moved it into the operating budget and those funds that are shown there on page 268 are funds that are available for Parks & Recreation to handle maintenance items or improvement items. I do not have a breakdown of how those funds are intended to be spent.

Chair Furfaro: Okay. JoAnn, do you have questions for Steve?

Ms. Yukimura: Yes. So, the Ordinance says that the Council shall appropriate the fees in this budget, right?

Mr. Hunt: Yes.

Ms. Yukimura: And it also says that...so it says improvement. So, it might potentially be usable for CIP?

Mr. Hunt: I believe that would be the case. Again, the appropriation is the Budget Ordinance itself. So, it is going to be appropriated through the Ordinance. Right now on page 268 if you adopt the budget as is, it is appropriated, but it is just non-specific as to what those funds are...

Ms. Yukimura: Correct.

Mr. Hunt: And you are attempting to add specificity on that.

Ms. Yukimura: So, my proposal is to cut from the General Fund moneys and to pay for the repair & maintenance by these 209 funds, which are specifically for repair & maintenance. So, the cuts are on page 200 and 194 if you want to look at them, but they specifically say repair & maintenance buildings and repair & maintenance equipment. Thank you. I am done.

Chair Furfaro: Any further questions for the Finance Director? Yes, go ahead.

Mr. Rapozo: Oh, it is really not the Finance Director. It is...

Chair Furfaro: Let me just see if there is any for him then. Hang on. Any questions for the Finance Director? If not, Steve, thank you. You can take a seat.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: I think this is more for Lenny, and I would hate to have a budget discussion here on this decision-making, but I think it goes along with what you were saying earlier regarding the report or the plan for that fund. I am not sure if we are taking one hundred thousand dollars (\$100,000) to replace some General Fund projects is going to affect the Parks' plan for the use of that account. I am not sure if you want to bring him up or not, but because I think in essence what this does, it just takes...it just cuts one hundred thousand dollars (\$100,000) from the General Fund. Because the existing 209 Fund, they could use that fund for these projects that Councilmember Yukimura is suggesting in here. So, in reality, we are just taking one hundred thousand dollars (\$100,000) out of the General Fund and allowing the Parks Department to utilize part of that two hundred forty-eight thousand dollars (\$284,000) to accomplish or backfill, which is almost what Mr. Hooser wanted to do with the CIP budget.

Ms. Yukimura: Right.

Mr. Rapozo: And then using backfilling. Again, I think that is the Parks Department's prerogative to use that fund how they want. So, I could definitely support the cut of one hundred thousand dollars (\$100,000) from those General Fund accounts and then leaving the decision on how they want to use the 209 Fund to the Parks Department.

Ms. Yukimura: Okay. I am okay with that.

Chair Furfaro: Procedurally, I do need a second for that. I do not have one.

Mr. Chock seconded the motion.

Chair Furfaro: I have a second now. Good. Lenny, do you want to come up?

There being no objections, the rules were suspended.

LEONARD A. RAPOZO, JR., Director of Parks & Recreation: For
the record, Director of Parks & Recreation, Lenny Rapozo.

Chair Furfaro: JoAnn, do you have anything specific for Lenny?
Mel?

Ms. Yukimura: Do you have any concerns about this?

Mr. L. Rapozo: Yes. In the past budgets, the last two (2) budgets, we had done exactly what you have stated or what you want to do. We have used the 209 Fund to help the General Fund, but with the anticipated...what we have left in the fund, the moneys that we have collected so far, according to our accounting, it is about two hundred sixty-four thousand seven hundred sixty-three dollars (\$264,763). Finance has anticipated that whatever rents will be coming in for this fiscal year and added that, and that is the number that they have put into our budget. Parks, we have always spent what we had on hand without spending what we do not have. By reducing the 209 by one hundred forty-two thousand dollars (\$142,000), according to my calculations at the accounts that wants to be removed, based upon how we traditionally operated, would leave us about one hundred twenty-two thousand dollars (\$122,000) left in our account. That is not withstanding whatever rents that we would be collecting, moving from July forward. So, any big repair projects, and I am going to use something like Kilauea. We were lucky enough that the bids were as high as one hundred seventy thousand dollars (\$170,000) to what we were able to get to ninety-six thousand dollars (\$96,000). That would put us in a burden if we do not have the 209 account.

Ms. Yukimura: The whole intention of the budget and this Ordinance was that you would, like any other Department Head, anticipate what your projects are going to be for the year and what you would need. So, I mean, we are giving you pretty much a blank check of two hundred eighty-four thousand dollars (\$284,000) or one hundred sixty-four thousand dollars (\$164,000). I mean, no other Department has that and this is taking out the one hundred thousand dollars (\$100,000), but freeing that up for the General Fund. I mean, it is like Councilmember Hooser was trying to use where there was...if there was extra money. As it turned out with Keith's report there was not, but in this case there is. So, it seems to me you need to be able to use whatever resources you have first in your Department and then go for General Fund moneys.

Mr. L. Rapozo: Okay. So, what I am hearing from you exactly two (2) things. One, the intent of the Ordinance.

Ms. Yukimura: Right.

Mr. L. Rapozo: Last year, when we were here, the intent of the Ordinance, from my understanding sitting here, was that the Council needed the information as to how we are going to use that money, but you did not want to remove the latitude that we needed if we needed to make repairs immediately. The way that the Ordinance got written and the final Ordinance that came out is a little different in terms of its interpretation. Again, prior to that, we had done that when the fund was over two million dollars (\$2,000,000). We did make that commitment to help the General Fund and we did fund our R&M projects through it, but I believe now, the fund is down to what I had stated. So, by depleting it that much we take the risk of anything being more than one hundred twenty-two thousand dollars (\$122,000) that we would not have the moneys there ready to readily move on fixing emergency repairs.

Ms. Yukimura: And you would come before us then?

Mr. L. Rapozo: Yes.

Ms. Yukimura: But the whole intention of the Ordinance and if the Administration the Ordinance is not right, then you need to come and propose an amendment. The whole intention of the Ordinance is the Council shall appropriate. So, we shall put forth whatever we do with all of our other moneys. We take them from different funds, but we need to put them out for whatever use and that needs to be clear in the budget. So, I think what we are doing is we are saying you have one hundred sixty-four thousand dollars (\$164,000) for emergency repairs...

Mr. L. Rapozo: I can disagree with what the intent of the Ordinance was because we had the discussion, but we will leave it at that.

Ms. Yukimura: Okay.

Mr. L. Rapozo: I am telling you what the effect would be if you make this decision.

Ms. Yukimura: Okay.

Mr. L. Rapozo: So, I leave it up to you.

Ms. Yukimura: Okay. Thank you.

Chair Furfaro: Any additional questions for Lenny?

Mr. M. Rapozo: He answered it already.

Chair Furfaro: Okay. Thank you.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Discussion members? Mr. Kagawa.

Mr. Kagawa: You talk about making cuts that is not discussed with the Administration or not getting their approval, this is one of them. I will not be supporting it.

Chair Furfaro: Other discussion?

Ms. Yukimura: Yes, Mr. Chair.

Chair Furfaro: Go right ahead.

Ms. Yukimura: In passing this Bill, I think it was very clear to us that we wanted accountability in terms...and transparency in terms of how there moneys are being used and that it be part of the budget process. So, that is what I am doing here. I, actually, this morning I asked staff where is the proposal for the use of these funds and they...we do not really have a breakdown, but I think my taking one hundred thousand dollars (\$100,000) still leaves a big bulk of money, one hundred sixty-four thousand dollars (\$164,000), which the Parks Department has full use of at their discretion for emergencies or otherwise. So, I think this is...in terms of every Department using their resources maximally in a time of tight budget this is no different.

Chair Furfaro: Okay. Any additional discussion? If not, we are going to go ahead and vote on Councilmember Yukimura's proposal. Let us do a roll call, please.

The motion to utilize funds in Fund 209 to be used for these repair & maintenance expenses that are being moved from the General Fund was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Hooser, Yukimura, Furfaro	TOTAL – 4*
AGAINST APPROVAL:	Chock, Kagawa, Rapozo	TOTAL – 3,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Council Councilmember Bynum and Council Chair Furfaro was noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Ms. Fountain-Tanigawa: So, it goes with the nos.

Chair Furfaro: It passes.

Ms. Fountain-Tanigawa: It goes with the nays.

RICKY WATANABE, County Clerk: No, the nays.

Mr. Hooser: Passes?

Ms. Yukimura: Passes? No, it does not pass.

Ms. Fountain-Tanigawa: It goes with the nays.

Mr. Watanabe: It goes with the nays.

Mr. Rapozo: It goes with the motion.

Mr. Watanabe: Affirmative of the motion.

Chair Furfaro: The question is it goes with the motion. You have two (2) silent. What is the outcome?

Mr. Watanabe: Oh, yes.

Mr. Rapozo: It goes with the motion. If the motion is to remove, then the vote is...in essence it is an aye. It goes with the motion, not with the majority.

Ms. Yukimura: That is right.

Mr. Rapozo: It is with the motion. So, it would be a 4:3 passage if Roberts is correct.

Chair Furfaro: Because the motion is to approve?

Mr. Rapozo: You know Mr. Robert?

Chair Furfaro: We know him.

Mr. Rapozo: Thank you.

Chair Furfaro: So, you are concurring with both Mr. Rapozo and I? The silent votes went with the motion?

Mr. Watanabe: Yes. It goes with the affirmative of the motion.

Chair Furfaro: Yes, okay.

Mr. Bynum: Can I just...

Chair Furfaro: Go ahead, Mr. Bynum.

Mr. Bynum: I just wanted to point out, it is one of the anomalies of always voting first. I really did not know the outcome. I was really torn. So, I stayed silent because...anyway, but I really did not know what the outcome would be, but when you vote last you know.

Chair Furfaro: Okay. So, was that something calling for us out there?

Mr. Rapozo: I do not know.

Chair Furfaro: Can we just take a short recess?

Mr. Rapozo: Somebody very happy or somebody...

Chair Furfaro: We are on a short recess here, three (3) minutes.

There being no objections, the Committee recessed at 12:10 p.m.

There being no objections, the Committee reconvened at 12:11 p.m., and proceeded as follows:

Chair Furfaro: Can I get your folks attention here? We have one (1) more add item. Let me ask, Administration, are we going to come some travel idea before we go to lunch please?

There being no objections, the rules were suspended.

Mr. Barreira: Chair, we had conveyed the instruction to all of our Department Heads and our intention is to gather those numbers and collectively have something prepared for you after the lunch break. If that is okay?

Chair Furfaro: Okay. Will it be right after the lunch break?

Mr. Barreira: We believe so, sir.

Chair Furfaro: Okay, because in the afternoon, I want to work on real property, okay?

Mr. Barreira: Understood.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: So, on the additions we have one (1) here from Mr. Bynum, and you have another add? Okay. Might as well. We are negative a bunch. Go ahead, Mr. Bynum, you have the floor.

Mr. Bynum: I appreciate the opportunity. The item is one hundred twenty-five thousand dollars (\$125,000) for, and I forgot how it was framed. Yvette, if you can...the name of that one. Has this been circulated to Councilmembers? So, let me just start with the narrative as she is passing that out. I have discussed this several time that we, in my opinion, have a pretty severe data collection and access crisis our County. I had a meeting with Jay, Steve, and Brandon a few months ago addressing a variety of concerns. I met with Planning, and I do not want to belabor this because unfortunately, we did not get the agenda item, but I have an agenda item coming up to have a more robust dialogue on these issues, but just a couple of examples. I still do not know for five (5) years in Planning for instance, of our agriculture parcels, which one have been subject to a one-time subdivision. I asked that questions five (5) years ago. I still do not know the answer. We do not know where we have agriculture dedications to whom. We do not know. We have not been able to compile it in six (6) months since the introduction to understand exactly where all of our agriculture leases were and what the extent is. Famously, we have text data that was reported in aggregate to the Council and it turned out later when we dove down into the detailed analysis that the data had been presented to the Council was wrong, hugely wrong, for years and we made policy decisions based on that. I think since Brandon has come in he has done an outstanding job. We are working. He is working. He has been cautious and slow. He left positions open. I do not mean this to be criticizing because you have to get the right people in the right place to accomplish

these very complex tasks, but I could go on and on in these examples. During the presentation, Mike will come here from the Planning Department and talk about what they are doing to be ready to deliver the data when we have some place to collect and analyze it. Enough said about that. The purpose of this is to get a consultant to work with Information Technology (IT) to identify the scope-of-work and the most critical priorities. I know there is priorities where I do not have access to data and I consider it critical, but the Administration is the one who should do an overall analysis of that, not at the Council level. So, I would like to put this in the budget. IT, for a consultant to begin this data analysis and look at the scope-of-work about how we get up to speed to meet these critical needs. That is it.

Chair Furfaro: Discussion members? JoAnn.

Ms. Yukimura: So, have you spoken to IT about the project and is it something they can do this year or begin to do this year?

Mr. Bynum: I have asked that question for three and a half (3.5) months from IT and Finance, and I have not got a real specific answer. I think, and you can call them up and ask them. I think what they would say is, "Yes, we recognize this is a critical need and we would move some key people into key positions," but hopefully they will say having resources to really organize and get the scope of the need and get us started is something that I believe they easily could do, but they have no given me a straight answer. The answer is I have not gotten a straight answer, but I did pose a question six (6) months ago about it.

Chair Furfaro: Further discussion? Mr. Kagawa.

Mr. Kagawa: Thank you, Chair. If we are at this point still at a deficit of three million one hundred thousand dollars (\$3,100,000) and it was not determined important enough by the Administration to put it in at least the supplemental budget, then I feel that we should not be approving something that is not a green light, a strong green light, by the Administration. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: One of Councilmember Bynum's greatest strength is his ability to look at fiscal numbers and Real Property Tax and analyze it. I have learned so much from him and the analysis software that Steve has worked on is extremely useful in terms of looking at real property tax scenarios and figuring out to the person how people would be affected by it. So, I feel like Tim is talking about something very important here and as someone who back in 1978 went to the Planning Department as a young Councilmember and tried to figure out how many lots in agriculture we had that were already one time subdivide and were not, and how many five (5) acre, ten (10) acre, thirty (30) acre, and one hundred (100) acre agriculture lots we had. I was flipping thorough the applications and trying to tally it myself. I know how important data is to our decision-making, but I think this is premature because actually, there needs to be some kind of scoping before the project is even costed or proposed. I would encourage Councilmember Bynum to work on that and I am willing to help to scope out...it needs a scope and I know that you cannot do it alone and that it does involve IT and maybe Finance. So, I am willing to work on something that will get us to better data. I think we are crying for Global Information System (GIS) data. I think there is one (1) project that is already a formulated for that, and so we would have to talk about interfaces and all of that.

That is why I think we need some more preliminary work done before we fund something like this.

Chair Furfaro: This is Mr. Bynum's item, and I think he want to address a question to you, I believe.

Ms. Yukimura: Sure.

Chair Furfaro: I am going to give him the floor again.
Mr. Bynum.

Mr. Bynum: No, actually I want to withdraw this. I wanted the opportunity to have this discussion. I am requesting of the Chair. We met about these issues with staff several week ago. I have to concur with JoAnn. Without Steve jumping up here and saying, "Yes I want this and I can make it," it is premature for a budget decision. It is not premature in terms of the need and so we will have the agenda item. We will have a more robust discussion about the need. I will continue to seek to work with Brandon to scope it better, but it will probably need a Money Bill, and depending on the outcome of this day, there may not be any money to tap into. So, that was one of the reasons I wanted to bring it up here. What if we determined in three (3) months that this really is critical and we cannot wait? We need to put five hundred thousand dollars (\$500,000) in to it. Well, the Mayor's proposal leaves us only four hundred thousand dollars (\$400,000) for that purpose. So, we could not do it. So, that is why I want to kind of put it forward. I thought people might say, "Yes, I experienced this too. Let us get this money in there, frontload it, and get this going," but at this point, I would like to withdraw it and let the process go a different direction.

Chair Furfaro: Okay. Mr. Rapozo.

Mr. Rapozo: No.

Chair Furfaro: Pass? Okay...

Mr. Bynum: Just one (1) final comment. None of this should be considered a criticism of Brandon or IT. We all had hoped to have this more flushed out by now, but it has been kind of a busy year for everybody. So, thank you for the patience.

Chair Furfaro: Okay. We have ten (10) here before lunch. Do we have anymore items to add? JoAnn.

Mr. Rapozo: Mr. Chair, real quick. I just have a process.

Chair Furfaro: Yes.

Mr. Rapozo: If the additions are coming in, if you could put it on a paper and let us know if you had gotten concurrence from the Administration. That would help.

Ms. Yukimura: Okay.

Mr. Rapozo: Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Yes. I would like to propose an Agricultural Park Workshop at twenty thousand dollars (\$20,000). I started discussing it today, but let me just say a...

Ms. Yukimura moved to add funding to the Office of Economic Development in the amount of twenty thousand dollars (\$20,000) for "Agriculture: Agricultural Park Workshop," seconded by Mr. Chock.

Chair Furfaro: Okay. We have a second for discussion on putting in a twenty thousand dollars (\$20,000) Agricultural Workshop. JoAnn, you have the floor.

Ms. Yukimura: Yes. Do you have the proposal sheet too? I hope we have one. Oh, wait. That has been passed out. Has...here is a more detailed description of the workshop. This is a rough scoping. Please do not get tied up in the details because they are not in stone. So, as I pointed out there was an article in today's paper, USDA study showing that the number of farms on Kaua'i has dropped from seven hundred forty-eight (748) to five hundred ninety-one (591), and that our agricultural acreages in agriculture have declined by one hundred thousand (100,000) acres. Some of it is with the plantations going out, but when you look at the farms, the number of farms that are dropping, you will see that it is not just about big plantations. We are all concerned and the Mayor's Holo project is about agricultural self-sufficiency. So, we are looking at increasing agricultural production and increasing food. There are several agricultural parks that are being proposed. One (1) came before this Council already when we gave the Stewardship...we approved the Stewardship Agreement to the Kilauea Agricultural Association and the farmers. There is also one being proposed at Kalepa and one being proposed on the West Side, and in Anahola. There are big...these would require big investments of time and money, much of it public money, but what they would give is long-term leases to farmers so they can make their own investments and grow the crops. Right now as we heard from Bobby Farias and others in terms of ranchers, they have month-to-month leases effectively, and for even Rodney Hariguchi and the taro farmers in Hanalei, they are on very short-term leases as well. They cannot make any kinds of building investments or soil building investments or anything on that kind of short tenure. We can look to our private lands and we should do everything we can to encourage the use of private lands, but we do have the competition of Country estates and out lands being looked at and used for basically, fancy homes. Farmers cannot compete with those prices. So, to use our public lands for farmers is the way we need to go and we have some good lands. But, how we do that, how we manage our lands, how we select our farmers, how we give them economies of scale in terms of cooling and processing facilities, transportation, markets, all those kinds of things need to be looked at? So, this Agricultural Workshop, it would bring people together and discuss these issues, work with experts like...expert farms like Larry Jeffs and Richard Ha, agricultural park developers like Stevie Waylan who just finished like a one thousand nine hundred (1,900) acre agriculture park on O'ahu. Jimmy Nakatani from Agribusiness Development Corporation (ADC), Roy Yamakawa from Kaua'i Extension Agency, and this list is just a beginning list. To talk about all the different issues that we need to address in the design and planning of agricultural parks. So, I think...let us see. Let me see the study here. Oh, I am asking for twenty thousand dollars (\$20,000). This thing says twenty-five thousand dollars (\$25,000), but it is twenty thousand dollars (\$20,000). So, that is the proposal. It is building for the future.

Chair Furfaro: You seconded the motion, did you not? So, I will give you the floor first and then Mr. Bynum.

Mr. Chock: Thank you, Chair. Councilmember Yukimura, can you...do you have somewhat of a breakdown for the twenty thousand dollars (\$20,000)? How much of it is going to Kaua'i Planning & Action Alliance (KPAA) is what I am interested in specifically.

Ms. Yukimura: The full amount.

Mr. Chock: Full amount?

Ms. Yukimura: Yes, and in the design of the workshop, they would work it, but it would be plane fare, ten percent (10%) probably administrative fees, and the report writing and research probably through a consultant.

Mr. Chock: So, generally, I am supportive of this and I want to see this kind of work happen. Maybe there is just...if I could just get more confidence in some specific outcomes that we could look forward to in spending twenty thousand dollars (\$20,000) on this initiative I would feel more comfortable. So, I am supportive.

Ms. Yukimura: Okay.

Mr. Chock: I would like to see a little bit more direction on it.

Ms. Yukimura: So, may I try to answer that.

Mr. Chock: Okay.

Chair Furfaro: You have the floor. Go ahead.

Ms. Yukimura: In terms of the report out, it would be suggestions about what happens from the synergy of other group coming together, listening to experts, the issues about whether you would allow houses on the land, what the issues about allowing houses, what kind of competition process there would be for selecting farmers, who would be a manager and what kind of costs you would look at. There has been proposals for like small acreages with beginning farmers and then making sure that they would have larger acreages to move to, to actually develop a farm business. It is those kinds of very complex issues that have not been thought through in developing an agricultural park proposal. So, what would come out it hopefully, is some really good agricultural park proposal with the kind of funding. Now, the report would not do that. This is mainly a learning process because there are different parties. ADC controls Kekaha and Kalepa. The Kilauea Agricultural Association is in charge of the Kilauea lands. DHHL, and I think the Mayor and the Administration have been talking to people. I am not sure who they are talking about, but it is basically a training process for everybody who is involved in the design and planning of agricultural parks.

Chair Furfaro: Okay. Mr. Bynum, you have the floor.

Mr. Bynum: Yes, I just have a...again, conceptually very supportive. Did George Costa know about this proposal prior to today?

Ms. Yukimura: Yes. He knew about it last night.

Mr. Bynum: And...

Chair Furfaro: Well, technically that is correct prior to today.

Ms. Yukimura: And...

Mr. Bynum: Well, JoAnn, here...

Ms. Yukimura: No, I am being honest. I could have...I am just...I had told George about this proposal about six (6) months ago and I shared the first rough draft with Councilmember Nakamura just before she left of work with the Mayor because I was the one who put in the line item for last year's budget for an Islandwide Agricultural Park System. I saw this as the preliminary to the development of an Islandwide Agricultural Park System. So, it was in rough draft back in summer...last summer, but to work on...I mean, we had Bill No. 2491. Do I need to say more, shoreline setback, and some other things? So, it is only now that I was able to work on this proposal, but I ask you to look at the thinking and the proposal. This has been thought through and it is logical as the first step for an agricultural park...for agricultural park development on this island. It is like looking at all of the agricultural parks in the State and some are no longer in existence. Some have mainly homes on it, not farms. Others have thriving farms on it. We have to know what works and what...some have mainly landscapers like at Waimānalo.

Chair Furfaro: JoAnn, you are responding to the question from a Councilmember.

Ms. Yukimura: I thought I was. Thank you.

Chair Furfaro: He has the floor.

Mr. Bynum: I have been also looking at all of these issues and this is being worked on all over the place, right? Certainly, Economic Development has their own agenda here that is well established and Nadine who helped start that over here is now over there shepherding it. So, I am not clear how this integrates in a way that is meaningful. So, with all due respect, just like you questioned my about whether my proposal was premature. I was able to say I would discussed this with Steve Hunt, Mike Dahilig, the Chair, and had meetings. I think I was a little more prepared than you appear to be right now. So, if I ask other questions, have you consulted with the Chair of our Sustainable Agriculture Committee about this proposal?

Ms. Yukimura: I think I mentioned it in passing.

Mr. Hooser: Yesterday.

Mr. Bynum: So, I will just cut to the chase. I believe at the Council level, bring together all of the players when there is a disjointed thing can be really valuable and it can also be not valuable. I am not...I do not know enough now to say that we should go with this visions and how it might compete or contrast or conflict or converge possibly with all of the other agricultural initiatives that are occurring. So...

Ms. Yukimura: May I answer that?

Mr. Bynum: Sure.

Ms. Yukimura: So, if you look at this, it addresses all these disparate things that are going on, would bring people altogether, and in a shared learning forum. It does not have a...it is the first step toward a vision. It is not a vision itself. I am hoping that...this is so preliminary a step compared to a big major study. This is just the convening of all people around a very critical subject that there is disparate parts to that could be both a catalyst and a way of bringing together. I did look at the discussion that Diane Zachary had. I have looked at the minutes and I think this is a nice next step to what is being suggested. It does not contradict anything or stop or go against anything that is ongoing right now, but it does address a major piece of land tenure that is going to come majorly through an agricultural park.

Chair Furfaro: Okay, right there I am going to hold you.
Mr. Hooser.

Mr. Hooser: Yes. I support giving additional funding and support to promoting agriculture in our community, specifically promoting food sustainability, but I do not support the prescriptive nature of this particular proposal focused on just agricultural parks. I would suggest that the...it be reframed as simply food sustainability support and then we could work with the Department of Economic Development to see. There is many moving parts. The meeting that was referred to with Diane Zachary, I attended that meeting. Land availability, marketing, water. I mean, there is a lot of moving parts, and agricultural parks *per se* are an important component, but there may be other ways to more effectively support food sustainability than focusing on agricultural parks, quite frankly. I believe it is not up to us as a Council who none of us are real farmers, to decide what the best direction is being. So, I would suggest that we definitely approve these funds and use them to bring local farmers together to determine what their priorities are other than assert our priorities on them. Again, there are many ways I think we could improve and support expanding food sustainability and supporting local agriculture, but I cannot support the prescriptive nature of this request. So, thank you.

Chair Furfaro: Okay. Any members? Mr. Rapozo.

Mr. Rapozo: Thank you. Many years ago I learned in the budget process that we can approve whatever we want here and the money will go get appropriated at the Administration, but if they are not interested in doing it, it does not get done. So, it ends up just money that could have been used in the surplus or for some reason, but sits in there or worse yet, which we have seen as well, used for another purpose. So, I am looking at that number and the last ten (10) times I looked up it still has not changed. It is still three million one hundred thousand dollars (\$3,100,000). Unless, again, absolutely necessary, absolutely essential, I am not going to be supporting any more additions period, plain, and simple. KPAA, I am not sure how much KPAA get from the County collectively through all of their grants and I believe it is probably upwards fifty thousand dollars (\$50,000), sixty thousand dollars (\$60,000), somewhere around there. Maybe more than that. I am not sure, and I guess I get concerned when we start targeting the funds to one (1) agency when other agencies can provide that service. That is, I think, in fairness to a lot of the non-profits out there. With Mr. Hooser's proposal, like I said, have them apply for the grant. I do not want to earmark, this body, earmarking moneys to any specific agency unless it is an agency that is the only agency that provides that service like the Civil Air Patrol or Red Cross or something like that, but I get real uncomfortable when we start shoving money to a specific non-profit. I do not think that is proper. I think does not give the community non-profits an equal opportunity to provide a service. I mean, I would assume that there is some great agricultural farming organizations out there that

could provide this, some planning organizations out there that could do this. So, this is not a hit against KPAA. I am just saying that as I look through the budget, every year it seems like there are just more moneys and I just do not think that is our job here on the Council to make that decision. So, I will not be supporting it. Thank you.

Chair Furfaro: Okay. I am going to take one (1) more question and then we are going to call for a vote. We are coming up on lunch. Go ahead, Mr. Chock.

Mr. Chock: Okay. Just two (2) things that I need in order to support this. One is a nod from our Director at Office of Economic Development that he will follow through on this or not and then two, I have some issues with paying for lunch for this as well as venue costs. I mean, I am being nitpicky, but that is what we are doing. I just think that we need to really...we have to be creative in what to spend our money on or would spend our money on. Bring people here, the right experts here to be a part of the program, but I want to relook at the twenty thousand dollars (\$20,000) is my second request. That is all. Thank you.

Chair Furfaro: JoAnn, and then I am going to call for a vote.

Ms. Yukimura: I just wanted to respond to Councilmember Hooser's concerns. I do not object to making it more general. The reason why I focused on agricultural parks is because the tenure issue is so important and there is movement in that direction already in a lot of different places. So, it is a means to getting to all these others issues because without production the issues of transportation, marketing, and value added all of this is not much to talk about if you are not first producing the food. So, that is why I focused on this, but I am open to using this money to move forward. The thing is that sometimes it has gotten so generalized that it has not manifested in any specific results. To Councilmember Rapozo's concerns about specifying it to an agency, these are non-profits that do planning works. I am open if Economic Development would like to go through a selection process as Councilmember Rapozo himself said. Nothing is set in stone when we pass this because it is all in the discretion of Economic Development, but I want to point out that one of the greatest successes using an agency, for example, like Kaua'i Economic Development Board (KEDB), has been the Creative Technology Center. We needed it, a consultant like that, and we needed somebody...we needed an entity like Kaua'i Economic Development Board who had the expertise to know...reach out and find the right consultant and to manage the consultant and introduce them to the community. So, we saw the results of really good work by a non-profit working with a consultant. That has been our model in several case were we have had success. It has also been places where it is not. So...

Chair Furfaro: So, on that note, I am going to call for the vote.
We have a motion...

Ms. Yukimura: I would like to amend it to make a generalized agricultural production or food sustainability support.

Ms. Yukimura moved to amend the motion to add funding in the amount of \$20,000 for "Other Services – Agriculture Production/Food Sustainability Support."

Mr. Bynum: I have a question about that.

Chair Furfaro: Go ahead.

Mr. Bynum: So, that would make this an additional twenty thousand dollars (\$20,000) to Economic Development to support their current agricultural initiatives in essence?

Ms. Yukimura: With consideration for what has been discussed here, but they will make the final decision.

Mr. Bynum: Okay. Thank you.

Chair Furfaro: Okay. Do we all understand that the title has changed?

Mr. Rapozo: You need a second.

Mr. Bynum seconded the motion.

Chair Furfaro: Thank you. All those in favor of the change, please.

Ms. Yukimura: Of the amendment.

Chair Furfaro: Of the amendment.

The motion to amend the motion to add funding for "Other Services – Agriculture – Ag Production/Food Sustainability Support was then put, and unanimously carried.

The motion to add funding to the Office of Economic Development in the amount of twenty thousand dollars (\$20,000) for "Other Services – Agriculture Production/Food Sustainability Support was then put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Yukimura, Furfaro	TOTAL – 5*
AGAINST ADDITION:	Kagawa, Rapozo	TOTAL – 2,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Council Chair Furfaro was noted as voting silent, but shall be recorded as an affirmative for the motion.)

Chair Furfaro: Okay. So, we have 4:2, one silent. It is 5:2, passes. On that note, we are 12:45 p.m. We are back at 1:45 p.m.

There being no objections, the Committee recessed at 12:43 p.m.

There being no objections, the Committee reconvened at 2:00 p.m., and proceeded as follows:

Chair Furfaro: Okay. I think there is a couple housekeeping items we still have to review here, and I think that was what we said we would do when we got back from lunch. That, in fact, will be the travel piece. If it does not bother anybody, I would like to first address it from the standpoint if it does include the Council rates, I

would like to start by basically saying there is a reconsideration, just to get the piece straight. Do we have a motion for a reconsideration of request?

Mr. Rapozo: I am sorry. On what section?

Chair Furfaro: We voted on the travel. Mr. Kagawa has some changes, but Mr. Chock is the vote that would require a reconsideration.

Mr. Kagawa moved to reconsider the motion to reduce travel to Fiscal Year 2013 actual amount in the amount of \$344,959, seconded Mr. Chock.

Chair Furfaro: Got enough to orchestrator here. So, there is a motion to reconsider...

Ms. Yukimura: I second it or did somebody second it?

Chair Furfaro: We got that.

Ms. Yukimura: Okay.

Chair Furfaro: We have a motion and a second for the reconsideration. I will let Mr. Chock speak first on his willingness to reconsider and then I will give the floor to you, Mr. Kagawa.

Mr. Chock: Thank you, Chair. For the record, I think what the motion here was that Mr. Kagawa will be the reconsideration on the vote. We did have a discussion on the proposal as it has come together, some of our ideas along with the Administration. So, that is what you have before you. I will turn the floor over if it is okay with you, Chair, to him.

Chair Furfaro: That is fine.

Mr. Kagawa: I guess in discussion with the Managing Director and Steve Hunt, we found out that perhaps reverting back to 2013 would unfairly take away travel funds when the travel funds were already I guess, discussed, I guess, in detail as to what Department had plans for the particular travel. Instead, I think we have a better compromise with this request by Managing Director Nakamura, and thanks to her she came up with something that came from the Administration that amounts to one hundred thirteen thousand dollars (\$113,000). So, while we would be losing a little over two hundred thousand dollars (\$200,000), these cuts are coming from them and if I stuck to my guns with the three hundred thirteen thousand dollars (\$313,000) I believe we would be losing a vote and I would have zero (0) instead. So, I will work with Councilmember Chock and support this new amended version. The two (2) major hits come to the Police and Fire. So, before we get into a heated battle about that, let me just explain a little bit about where they went and where maybe perhaps they need to be reigned back in. In 2013, well, the current request let us say, the Police, is going down to about eighty thousand dollars (\$80,000). So, for this current budget they will be getting eighty thousand dollars (\$80,000) when they asked for one hundred thirteen thousand dollars (\$113,000). So, their cut is about thirty-three thousand dollars (\$33,000), but the eighty thousand dollars (\$80,000) is still up thirty thousand dollars (\$30,000) from last year. Last year they got fifty-one thousand dollars (\$51,000) in travel. So, you could say that they are getting a hefty increase to their travel budget compared to last year of thirty thousand dollars (\$30,000). So, up from fifty-one thousand dollars (\$51,000) to thirty thousand dollars (\$30,000) this

year and we still managed to take away thirty-three thousand dollars (\$33,000) from them. For the Fire Department, their request was for one hundred thirty-six thousand dollars (\$136,000) and the Managing Director was able to reduce that budget by forty thousand dollars (\$40,000) and their current...for next fiscal they will be having ninety-six thousand dollars (\$96,000), which is down from the one hundred twenty-five thousand dollars (\$125,000) they received in 2013. However...no, from 2014. However, in 2013 their budget was only seventy-seven thousand dollars (\$77,000). So, you could say in two (2) years they still jumped up about twenty thousand dollars (\$20,000). So, it is still, I would say, it is still an increase and I think this is a good compromise. I hope Councilmembers will support this version. We had a much more stringent version the first time around, but I think is something that everybody can certainly live with a lot better than the previously proposal. So, I will be supporting it.

Chair Furfaro: Okay.

Mr. Kagawa: Thank you, members.

Chair Furfaro: Discussion?

Mr. Rapozo: Mr. Chair, just process. We should probably vote on the motion to reconsider.

Chair Furfaro: Oh, that is true.

Mr. Rapozo: And then get that so that it is officially on the floor and then Mr. Kagawa could introduce the...

Chair Furfaro: It was the chicken and the chow fun at lunch that made my sleepy here for a moment. Yes, very good.

The motion to reconsider the motion to reduce travel to Fiscal Year 2013 actual amount in the amount of \$344,959 was then put, and unanimously carried.

Chair Furfaro: Okay.

Mr. Rapozo: Now you can make your motion.

Chair Furfaro: Now, we need the new motion.

Mr. Kagawa moved to reduce funding for travel in the amount of \$113,004, seconded by Ms. Yukimura.

Chair Furfaro: I have a second from Councilmember Yukimura. Discussion? JoAnn, you have the floor.

Ms. Yukimura: I really appreciate the work that has gone into this. So, thank you, Councilmember Kagawa, Councilmember Chock, and Managing Director because I was really uncomfortable with just a broad brush cut and by really scrutinizing and trying to understand what is cuttable or reducible and what is not, I think, we are trying to achieve the goal of reducing the expenditures without unduly and adversely affecting our operations. So, thank you very much.

Chair Furfaro: Further discussion?

Ms. Yukimura: Let us see. These are selected Departments, right?

Mr. Kagawa: Yes. I believe...

Ms. Yukimura: It is not every Department?

Mr. Kagawa: No. It is only Prosecuting Attorney, County Attorney is giving up six thousand dollars (\$6,000), Prosecuting Attorney four thousand dollars (\$4,000), Finance giving up five thousand five hundred dollars (\$5,500)...

Ms. Yukimura: I see here.

Mr. Kagawa: Yes, and Civil Defense has indicated that they will be trying to recover those moneys and perhaps more via grants.

Ms. Yukimura: I appreciate all the work everyone has done. Thank you.

Chair Furfaro: Okay, I am going to ask Managing Director to come up since she was a big contributor to this. Nadine, welcome to your old hometown along with Steve.

There being no objections, the rules were suspended.

NADINE K. NAKAMURA, Managing Director: Thank you. Good afternoon. Nadine Nakamura, Managing Director.

Mr. Hunt: Steve Hunt, Director of Finance.

Ms. Nakamura: So, I just wanted to mention that we did not include all of the Departments in this list. Some of the Departments, the 2013 were actually higher than the 2015 numbers. So, those we took out and then those where they really budgeted close to actuals would have been unfairly impacted by this approach. Also, if you look at the second, third, and fourth pages, there is a breakdown by line item. So, I think that is the information you need for your budgeting purposes. This was generated by the Department Heads. Also, the only one that does not have the details, but I did receive it over the phone during lunch time is from the Auditor's Office. So, there is a breakdown there that I will be giving it to staff. I will add those numbers onto this list and then get them over to staff. So, that is also part of this...the total budget cuts.

Ms. Yukimura: Thank you.

Chair Furfaro: Fair enough. Mr. Kagawa.

Mr. Kagawa: Thank you. I just wanted to kind of point out that the County Auditor cut was not asked for by the County Auditor's Department.

Mr. Nakamura: No. We looked at all of the line items and included that one in the entire discussion.

Mr. Kagawa: Okay, because the one too, I noticed that it kind of jumped. So, it was ten thousand dollars (\$10,000) in 2013. In 2014 it went up to thirty

thousand dollars (\$30,000). So, that is a huge jump. It went up twenty thousand dollars (\$20,000). In this year, they are asking for basically the same amount as last year, which is twenty thousand dollars (\$20,000) more. So, I think I would say that if you are looking percentage wise, that is a very fair cut.

Ms. Nakamura: Okay.

Mr. Kagawa: Thank you.

Chair Furfaro: Further discussion? Mr. Hunt, did you want to say something?

Mr. Hunt: I wanted to add a point of clarity just because we are talking about some still major increases from 2013 and more so for the public's benefit as well. A lot of the travel prior to Fiscal Year 2014 resided in other accounts. It was not in the five thousand six hundred dollars (\$5,600) account. We also have training, a two thousand four hundred dollars (\$2,400) account and in Personnel, a six thousand seven hundred dollars (\$6,700) account. So, when you went back to Fiscal Year 2013 as a starting point a lot of the funding for travel was actually not included in just looking at the five thousand six hundred dollars (\$5,600) account. So, it is not a true measure of the travel or the growth, and that was one of concerns, I guess, that was expressed, was it is not really capturing all the travel in the County, just what was budgeted or spent from the five thousand six hundred dollars (\$5,600) series account. So, I mean, that was a real important issue for us to compare and I think for the benefit of the public, these increase that we are showing here are not truly increases because it does not include moneys from the two thousand four hundred dollars (\$2,400) or six thousand seven hundred dollars (\$6,700) series accounts.

Chair Furfaro: Thank you for giving us a briefing on the chart of accounts.

Mr. Hunt: Thank you.

Chair Furfaro: I appreciate that. Mr. Hooser.

Mr. Hooser: Yes. Since you brought it up, are there other travel buried in other accounts that we are not aware of?

Mr. Hunt: No. That was actually the budget instructions for Fiscal Year 2014, was to consolidate all cost that into the five thousand six hundred dollars (\$5,600), so that we could track it separately because you are absolutely right. In the past, they had been in other pockets and they would be using training as travel training and other areas. So, we had to consolidate that and list it out. There is ten (10) accounts within the five thousand six hundred dollars (\$5,600) series and travel training is now one of those. So, unless you are using that account you cannot take training money and use it for travel.

Mr. Hooser: So, all of the travel money is contained within the account we are taking about?

Mr. Hunt: Beginning in Fiscal Year 2014, yes.

Mr. Hooser: Okay, for every Department?

Mr. Hunt: Yes.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: My. Bynum.

Mr. Bynum: So, I understand the governance...just to make sure I understand the documents that are before me the first two (2)...this is the total cut of one hundred thirteen thousand dollars (\$113,000) and this is the breakdown by Department. What is this last sheet of paper here?

Ms. Nakamura: The last sheet is the Fire Department's breakdown.

Mr. Bynum: So, this...if we pass this it will result in a ninety-five thousand dollars (\$95,000) cut for Fire or forty thousand dollars (\$40,000) cut?

Ms. Nakamura: Forty thousand dollars (\$40,000).

Mr. Bynum: Oh, because this over here says ninety-five thousand dollars (\$95,000) total that will be...

Ms. Nakamura: That is the adjusted account.

Mr. Bynum: I see.

Ms. Nakamura: And the cuts, it will reflect forty thousand nine hundred sixty-three dollars (\$40,963), which is...sixty-two (62).

Mr. Bynum: So, forty thousand dollars (\$40,000) from Fire...

Ms. Nakamura: They must have rounded up.

Mr. Bynum: ...Thirty-three thousand dollars (\$33,000) from Police?

Ms. Nakamura: Yes.

Mr. Bynum: And this is in addition to the overtime cuts we already approved?

Ms. Nakamura: That is correct.

Mr. Bynum: Thank you.

Chair Furfaro: Any additional questions for the Managing Director and the Finance Director? If not, thank you very much.

There being on objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Okay. We have a motion and a second on this. So, I would like to do a roll call vote.

The motion to reduce funding for travel in the amount of \$113,004 was then put, and carried by the following vote:

FOR REDUCTION:	Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 6,
AGAINST REDUCTION:	Bynum	TOTAL – 1,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Chair Furfaro: 6:1.

Ms. Fountain-Tanigawa: Six (6) ayes.

Chair Furfaro: Thank you. Staff will make the appropriate adjustments here. Now, before we go to JoAnn's last one, I want to submit to you folks yesterday I had talked about identifying some Bond Fund money that is already there that was for the duplication of the bathhouses, and then I think we all agreed to put that on hold, but then Mr. Rapozo asked if I would wait until we go through the other pieces. So, again, this is Bond Fund money and I am identifying that for the general project for Islandwide Skate Park design.

Ms. Yukimura moved to add funding in the Bond Fund – CIP for “Islandwide Skate Park” in the amount of \$40,000, seconded by Mr. Rapozo.

Chair Furfaro: Thank you. Discussion? Mr. Rapozo.

Mr. Rapozo: Yes. Just for clarification, this forty thousand dollars (\$40,000) is basically a transfer from the duplicate forty thousand dollars (\$40,000) into a new account?

Chair Furfaro: Yes.

Mr. Rapozo: It is a wash?

Chair Furfaro: It is a wash.

Mr. Rapozo: Thank you.

Chair Furfaro: Okay. JoAnn.

Ms. Yukimura: I want to thank you, Chair, for introducing this. The request for skateboards has been made many, many times over several years now and I think the need is great. So, to have this money in there so that we can move toward actually getting a skate parks in our communities is a wonderful thing.

Chair Furfaro: Any further discussion? If not, roll call vote, please.

The motion to add funding in the Bond Fund – CIP for “Islandwide Skate Park” in the amount of \$40,000 was then put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
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AGAINST ADDITION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven (7) yes.

Chair Furfaro: Thank you very much ladies and gentlemen. I believe we have one (1) more addition. It should be our last one. JoAnn, you have the floor.

Ms. Yukimura: Thank you.

Ms. Yukimura moved to add funding to the Office of Economic Development in the amount of \$44,000 for “Other Services - CEDS – Arts & Culture – KEDB”.

Ms. Yukimura: Can I get a second?

Mr. Chock seconded the motion.

Ms. Yukimura: Thank you. So, as we know, Kaua‘i is rich in culture and arts and it is one of the clusters that is identified in our CEDS, our Comprehensive Economic Development Strategy. The question is how to leverage our rich cluster if you will, of culture and arts into economic development meaning jobs; dollars in the economy; and prosperity for our community, for artists, and cultural practitioners. At the public hearing we heard many exciting suggestions about how that could happen. They came from accomplished artist entrepreneurs who are accomplished artists first of all, but also have been able to use their art and turn it into a business as well. They testified also to areas in the United States where art has become an integral part of the economy while enriching the landscape as well in terms of things for people to do and visitors to see. So, the key elements of a successful economic development project are local champions, a good consultant or guide, a well thought out plan, and the seed money to make it happen. An example of artists stimulating our economy is what is happening in Kapa‘a with First Saturday. Actually, in the room today is Kat Cowen who was the spark for this very wonderful event that happens once a month. For one of the businesses, it is just an example, but they make their month’s minimum in that one (1) night which shows how wonderful this kind of stimulus can be. So, the idea with these moneys, it would go to KEDB to work with the artists in the community, the cultural practitioners, and a consultant to find the best way to turn arts and culture into successful economic development. That is it.

Chair Furfaro: Okay, and I had a second?

Ms. Yukimura: Oh, there was a second.

Chair Furfaro: Discussion? Mr. Rapozo.

Ms. Yukimura: Yes, it was you.

Mr. Rapozo: In the Economic Development budget, as I go through all of the projects. This is the rough part of this job, is when...I am sure we all have received numerous requests. I mean, the last couple of days I probably had more than a dozen E-mails pertaining to this item that the public knew about, that I did not know about and I do not think Economic Development knew about it either, but I have been asked anyway, by numerous organizations that they want some County help. The hardest

thing for me is to tell them, "You know what, times are tough." As we look at the number that was on there, it went up I think since we came back from lunch. Well, the last time I looked at it anyway. It seems like it keeps going up. In Economic Development budget, there is for cultural programs right now, there is two hundred thousand dollars (\$200,000). One hundred thousand dollars (\$100,000) allocated for other projects. Those are undefined projects that I would call them "Grants-In-Aid" that organizations can apply for and compete for, but just in this budget alone, there is two hundred thousand dollars (\$200,000) for cultural programs. There is a lot of programs or items in the Economic Development budget that I had highlighted because of the tough financial times that I question, but I am not going to go there. It is programs that are not very expensive, but nonetheless, add to that number that we see up there, the three million two hundred thousand dollars (\$3,200,000). Conceptually, it is great. I think we want to help as many organizations and concepts we possibly can, but there comes a point where we have to say, "I am sorry, not this year." At the beginning of the budget session I made the comment that it is really do we need it this year or can it wait, and this is one that I believe can wait. The testimonies that I have received or the E-mails that I have received, very compelling, but so are the twenty (20) or thirty (30) others that I have received for other various community projects that I think this community would benefit from, but it is like the parent that has to tell the kid, "Sorry, son we cannot get that right now because we cannot afford it" and that is kind of where I am at. I am not sure, Councilmember Yukimura, if your reduction...where your reduction, where you plan on getting the funds, but this has to be tied to some funding, some money.

Ms. Yukimura: I did propose some cuts that were approved.

Mr. Rapozo: Amway, I cannot support this today. Thank you.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I am going to give my one hundred twenty-five percent (125%) support to this. I will have a question in a minute, but just to expand on the economic development, Kapa'a business town has been a particularly interest mind for a lot of years since I was on the Business Council there when I had a small business, which I do not have anymore, but what is happening in Kapa'a is exciting. We waited many years for this. I learned a lot in the last few days and I am concerned that this proposal did not come sooner and that it be fully integrated into the CEDS efforts that we are already doing and that will be the source of my question, but regardless, we have this thing that happened. I learned interesting things. Carol Yotsuda and Kanikapila and all of that, and her Garden Island Arts Council, somebody told me that she is not compensated at all. She has been carrying his ball with almost nothing for years and years and so we know from Kat's experience and when artists connect with the business community, with the Hawaiian Church, with the Historical Kaua'i, synergy happens. If we were on the mainland, I am supposed to say that, but if we were ion the mainland cities would be bending over backwards to fund this because the sales tax revenues are going up in Kapa'a, right, and they are. Oh, those are General Excise (GE) Tax revenues here and we do not see those. We do not see the competitive nature so I cannot sit here and say this has a direct return on investment, but it does in terms of our people, our artists, our community, and this vision that Kapa'a has had in particular. The Hawaiian Church, there by the way, hosts now craft fair on Saturdays and it had helped revitalize the funds of that Church who gives their facilities to all kinds of community groups all of the time and all of a sudden by a nominal little fee there because of this event, their Church finances are in much better shape and have a future. So, this ancillary affects just are really widespread and big. So, for all of

those reasons, but I will ask in writing where, for future reference how the Administration will integrate this into ongoing efforts and not have it be duplicative. Thank you.

Chair Furfaro:

Mr. Kagawa, then I will go to Mr. Chock.

Mr. Kagawa: Thank you, Chair. I got to perform an audit of DAGS, the State Department of Accounting General Services, back when I worked for my Certified Public Accountant (CPA). It was when Ray Sato was the Head of DAGS, Kaua'i boy, but I remember the State Foundation on Culture and Arts having an account. It was an "S" fund I believe. As I looked on that website I see that they do, do grants and programs. We could not ask the question at the public hearing because it came up only during the public hearing that we should be looking at funding this, and normally no questions & answers (Q&A) is allowed at public hearings. I was just curious as to whether they had pursued any State funding from the State Foundation on Culture and Arts. I assumed that if they did it was not successful, but I think perhaps trying to get the grant from the source that has a knowledge in that area perhaps may be the better route rather than establish this new office on culture and arts in our Economic Development Office. I think we have Ordinance No. 960 now we have to get into. I think we are spreading ourselves so thin that I think we have to stick to what we do best and let the State do what they do best. If it comes to the point where like I said, the State does not do the right thing and they cannot help our community and they will not fund this, then perhaps we should do it, but I do not know if the effort has been made to try and get the State funding first. So, for that reason, I will not be supporting this at this time. Thank you.

Chair Furfaro:

Mr. Chock.

Mr. Chock: Thank you, Chair. I seconded the motion just for discussion and there are so many things that are important. Removing Mangrove, acres of it in order to restore our water system and changing mindsets of leaders so that we can affect some good social change. This project there that is being proposed is just as important if not more important, but I have to balance that with the fact that whatever comes to this...to us in front of us we need to be able to look at it objectively and I do not have that. When people come up here and boy, we take them apart in terms of grants and requests. So, I am having a difficult time. I am having a difficult time with all of the additions, actually, and that is why I do not have any additions. When entertaining these, one, I do not have anything to really look at. I am fully supportive on this and I would support it in another way if there was a way to do it or if we can find it or if that number up here was significantly higher, but right now, I am having a difficult time saying yes to this just in its current stage. Thank you.

Chair Furfaro:

Okay.

Mr. Chock:

Oh, sorry. Not higher, lower.

Chair Furfaro:
JoAnn.

Mr. Hooser, did you want to comment? No?

Ms. Yukimura:

Yes. Oh...

Mr. Hooser:

Go ahead.

Ms. Yukimura: I guess the most...the thing I can point to is the Creative Technology Center, which was first the cluster of...let us see, Science and

Technology, Sustainable Technology Practices, one of those clusters anyway. It was convening the local people involved in this cluster and working with them to develop a concrete plan for how to best leverage this cluster into economic development. So, that is the model that we are looking at. In fact, we have been in extensive conversation with KEDB and with some consultants about how this might be done. That is the intention here. So, that it would be after this phase that you would have some concrete proposals, but this is the due diligence that a lot of projects do not do because they just go for a concept and start funding it right away. This is kind of a feasibility exploratory stage to try to really look at all of the options and with the help of a consultant who knows how to do this, work on the most viable ideas. Certainly, there is a piece that has been developed, which I think you were sent, but you can look at it. It is a very general piece, but some of the ideas that were talked about and the focus for some reason has been on Rice Street, which is already an Economic Development target with our Planning Department, with our housing project down there, and with the kinds of walkable smart growth improvements that are going to be made there. So, that is one of them. There has been talk about a Cultural & Arts Commissioner that could be a liaison just the same way that our Film Commissioner is and our Elderly Affairs Executive, and so forth. Then there is...so that idea, but we are not proposing those ideas. Those are the ideas that are going to be explored. When you talk to the artists just like we talked to the farmers, they are talking about the need for store fronts that can have retail, education, and training. So, that is also the ideas. Then there is an ongoing project now working with young people. It was described at the public hearing where all these different art groups photographers, designers, marketing, and creators are coming together training young people just to take thrift shop materials and turn them into fashion. This proposal had the support of the arts community from the long time champions like Carol Yotsuda and Carol Davis, to the younger entrepreneurs like Tori Smart and Denise. So, that is the concept and idea here.

Chair Furfaro:

Mr. Hooser.

Mr. Hooser: Yes, Chair, I am supporting this enthusiastically even though the amount of detail that I think we should have on it, we would normally have in front of us, but if you look at the...and I think one of the prior speakers had a very good point. There are lots of worthwhile organizations that do a lot of good things in our community and I for one, would rather fund and leverage their efforts and cut overtime, cut travel, and cut a lot of the other things. I think we get a lot more mileage out of our dollars by giving ten thousand dollars (\$10,000), twenty thousand dollars (\$20,000), forty thousand dollars (\$40,000) to a community group that has demonstrated over the years what they can do for your community with no pay at all. The example of the Kapa'a even, First Saturdays, is a small and recent one. Actually, I should say big one and recent one. It has tremendous economic impacts to our entire County and would not have happened without the community dedication and work of Ms. Cowen and many others in the community. There is a long list of events and activities the art community has put forward and enriched our community and our County. Again, through pure volunteer effort. A similar rationale goes to some of the agricultural proposals that were offered earlier. These are community based events or community based projects with people involved in these projects who have proven themselves for years and I would like to encourage and support that kind of activity and if it means cutting out other aspects of our government services, again, like overtime or services like that, then I am more than happy to do so. It is relatively a small amount of money in the scope of things and the payoff we get is many times, many, many times the amount of money we are putting into it. I am hopeful and would request that if we are fortunate and this goes through, that the Kaua'i Economic Development Board follow the lead of the art community and listen to them very closely in terms of how they move forward on this and how these funds are spent. So, the art community has come to request

it and worked so hard for it, play a meaningful role in its implementation as we go forward. So, I know it is difficult with tight budget times, but I think the leverage and the “bang for the buck” that we get out of these kinds of things are tremendous and encourage all my colleagues to vote in support. Thank you.

Chair Furfaro:

Mr. Bynum.

Mr. Bynum: My mentor always tells me, “Just speak your mind and do not censor.” So, I thought this was really good discussion and I had two (2) proposals today that I did not have enough time to completely flush out and I withdrew them. This has elements of that as well, no doubt. However, the things that are different about this is this group organized and is petitioning us. They are coming to us and Councilmember Hooser spoke eloquently to the nature of these individuals and who they are. These are not some folks we do not know. We are already committed to work on these things. We have an Office of Economic Development that works with a lot of these people on other projects and they are emergent issues that we are responding to. Our economic development is responding to First Saturday what I call pleasant dilemmas. We have parking issues. We have been talking about Kapa’a parking for four (4) years. There has been proposals for four (4) years. It is great now that we have a crisis, a parking crisis in Kapa’a because maybe that will put this to action. So, because these are emergent issues, because Economic Development is already working on them, we have very competent people there, and because this group petitioned us. I will never forget it. I think my first budget this young man came in and said the surface of the skate park in Kapa’a was causing road rash and all we have to do was put the same surface we put on the tennis courts. Well, you can bet we came up with that money that day. It is a similar circumstance. This group is really organized, has petitioned us, it fits, and there is emergent issues. So, those are the things that make it different for me. Thank you. I am hopeful we can come up with five (5) for this.

Chair Furfaro:

Anybody else wants to speak before I speak?

Mr. Chock:

Just one (1) clarification, Mr. Char.

Chair Furfaro:

Go right ahead.

Mr. Chock:
this feasibility study?

Is it the intent to have KEDB be the facilitator of

Ms. Yukimura:

The answer is yes.

Mr. Chock:
on this one.

Okay. Thank. Thank you, Chair. I am just torn

Chair Furfaro:

Okay.

Mr. Rapozo:

Mr. Chair, I had one.

Chair Furfaro:

Oh, go right ahead, Mr. Rapozo.

Mr. Rapozo: Thank you. I know the feeling, Mr. Chock, and it is tough. It is tough, but I think at the end of the day you vote with the philosophy that you came in with. I mean, it is an emotional issue. I will say that sometimes the community can do a heck of a better job than County or KEDB or anybody. I think that is proven. I

think what the Garden Isle Arts Council has done over the last few years, I have personally witnessed it at the hotel that I work at night when they have their events at the hotel. I mean, it is packed, standing room only. They generate a lot of interest, but I mean, these people are doing that because of the passion for the arts. They are doing it because I do not think they do it with any expectation of compensation at all. I go back to my passion of the youth sports. I mean, if you look at all the coaches, trainers, and cheerleaders, the coaches, the board members, football, baseball, and soccer. All of these that we are talking about leveraging. I mean, these people touch thousands and thousands and thousands of kids' lives every single year. They do it without any assistance, financial assistance from the County. Not that they have not tried, believe me, I get a lot of inquiries about, "hey, can the County help" as I stated earlier? Unfortunately, we cannot. We cannot help every organization. We cannot solve every problem. We can do it sporadically. As I look through this budget, we have done more than the County's fair share in assisting in non-profits and social programs that many jurisdictions will not even touch at the County level, but we do that because this community is a caring community, but like Mr. Chock said, I think he said it best. When it gets dropped in our lap here, now, today, I did not get a copy of what you were looking at, Mr. Chock. I am not sure where you got that from, but I did not have that. I mean, I have a one (1) page thing that says forty-four thousand dollars (\$40,000) and without an opportunity to vet is out, it is just difficult. It is just very difficult for me to support, but I do want to remind my colleagues that if in fact we are going to set up...the other Counties for example, and I think many of you are familiar with this. The Council sets up funds for projects. So, they allocate and you basically spend the Council's the County's allocation of projects that they want. It is your allocation. You spend it how you want. This County is not there. This County is where now we have to get seven (7) people or five (5) people to agree, but I could think of off the top of my head, I can think of six (6) right now I could have staff draft up that I think are worthy, that our return of investments would be great. I just do not think the time is right right now. I just do not think we have the disposable income or revenue to make that happen. So, I just want to be cautious. My last point is, JoAnn, you talked about the CEDS programs and I think it is a great thing. I remember when Councilmember at the time, Nakamura, brought up CEDS. I did not know what it was and I was thinking to myself, look at this newcomer coming here with some hifalutin CEDS, more money, blah, blah, blah. Turned out that in fact, it was a great thing you did, the CEDS studies. It turned out to be very good, but if you look at the budget today, what started out as the Video Technology Center...it started as a CEDS project, small. I forget thaw the original funding was and this year we are funding it to the tune of one hundred fifty thousand dollars (\$150,000) because it grows. It takes on a life of its own. How many of these projects can we sustain going forward? So, I think we have to get good at what we do and then use the successful as a model for future programs, but I think to shotgun and just say we are going to do it all, we just cannot afford it. We cannot afford it, not this year, not next year and the year after. So, thank you, Mr. Chair, for the additional time.

Ms. Yukimura:

Mr. Chair.

Chair Furfaro:

JoAnn.

Ms. Yukimura:

I want to point out a really important distinction that this is not about funding non-profit groups. Those issues came up in our last budget in terms of a youth afterschool program and we developed a process for doing that. This is about economic development. It is...and that Kanikapila is an incredible economic development example in terms of people plan their vacations to come back and participate in those things. It sparked so much interest in Hawaiian music and it gives...it so enriches the cultural life which spills over into attracting visitors. It has all kinds of aspects and

what we are trying to do is make these kinds of things sustainable in a sustainable economic development. So, you cannot just run it on passion. I mean, we have an extraordinary living treasure in Carol Yotsuda, but if you want to have sustained economic growth and progress, you need to have a good foundation for that and that is what this proposal is to do. It is not just to fund a cultural program or an art program. It is to develop and economic foundation, a diversification, and support of the local arts community so they can become self-sustainable. It is a seeding, not a subsidy.

Chair Furfaro: Okay. So...

Mr. Rapozo: Mr. Chair, I just have one (1) question for
Ms. Yukimura.

Chair Furfaro: Sure. Go ahead.

Mr. Rapozo: I know Mr. Kagawa kind of talked about the
State Foundation of Culture and Arts. Did anyone apply for that grant?

Ms. Yukimura: I think there is...as I know it, their arts projects
that are funded, but I do not know if any kind of feasibility that is funded. I know that the
artists have been in conversation with the State Culture & Arts Representative, who is Joel
Guy. They have had conversations with him, but I do not know that money is available for
this type of project.

Mr. Rapozo: Well, I do not know, and I think that would be
the place to start because as I look at the website and I looked at it a couple of weeks ago,
that is quite an organization that offers substantial amounts of money. They have a staff of
thirteen (13) people in Honolulu. I mean, it is not a...it is a huge organization that is State,
that I would suggest that they go through it because they have the resources or possibly
have the resources and it is not the legislature. This is an actual entity that awards grants.
Thank you.

Chair Furfaro: Anybody else want to say anything? Mr. Hooser.

Mr. Hooser: Just as a follow-up. I think nothing precludes
the organization from reaching out to other entities for grants and further support. If the
Office of Economic Development or Kaua'i Economic Development Board, whoever was
going to be managing this process could very well request the applicants to do that and
depending on the results, structure the support accordingly. Again, I think it is a very
worthwhile program. I, like all of us, have seen the benefits that have come from the
individuals who are making the request. I think it is deserved. I think the money, well,
financial benefit to the County will come back many times and I think moving forward, we
should encourage in the future budgets, other non-profits so we can leverage their good
work whether it is cleaning Mangrove or whether it is painting parks or whether it is
developing art programs or training farmers. I believe that is some of the best areas that
we can spend the meter dollars that we have available for community projects. So, thank
you.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I will just try to give a new reason. Youth sports,
I do not think we contribute directly to little league, right, but we do have KPAL that runs
a big sports league and we have baseball fields, tennis courts, and all kinds of facilities for

expression of athletics and we all support that. They used to be only for men until Title IX and Patsy Mink changed that in our history. Maybe we need Title IX for artists too because they are on the sidelines kind of, so to speak, and they come to us, but it truly is framed properly. This is an economic development that is consistent with the commitments we are trying to make to the arts community already.

Chair Furfaro: I am going to say what I need to say and then we are going to have to have a tape change, and then we will vote on the item after the tape change. I am trying to get us to a point at the end of the day we also know where we are at. I think there were good point and choice points on both sides here, but with this...adding this piece we will be at three million three hundred twenty-two thousand dollars (\$3,322,000) short. That is by adding the forty-four thousand dollars (\$44,000). So, where does that put us? Well, that puts us at a point that we are going to be reviewing the property taxes next and it tells me that yes, we are going to have to get the four (4) votes to put the resort tax back in which will give us four million three hundred thousand dollars (\$4,300,000) and that will leave us one million eighty-eight thousand dollars (\$1,088,000) left. Well, from that even if we put another one-half percent of one percent (0.5%) back into the Open Space Committee, that will take us to about four hundred thousand dollars (\$400,000), five hundred thousand dollars (\$500,000), which can go into a reserve. I think that was one of the items that we wanted to do. It is hard to talk about those things based on the fact that when we did the straw poll, nobody wanted to commit where they were at on the Resort Tax, and if nobody commits to the Resort Tax, we are three million three hundred thousand dollars (\$3,300,000) short and where we go from here is the Mayor's choice, not ours. So, I just want to say that. I think there is a possibility that the Tipping Fee will pass on Wednesday. I do not feel the same about the Motor Vehicle Weight Tax. So, that will put us another five hundred thousand dollars (\$500,000) the other way, and then there goes the contribution to the Reserve Fund again. So, for the purpose of supporting this at this point, I will probably go along with it, but I want to tell you, at the end of the day, I reserve the right if we are negative to find ourselves not able to balance any kind of budget that this might be an item that I have to come back and revisit. So, on that note, can we take a roll call vote for the forty-four thousand dollars (\$44,000)?

The motion to add funding to the Office of Economic Development in the amount of \$44,000 for "for "Other Services - CEDS - Arts & Culture - KEDB" was the put, and carried by the following vote:

FOR ADDITION:	Bynum, Chock, Hooser, Yukimura, Furfaro	TOTAL - 5*
AGAINST ADDITION:	Kagawa, Rapozo	TOTAL - 2,
EXCUSED & NOT VOTING:	None	TOTAL - 0,
RECUSED & NOT VOTING:	None	TOTAL - 0.

(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Council Chair Furfaro was noted as voting silent, but shall be recorded as an affirmative for the motion.)

Chair Furfaro: So, it is four (4), one (1) silent, and two (2) no's. It passes 5:1. Again, I want to support it. I went silent because we are chasing three million three hundred twenty-two thousand dollars (\$3,322,000). We are going to do a tape change.

There being no objections, the Committee recessed at 2:52 p.m.

There being no objections, the Committee reconvened at 3:08 p.m., and proceeded as follows:

Chair Furfaro: Okay. Here we are at seven (7) minutes past 3:00 p.m. and I want to have a draft budget that gets completed today. We do not have any more posting time after today with the way our decision-making was setup. So, let us be prepared to stay very focused and also let us be very sincere about some of the realities here. I did summarize for you a little bit on my last silent vote that we are chasing three million three hundred twenty-three thousand dollars (\$3,323,000) at this point. We have the Resort Tax piece that is in the Mayor's budget. I want to also remind you that if we vote on these tax pieces that are actually in the Mayor's proposal, we will need four (4) votes. If we have items that go that increase those, by our own Rules, we will need five (5) votes, okay? So, as I said to everybody when we got to his point I would allow people to have ten (10) minutes to go around the table, and thank you for Mr. Hooser's comments who I first said I would give five (5) minutes around the table and he indicated that we probably should get at least eight (8) minutes, and then we compromised by going with ten (10) minutes. We are at a point, before we go into the revenue cycle to give each of you the time for that discussion. Is there anybody who wants to start their ten (10) minutes? You will start, Gary? Go ahead.

Mr. Hooser: And I do not need the full ten (10) minutes.

Chair Furfaro: Well, we will put you on the timer.

Mr. Hooser: Okay, and any time I have left, I will yield to Councilmember Bynum.

Chair Furfaro: Okay.

Mr. Hooser: We have been working together on this and I have to give him, really, the credit in terms of the person who understands the spreadsheets and puts them all together. He has spent hours and hours and hours on this. So, I will cover the broad strokes if you would. I have said from the beginning when I first came in that what was import to me was for this Council to show leadership in the face of adversity, if you would. The budget that was presented by the Administration had a four hundred thousand dollars plus (\$400,000+), just a small plus, cushion and the Bond Council has downgraded our bonds and we do not have a sustainable budget as presented. I feel it is our commitment of our obligation as a Council to turn that around significantly. So, the budget revenue projections that Mr. Bynum will cover here in a second will increase the remaining Fund Balance at the end of the day, to around four million five hundred thousand dollars (\$4,500,000) plus or minus. We will get the exact numbers after I am done talking. I am talking in broad strokes. It will include some modest tax relief for people that owner-occupy their own homes. I think that is very, very important to me, and will not quite be a balanced and sustainable budget, but it will be significantly further along than we have had, in my opinion, in a long time. Certainly, further along. Much further along that what was presented to us a short time ago by the Administration. I think we need to send a strong and clear message to the community and to our Bond Council that we are serious about this. We are serious about rebuilding our reserves. We are serious about getting close to a sustainable budget that money coming in equals money going out. I commend my colleagues for making the cuts that were made in the process. I commend Councilmember Rapozo for the OPEB proposal and if there was will to increase that even more perhaps to the amount the Mayor had originally proposed, that would give us that much more reserves even though given that there are obligations that they are still

in reserves and they would still increase, in my opinion, the fiscal stability of this County. So, that in a nutshell, is my remarks. Again, broad strokes, about this Council turning the ship of state around the budget, if you would, and rebuilding some faith and confidence from the Bond Council and getting us on track. Thank you. Councilmember Bynum...

Chair Furfaro: How much time is that?

Ms. Arakaki: He used three (3) minutes.

Chair Furfaro: Okay. So, we will give seven (7) minutes to
Mr. Bynum at your request.

Mr. Hooser: Okay, and he will complete the proposal.

Chair Furfaro: When the time comes. Who would like to speak
next? Okay. So, I will give you...no?

Mr. Bynum: My laptop battery died and she is helping me.

Chair Furfaro: Okay. We will go to JoAnn. Ten (10) minutes,
set the timer, please.

Ms. Yukimura: Oh, you want to go first?

Mr. Bynum: Please.

Ms. Yukimura: Oh, okay. (Inaudible). It is fine with me if
Mr. Bynum goes first.

Mr. Bynum: I am sorry. I am just a little at a disadvantage
because the laptop battery ran out.

Chair Furfaro: So, let me ask a question. Are you not going
now, JoAnn? Are you going to let Mr. Bynum go now?

Ms. Yukimura: Yes.

Chair Furfaro: Okay.

Mr. Bynum: No, I am...

Ms. Yukimura: Are you ready?

Mr. Bynum: Councilmember Hooser and I are proposing these
rates together so I wanted to follow-up.

Chair Furfaro: Okay. Set the clock for seventeen (17) minutes.

Mr. Bynum: So, what I have heard during the course of this is
a lot and I think Councilmember Hooser and I have tried to incorporate all of the *mana'o*
we have heard here. The Mayor's proposal was to put OPEB back one hundred percent
(100%). That was a strong effort for...and for other Councilmembers. That was a high
priority. For me and others, a high priority was maintaining Fund Balance, maintaining a

reasonable Fund Balance. If I had my way we would take the Mayor's proposal about OPEB and keep the Fund Balances fully intact, but during the course of the discussion, the Council votes and accepted about one million six hundred thousand dollars (\$1,600,000) contribution from OPEB. So, the proposal we are putting forward does not go any further with that. It honors that is as far as we are willing to go with it, but it does increase revenues by about four million four hundred thousand dollars (\$4,400,000) above what the Mayor proposed. It uses that primarily to fund the shortfall and to decrease the draw on the Fund Balance. So, we are not doing these increased revenues to spend more money. We are doing it to not draw down on our Fund Balance. So, to me, it is a really good compromise that hits the place in the middle.

Now, this is also the year we have reset taxes for all the categories. So, I do not know if the rates have been passed out, but I want to be specific about the rationale for each rate because this changes all of the rates some. When the Mayor presented his proposal it was his first rate increase that I recall him ever proposing, and it was forty-three percent (43%) on hotels, that is a twenty-three percent (23%) increase all at once. It was a big one. Hotels are ready for it. They have been ready for it since 2008 and I will not go into all of that, but they have been on notice since 2008 that we were undervalued in the resort sector and we were going to make this adjustment, but the Mayor did not propose any rate increase in Vacation Rental class, which we created this year. That has transient accommodation, Vacation Rentals. It has condominium units that are used for vacation rental purpose. We created this category for some people that increase their taxes by moving into the category, but we have been saying here for a long time that we are going to increase taxes on Vacation Rental category and the hotels. So, this does an increase on the Vacation Rental category that generates three million eight hundred thousand dollars (\$3,800,000) in revenue. It does a small increase on the Residential class, which now the way we are restructured, has homes that are used for commercial purposes. They are rented at long-term or they are used for other commercial purposes and rented at market. If they are rented at affordable, they would not be in this class because we have created this great incentive for long-term affordable, they would be in the Homestead class. This is a relatively modest increase in this category along the lines of do we want to keep...do we want to spend our borrowing down to nothing or do we want to get closer to having the revenues that equal our obligation? So, Commercial and Industrial only go up ten cent (\$0.10). It is very little change because they did not have a big drop in their taxes during the downfall like Resorts, Agricultural, and other classes did. Industrial, Agricultural, and Conservation go up thirty-five cents (\$0.35). So, all combined, it has increased revenues by going back to the Mayor's eleven dollars (\$11) of eight million seven hundred forty-five thousand dollars (\$8,745,000). That more than makes up our differential and reduces our draw on the Fund Balance. This does not spend money somewhere else. It reduces the draw on the Fund Balance.

Now, the last class that I did not discuss is the Homestead class. We now have a Homestead class that includes all resident homeowners who use that as their primary residence. It also includes, if you had two (2) homes and one (1) of them was affordable, you would stay in that class, on your lot. If you are a landlord and you have rental and you were rented affordable, you are in this class. This is the *kama'āina* class. This is the class of the people who live and work here. It is a fact that during the economic downturn hotels, resorts, out of State landowners, second homes that are in the Residential class got big decreases in taxes by us not adjusting rates while at the same time resident homeowners had increases. They did not get the decrease we did. I have been arguing for this kind of reset for a long time. Last time...anyway. So, this has very modest decrease in taxes for homeowners by setting the rate at two dollars and fifty-five dollars (\$2.55). It is about, and I do not have the spreadsheet here, but it is about one million four hundred thousand

dollars (\$1,400,000) of additional relief bringing the total relief to this class of like three million four hundred thousand dollars (\$3,400,000) when they were entitled to five million four hundred thousand dollars (\$5,400,000) at least. The last point about that is this is the reset year and if this laptop comes up I can tell you the numbers. As I mentioned, all of the people that were in this Homestead class, and I had hoped to show you this chart that is on this. Some are paying very high taxes, some very low. This year, they are all going to pay market taxes. We agreed on that. This is a report and structural change, but that means that people that have been paying low taxes are going to have increases. If we lower this Homestead rate, the amount of people having increases goes down and the sizes of those increases go down.

So, I want to put more economic vitality into the hands of the people that live here so they can spend it in our local businesses, but more importantly, people that have been around know I have been pursuing this tax relief for five (5) years. I lost. It did not happen. We could make a little modest adjustment this year, but we cannot make the big one I had hoped for. We can make a modest one this year and we can move to a very close sustainable budget. Next year, we can make up that one million six hundred thousand dollars (\$1,600,000) in OPEB, next year. That is about revenue forecasting, but our revenue outlook is not bleak. It is not great, but it is not bleak. Steve has already announced that he has proposals to put before the Council for next year that will increase revenues. I have one (1) that is coming very soon. So, this is the year we have to get through and do the reset. So, I would love to entertain questions or other ideas about how we make up this shortfall, but to me, this draws no further down in OPEB, but it leaves about five million five hundred thousand dollars (\$5,500,000) in our Fund Balance. It will make the Fitch and Moody people happy. Now, that is not my goal, but that also is a benefit.

Chair Furfaro: You still have eight (8) minutes.

Mr. Bynum: If I can get...

Chair Furfaro: That was the ten (10) minutes line that went over.

Mr. Bynum: I would love to put this spreadsheet up here so you can...which is coming up now. It has power.

Chair Furfaro: okay. So, *wala'au* a little bit more while the power is coming up.

Ms. Yukimura: Can we ask questions?

Mr. Bynum: Absolutely.

Chair Furfaro: Freeze the time here. It is on his clock time. You can ask him questions afterwards. I want to give him all of his clock time first.

Ms. Yukimura: Okay.

Mr. Bynum: It is a thirty-eight (38) megabyte spreadsheet.
So...

Ms. Yukimura: Process question while we are waiting.

Mr. Bynum: Yes.

Ms. Yukimura: Chair.

Chair Furfaro: Okay. We are now...freeze his time. Go ahead.

Ms. Yukimura: So, I guess we could ask him questions or we could go around making our revenue comments and then have question and answer.

Mr. Bynum: Well now that I have this, I am ready.

Chair Furfaro: Okay.

Ms. Yukimura: Oh, he...

Chair Furfaro: This is what we are doing. There is not changes to this rule.

Ms. Yukimura: Okay.

Chair Furfaro: Mr. Hooser gave seven (7) of his minutes to Mr. Bynum.

Ms. Yukimura: Right.

Chair Furfaro: Mr. Bynum has the floor, his ten (1) minutes plus seven (7). He can talk about his presentation here while his screen gets booted up, okay, and it seemed to be coming?

Mr. Bynum: Yes, it just does not have...yes.

Mr. Hooser: There is it.

Mr. Bynum: Very close.

Chair Furfaro: There it is. How much time here is on the clock?

Ms. Arakaki: Eight minutes fifty-one seconds (8:51).

Chair Furfaro: Very good. It is unfrozen at eight minutes fifty-one seconds (8:51).

Mr. Bynum: If I could get some help just for a second here while I talk. So, what is up on the screen shows the change in tax rate on the far right and the tax revenue or minus. So, by moving the tax rate to two dollars fifty-five cents (\$2.55) in Homestead, it generates one million seven hundred thousand dollars (\$1,700,000) of tax relief for that class. So, that is a minus. Then you go to Residential, which are these second homes, homes rented long-term at market, and out of State homes, those kinds of folks. That goes up thirty-five cents (\$0.35) and it generates one million nine hundred thousand dollars (\$1,900,000) of additional revenue. Vacation Rental is the class that the Mayor...that is tied to the resort industry. The Mayor went two dollars (\$2) on Hotels. We are suggesting one dollar forty-five cents (\$1.45) on Vacation Rental and that is a big hit. That is what they expected. It is part of the Resort class and those increases in the Resort

class are still well below our loss from Transient Accommodations Tax (TAT). So, Hotel & Resort remains at the Mayor's proposal, but in this thing shows a two dollars (\$2) increase, but going to the eleven dollars (\$11) that the Mayor proposed. Commercial and Industrial have these modest increases of ten cents (\$0.10) and Agricultural and Conservation similarly thirty-five cents (\$0.35) increase. Commercial and Industrial less. Again, because during the economic downfall they did not get a big tax break like the Residential class, the out of State owners, the hotels, resorts, Vacation Rentals, and Agricultural. During...between 2008 and 2010 had big reductions in taxes. So, altogether this generates eight million seven hundred thousand dollars (\$8,700,000) more filling our gap that was up there and then reducing our draw on the Fund Balance. As soon as somebody can do that math, we can have it and then calculate...I did not understand this too well, the second page.

Ms. Yukimura: Who did it?

Mr. Bynum: Maybe...yes.

Chair Furfaro: While they are talking, just in round numbers this does not generate eight million seven hundred thousand dollars (\$8,700,000) more than the Mayor's proposal. It generates four million four hundred thousand dollars (\$4,400,000) more.

Mr. Bynum: Right.

Chair Furfaro: Because you already counted the four million three hundred thousand dollars (\$4,300,000) in there.

Mr. Bynum: Did we get these rates? Anyway, yes. So, I can explain the second page. Of the Real Property Tax (RPT), this has an eight million seven hundred thousand dollars (\$8,700,000) increase to Real Property Tax when it includes the Mayor's proposal.

Chair Furfaro: That is what I wanted to say.

Mr. Bynum: Right, and so when it does not include it, it is about four million four hundred thousand dollars (\$4,400,000). So, we kind of went with the Mayor's proposal and then looked for this additional revenue. Then you look down and it says one million one hundred twenty thousand dollars (\$1,120,000). One million one hundred twenty thousand dollars (\$1,120,000) has to go to the Access Fund because we did not vote to take from there. That makes the shortfall three million two hundred twenty-nine thousand eight hundred eighty dollars (\$3,229,880), right, and then this four million two hundred ninety dollars (\$4,290,000) is revenue above that. So, this four million two hundred ninety dollars (\$4,290,000), by default will go to the General Fund and will reduce the draw on the Fund Balance. So, we will maintain what Government Finance Officers Association (GFOA) says is a prudent minimum reserve. Under the proposal we are draining our Fund Balances almost to zero (0). We go to three percent (3%). GFOA said, "Five percent (5%) minimum" and Wally Rezentes on behalf of the Administration stood up here and said, "No, we want fifteen percent (15%) or twenty going to need more than five percent (5%). We cannot go down to three percent (3%) responsibly in my view and I think others believe that.

Chair Furfaro: That was three (3) more minutes, Mr. Bynum.

Mr. Bynum: Oh, okay. So, I am kind of done other than to get these in here and say...oh. The important one is...let us put this at two point five (2.5).

Ms. Yukimura: It disappeared.

Mr. Bynum: The last piece is the count of increased taxes under this proposal...

Chair Furfaro: It is *aloha*.

Mr. Bynum: Under this proposal with the Homestead rate at two dollars fifty-five cents (\$2.55), two thousand five hundred seventy-six (2,576) taxpayers in the Homestead class are going to have tax increases and...oh, this one does not...I used to have the average in here. If we stick at three dollars five cents (\$3.05)...do that. Then four thousand six hundred (4,600) local taxpayers are going to have increases and the average is going to go up about two hundred dollars (\$200) to I think it is three hundred fifty dollars (\$350) on average. So, we never did this reset to kind of...that was anticipated in 2008. In 2008 the Administration proposed a thirty-five percent (35%) reduction in homeowner's taxes. It did not happen. It went up. Then they have come down depending where they were. This will bring them down just a little bit. I am kind of *pau*.

Chair Furfaro: You are finished? You are complete?

Mr. Bynum: I think there are many others ways to analyze this, but I think this is a really balance approach based on what I think everybody's priorities were during these last two (2) days.

Chair Furfaro: Thank you. Begin to call the time now. Now let me ask other members, do other members have presentations at this time inside your ten (10) minutes? If not, I am going to ask for...

Ms. Yukimura: I do.

Chair Furfaro: You have another presentation? Okay. Get ready, we are going to give JoAnn the floor, and we are going to count her ten (10) minutes.

Ms. Yukimura: So, I promised that I would have a proposal to offset my no vote on the Open Space law, which...and that Bill would have taken a way to the Open Space Fund by about one million dollars plus (\$1,000,000+). I wanted to just let everybody know, and I am open to a lot of other ways to do it. I guess I first looked at increasing the Hotel rate by another fifty cents (\$0.50) to generate one million dollars (\$1,000,000) because the visitor industry does greatly impact out open spaces. You can look at Po'ipū Beach Park, Salt Pond, Hanalei, Black Pot, and the visitor use on those beach parks are great, but I really hesitated because of the rate increase already proposed by the Administration. So, I looked instead at the Residential class, which is mainly second homes. They are not owner-occupied classes and if we increased the rate by twenty cents (\$0.20) it would generate one million dollars (\$1,000,000). I am thinking that they are also using our parks and could pay a small bit, per one thousand dollars (\$1,000) is twenty cents (\$0.20) on one thousand dollars (\$1,000) additional to what they are paying. That would generate one million one hundred fifteen thousand two hundred eighty-seven dollars (\$1,115,287) and I think it makes that class bear its share of open space impact and allows us to keep the Open Space Fund intact so we can accumulate the moneys that we will need to acquire new open space, public access, any major acquisition to expand our Open Space

Fund. (See Attachment 4) I also looked at, and this is...increasing all tax classes by ten cents (\$0.10) with the idea of replenishing the reserve Fund by about one million three hundred thousand dollars (\$1,300,000). That means everybody does...every class does its share on a very small amount, ten cents (\$0.10) per one thousand dollars (\$1,000) valuation, but putting all of us back because the reserve is a basic indicator of the health of our budget, putting all of us back better in some replenishment of the Reserve Fund. (See Attachment 5) So, those were two (2) ideas that I put forth for consideration. I think this is a good practice that we are doing right here to look at various alternatives and achieve our budgetary goals, which is a healthier reserve, not raiding the Open Space Fund, a honed down budget that tries to cut as much fat or at least take some share for every Department, every operation which I know the Administration has worked hard on and still fund some of the initiatives for the future, which we have to keep doing if we are to do our job and prepare for the future.

Chair Furfaro:

Okay. Mr. Kagawa.

Mr. Kagawa: First of all, I would like to say that we, myself and Councilmember Rapozo, have a third option. (See Attachment 6) First of all, I would like to thank Councilmember Bynum and Councilmember Yukimura for their proposals. It is very clear and easy to understand where the proposed increase will take place. I think myself and Councilmember Rapozo, and I am talking broad, as Councilmember Hooser, broad strokes. We are looking at splitting the difference between both the Vacation Rental and Hotel & Resort classes. So, instead of...like Councilmember Yukimura is just sticking with the Mayor's proposal at raising four million three hundred thousand dollars (\$4,300,000), we are looking at raising only one dollar (\$1) and getting two million one hundred fifty thousand dollars (\$2,150,000) out of there and we will be getting the rest of the two million one hundred thousand dollars (\$2,100,000) or whatever from the Vacation Rental. So, that is basically our proposal in a nutshell. I will give the rest of my time to Councilmember Rapozo, but I just wanted to give my overall view, Mr. Chair, that if I have to choose between Councilmember Bynum and Councilmember Yukimura's proposal, I will pick Councilmember Yukimura's, but I had one (1) question for her. Maybe I can ask it later, but is that the assumption that the Residential class is more non-residents or what is the rationale for just selecting that one class, the Residential class?

Chair Furfaro:

Go ahead. Do you want to respond?

Ms. Yukimura: May I respond? Yes, these are basically, I think, second home owners because these units are not their primary home. So, it is a different situation where it is the sole property and home of a group.

Mr. Kagawa: I guess my next question would be if these are second homes and they are in the Residential class, are not all of those Residential homes being rented out to local residents and what would be the effect of them on the rent? I understand that it is not a really huge increase, but I was just wondering whether we considered that perhaps may trickle down to the local families.

Ms. Yukimura: That is a consideration. They are renting, however, those who are renting at low rates, at affordable rates, by our Real Property Tax laws are not in that category. They are getting the rates of the homeowner occupant rate. Am I correct? Those who qualify for the long term affordable rentals are not being charged the rate of the...

Mr. Kagawa: I understand. If they go out and fill out those forms from the Real Property Division, right?

Ms. Yukimura: Right. So, they do have to be lower rents, but they are the ones who are providing affordable rentals to our people.

Mr. Kagawa: So...

Ms. Yukimura: The assumption is that the others are renting, but at market rates.

Mr. Kagawa: Okay.

Ms. Yukimura: So, it is an investment property in that respect.

Mr. Kagawa: I understand. You are saying that for those that have affordable rents and for those that need the prices to be the lowest for that class that needs it the most, they are not going to be affected?

Ms. Yukimura: Those landlords who are renting at the standards that qualify for a long term affordable rental are not being affected by this rate proposal.

Mr. Kagawa: Thank you.

Chair Furfaro: Did you folks finish your presentation, Mr. Rapozo? Do you want...

Mr. Kagawa: He has the rest of my time.

Chair Furfaro: Oh, you have the rest of his time? How much extra time is that?

Ms. Arakaki: Eight (8) minutes.

Chair Furfaro: Okay.

Mr. Rapozo: And I just purchased Councilmember Chock's ten (10) minutes for one hundred dollars (\$100). So, I have like twenty-eight (28).

Chair Furfaro: Very skillful.

Mr. Rapozo: Yes, not bad, right?

Chair Furfaro: Very skillful. Go right ahead.

Mr. Rapozo: I guess I will just, and thank you to Councilmember Kagawa for bringing up the proposal. We are here today because of the way we have performed. We meaning collectively, the administration and the Council. When times were good we did a lot and it has caught up. Now the economy and many other reasons have caused us to be in this predicament that we are in. This was not the fault of the public. The public does not vote on this. The public does not spend the money. We do. They should not be penalized for action that they were not responsible for. I tried to convince myself not to support any tax increases this year, but after going through this

process it is inevitable. I mean, there is no doubt that we have to increase revenue at some point. The proposal that Mr. Kagawa talked about, all it does is it splits up the...I do not think it is fair to go after the Hotel & Resort for a two dollars (\$2) increase. I think that is just not fair. I think that is not practical. I think for a lot of people to think the hotels and resorts are doing well, maybe some are, but some are not. That is a hit. That is a huge hit for one (1) class to take. Vacation Rentals on the other hand, I believe, should also carry some of the burden because of the extra burden that they put on the communities as well. So, if we go with a one dollar (\$1) on both the Vacation Rental and the Hotel & Resort classes we almost come to a similar result with Councilmember Yukimura's except we do not touch the Residential class. I am kind of hesitant to support the Residential class increase because it does involve a lot of local families that just because they own two (2) home does not make them rich. There is a lot of fixed income families on Kaua'i that just happen to have an extra house. It may be an old house. I may be a home that they are just hanging onto, barely, and could be using it for affordable rental or not, but it does not matter. It is just that I think at this stage, I believe, that with the increase of one dollar (\$1) per thousand d (1,000) in the Vacation Rental and the Hotel & Resort would be sufficient. Does that get us to where I want to be as far as the Reserve? No, not even close, but I had hoped that we would have been able to reduce the budget by a substantial amount. I thank my colleagues that supported my proposal of almost one million five hundred thousand dollars (\$1,500,000) that passed yesterday, and the Chair is right. One (1) of that, the big one, is not a cut. It is an "I Owe You" (I.O.U.), and I fully recognize that.

I think that this County, we, the government, now needs to basically, and not as a sexist comment, but to basically say, "We have to man up now." We have to pull us out of this hole and we have to do it ourselves. We have to do it with the least impact to the citizens who had no fault in this. We do not predict the economic future. I mean, we can try, but things happen and many can blame the Mayor, but the Mayor cannot really do anything without the blessing of this Council. The budgets were all approved by this Council. So, it is a collective thing. We moved forward and I can relate to this personally because as a business owner I did the same thing. You take risks. You go and you try to improve your services and you find out that, for me, you got in over your head and all of sudden you cannot afford nothing. You do not have the cash flow to maintain the level of service that you once had. That happens. That is what this is all about. I am trying to figure out how to get through this with the least impact to the taxpayers and I think the proposal that we have is a very fair one. We are not going to make the Hotel & Resort and Vacation Rental communities happy, but I believe that they should pick up the tab on some of these burdens, and in addition to the cuts that were made. This is just a starting point. I mean, we have to look forward now, to further make our operations efficient. I mean, we just have to do it within our individual Departments and hopefully gain some ground, but I think to tax every class, I definitely cannot support that. The other thing I cannot support is, this may sound horrible, but to give tax relief at this time. One of the biggest argument, and I spend a lot of time at the legislature, one of the biggest comments that I heard from the State Legislature from many of the Representative and Senators was that when we everyone else was struggling and with this County, because we had the resources we did not lose certain things. We did not do the furloughs. We gave tax relief when we probably should not have. They do not forget those kinds of things. The State Legislature does not forget those kinds of things. The fact that we got our TAT kind of cut, that played a big role and that is what I hear directly from the Legislators, that we were giving money back and no we are saying, "State, give us more money." So, I do not think we should be, as much as I would like to, I do not think we should. You saw the numbers. We are chasing millions of dollars. Why would we give tax relief? I mean, it is at a stable point right now and that I think we should maintain that. I think we should tax the classes that can sustain. I think two dollars (\$2) for the hotel is not sustainable. I think it will hurt more than help, and the

impacts in the Hotel & Resort, believe me. Now that I have participated in that line of work, they do not have a problem, unlike the County, the State, and government, they do not have a problem sending people home when revenues drop. I see it every day. The house count drops, the restaurant is empty, you go home. Just like that. Hours cut. That is what I am afraid of when we do things that may be counterproductive to what we are trying to accomplish. So, I believe our proposal is fair. I think one dollar (\$1) for Vacation Rentals, one dollar (\$1) for Hotel & Resort would be sufficient. I think, I guess, the lease impact to our taxpayers and I think that is all I have. I yield the rest of my time to Mr. Chock and I will ask for my money back.

Chair Furfaro:

You have the floor.

Mr. Chock: Thank you, Chair. First, I just wanted to thank Councilmember Bynum for the cool spreadsheet of being able to take that tool and play with the numbers. It really has been helpful and I wish I had taken more advantage of it in the process here. The only thing that I have done is just really listen to what people's interests are and put together my own here for us to look at, which is a combination of them. Before I present it, I mostly just had some questions. So, I would not want to present it until we get some of those questions vetted, if possible.

Chair Furfaro: Okay. Anybody else want to speak? I have not had my turn now. Okay. First of all, I want to thank all of the members for putting these three (3) proposals that we have out here. I also think it is appropriate probably at this time, how quick we forget what happened to us. A big part over here is, everybody quickly forgets that we yielded twenty-seven million dollars (\$27,000,000) over the last three (3) years to the State. Yielded. The legislative piece said we were entitled to after the Convention Center, fourteen point five percent (14.5%) of the balance of forty-eight percent (48%). They capped us. Gentlemen, I want to reiterate that, how quickly we forgot that is what happened to us as well. Now, granted, we have some other situations here that also said, "And going forward, do not count on any increase in the TAT." If fact, they gave us one million four hundred thousand dollars (\$1,400,000) more and they said, "That is all you will get for the next two (2) years, and oh, by the way, in year three (3) we are going back to the lesser number." Big part of this. Big part of this. So, these pieces are very interesting and I would probably like to be able to take a recess to study them a little bit because they put us in a situation that we have to realize two (2) of the proposals still do not quite make up for the fact that the straw poll that we took indicated that we may not be getting one million one hundred seventy-eight thousand dollars (\$1,178,000) from the vehicle tax that is coming up on Wednesday. That is what the straw poll indicated. So, we have to take that into consideration too. The way we count this out is we should take these increases that are proposed here that reflect our ten million four hundred thousand dollars (\$10,400,000) that we are all counting on for the TAT this year and we should start deducting from the fact that three million three hundred twenty-two thousand dollars (\$3,322,000) is the shortfall that is on the board, one million one hundred seventy-eight thousand eight hundred fifty dollars (\$1,178,850) may not pass with the vehicle tax, and one million eighty-three thousand dollars (\$1,083,000), I have not heard from the group. We have one (1) group that is saying only half percent (0.5%) going back at the Open Space Fund and if we go back to the one point five percent (1.5%) that is law, that also has to deduct from there, one million eighty-four thousand dollars (\$1,084,000) to replenish the Open Space. That is what gives us the net. So, I would like to, and I hope Mr. Chock could take advantage of it, to take a recess here so we can all dialogue a little bit and digest. I will have no more time. My time is *pau*. Mr. Bynum, and then I will go to JoAnn.

Mr. Bynum: I am fine with that. I hope to be able to dialogue with Steve Hunt about this proposal, but if you want to take a recess first, whatever you want. I hope to dialogue with Steve and get his input. I am sure there are things in that the Administration are not that happy with, but...

Chair Furfaro: I do plan to call them up so we can all hear on your recess.

Mr. Bynum: Good. So, I just want to say that this was an intent to be comprehensive and address all of the issues we heard during this time and compromise. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: I was wondering if Councilmember Chock would share his proposals so we could have all proposals on the table. I do not know, Chair, if you have any you want to share, but it just would be helpful to hear everybody.

Chair Furfaro: I am just trying to be a good listener and a facilitator, okay?

Ms. Yukimura: Okay, that is fine.

Chair Furfaro: Mr. Chock, do you want to share anything before we go on the break?

Mr. Chock: Sure. Thank you. Part of the questions I had were how we got... Councilmember Bynum came up with the other classes, Commercial and Industrial for ten cents (\$0.10), and the Agriculture and Conservation at thirty-five cents (\$0.35) because I kept those in mind here, but I am unclear as to how we came to those or how he might have come to those. Again, I wanted to kind of get more feedback before I complete this.

Ms. Yukimura: I see.

Mr. Chock: As I said, so far what I have done is just I have not gone with the Homestead decrease. I cannot see us cutting or relieving here when we are asking everyone else to contribute on a higher level. Then splitting out some of... just as Councilmember Rapozo has done. They split out of Vacation Rental and Hotel & Resort and kept the Residential at twenty cents (\$0.20) as you have. That is what I have. The only else standing section was the other classes that I did not have an explanation for. (See Attachment 7)

Ms. Yukimura: Thank you very much.

Chair Furfaro: Mr. Hooser.

Mr. Hooser: Yes. I think it is useful that we have a little bit of dialogue before we break so we all have a real thorough idea of where we are coming from. With regards to offering the Homestead a reduction, it is my understanding because of market conditions, everyone one will be naturally going up anyway. So, even if we do not change the rate many if not everyone is going to be paying more taxes. Again, we are raising other, or contemplating raising other fees. Those are the people, as I have said

often times, those on fixed incomes will be in that class. Those people that are homeowners on fixed incomes or have affordable housing rentals will be in that class. So, that is the people in my opinion, that deserve it most. That is one (1) thought. The other thought is that the OPEB, I supported that earlier, but it was my...the context in which I supported it was that it would be, at the end of the day, part of the Fund Balance, and I do not see in some of the proposals...that balance is not there. So, in effect, we are spending the OPEB. I am okay with parking it in a savings account and understanding that even that is kicking it down the road to a certain extent, but to actually spend it is another entire new story for me. The third is that, and Chair, maybe you can answer this or the Finance Director at some point. If one of our goals is to rebuild Fund Balances toward a level that is looked favorably upon by the bond rating agencies, what minimum, if you would, level would that be for us to strive for? Is it four million dollars (\$4,000,000), three million dollars (\$3,000,000), or two million five hundred thousand dollars (\$2,500,000)? Right now, I believe we are looking at only a four hundred thousand (\$400,000) or three hundred dollars (\$300,000) carryover. So, I think that would be, at least a goal we should know of what it is. So, we can have that be a part of the discussion. Thank you.

Chair Furfaro: Thank you for pointing that out because that was part of my comments at the opening portion. First of all, I think the public should really realize also, although our bond rating by one (1) bond company was downgraded, the reality we did hear and we are lagging bit from our Finance Director, that we are still waiting to hear from the other two (2), but out bond rating is also based on the total restate value of the island's assets and we do not get really critical on what we can borrow until we exceed more than about three point five percent (3.5%) of that total value. The bond rating, what it hurts is not on the amount we borrow if we want to borrow, but it is the rate we pay back. So, build that credibility I think as I said earlier, we would probably want to get to a minimum over a few years of about ten million dollars (\$10,000,000) in reserves, which means we should be parking about two million five hundred thousand dollars (\$2,500,000) every year. That is my take on it. Yes, Mr. Kagawa.

Mr. Kagawa: I just wanted to point out that I was kind of happily surprised with Councilmember Chock's proposal because it is pretty close, I believe, to our proposal and Councilmember Yukimura's proposal. I think if we can kind of get some kind of agreement as to what can agree on, then we can kind of get out of here and it would be a good day.

Chair Furfaro: I do not think we will conclude by 4:30 p.m., but we will get out of here today, I think, before the sun goes down.

Mr. Kagawa: I hope we can get out by 4:30 p.m., but we will see.

Chair Furfaro: So, why do we not...JoAnn.

Ms. Yukimura: Yes. I agree with the hesitation about lowering any rate, but I would like to have Councilmember Bynum maybe answer some questions about whether the people who will experience rate increases if we did nothing, what kind of amounts are we looking at on that average? Maybe you know the answer already.

Mr. Bynum: Yes. I mean, I had that spreadsheet calculate it. I just want to say, I have been dogging the spreadsheets so we could make informed decisions for two (2) years and it is not done. I have been making modifications. So, that analysis can happen and I just had it on there, but I wanted more than average because average numbers get skewed. I wanted a mean, but I just...the numbers that are accurate

on there is four thousand (4,000) under the Mayor's proposal are going to pay increases that range...well, the average, I believe, was about three hundred dollars (\$300), but the range is huge because of the anomalies. I have a scattered chart that graphically illustrates this on that.

Ms. Yukimura: Right.

Mr. Bynum: But I was limited to ten (10) minutes and I did not have the spreadsheet. We had an agenda item to spend two (2) hours to discuss this, but the spreadsheet was not ready. That is a separate issue. You can look at every single taxpayer and what they will pay. Yes or no. It is like...

Ms. Yukimura: Can I ask another question?

Mr. Bynum: Yes.

Ms. Yukimura: I do really honor and commend you for working on the spreadsheet because I know you have worked for many, many years to get the software in place and get this instrument, this tool, that is very helpful in place. So, thank you for that. I guess my question is where there...thank you for the average which you say is three hundred dollars (\$300), and for the ones that are large those are the ones that were very, very low for many years, right?

Mr. Bynum: If I can show one (1) chart that I have prepared, that actually Jennifer prepared, it will graphically illustrate what we are talking about.

Ms. Yukimura: Okay, so maybe during the break you can try to get it on, but thank you for the information that you do have. I appreciate it.

Chair Furfaro: Okay. We are going to take a break for fifteen (15) minutes and when we come back I am going to allow Mr. Bynum to put up one (1) sheet, okay? Those are the rules. JoAnn, if you want to know, my increase for my place in one of the high districts, mine was two hundred seventy-four dollars (\$274). So, very close to what Mr. Bynum just said.

Ms. Yukimura: Thank you.

Chair Furfaro: We are going to take a fifteen (15) minute break. Let us have everybody be back in fifteen (15) minutes.

There being no objections, the Committee recessed at 4:00 p.m.

There being no objections, the Committee reconvened at 4:31 p.m., and proceeded as follows:

Chair Furfaro: Okay, we are back from that break. As I said at the break, Councilmember Yukimura had the floor, she had some questions directed at Mr. Bynum about specifics as it related to the Homestead category, I believe. Mr. Bynum said he could demonstrate those variances in a one (1) page piece. So, I am going to give Mr. Bynum the floor to make his presentation and then JoAnn, I will come back to you for Q&A on that. You have the floor. You have to turn your microphone on.

Mr. Bynum: So, Chair, I can show this all really quick. This is from the spreadsheet I have been working on. We did not complete this part, but this is a data set that was from median value. Median of homeowners, which is four hundred eighteen thousand dollars (\$418,000). That is a modest home on Kaua'i right now, four hundred eighteen thousand dollars (\$418,000), I think. I do not know many that are for sale less than that. The blue line is...this is at three point zero five (3.05), right? So, the blue lines are the...yes, it started at three point zero five (3.05), right there. That, what you just highlighted, if you could make that three point zero five (3.05). That is the Mayor's proposal. Now look at the chart. So, the red is what these taxpayers, and this is pretty random. I did not select this. Actually, Jennifer, the Secretary did. The red dots are what they paid last year. The blue dots are the new market taxes based on our restructuring of taxes under the Mayor's proposal. So, everyone with a red dot below that blue is paying an increase. You can measure the increase. The range varies a lot. That is why averages are not helpful. The people who have red dots that are above the blue line are going to pay...are going to have tax decreases. Those folks are the ones who have been paying very high taxes. I mean, if you just look at the range between under three hundred dollars (\$300) to over one thousand dollars (\$1,000) for the same valued homes, but that will not be the case anymore because we are going to go to that blue line.

Now, if you could go put the two hundred fifty-five thousand dollars (\$255,000) in there please. Right there. This is one of the tools that Jennifer Van Gorp, Steve, others, and I have been working on. It is into done yet, but now what you see is the blue line has moved down, right? Fewer people are going to pay increases and the increases they pay are going to be less. Now, that is also going to be bigger tax decreases for those above the line, but again, those are the people who have been paying exorbitant taxes. How can one person pay one thousand five hundred dollars (\$1,500) and then the person across the street pay less than three hundred dollars (\$300)? We finished that. We are not doing that anymore. It is just in this reset, just pragmatically, we lower this a little bit. I wanted to show you one (1) other tool if it is okay with you, Chair.

Chair Furfaro:

Go ahead.

Mr. Bynum: This is just a screen shot of the proposal that Gary and I proposed, but on the spreadsheet it compares it with the Mayor's proposal, right? So, you see zero (0) in Hotel & Resort because we said we were going to keep it the same, right, but we know that generates four million four hundred thousand dollars (\$4,400,000). So, we have this target of four million four hundred thousand dollars (\$4,400,000) in order to accomplish goals we already discussed; keep a substantial or a prudent fund Reserve and also address it. So, you can see the impact of the tax savings, the two hundred fifty-five thousand dollars (\$255,000), that is one million seven hundred forty-four dollars (\$1,744,000) back to homeowners and reducing taxes for the people who live and work here, but I do not think the legislature or anybody is going to complain if we increase revenue overall and show...and demonstrate that we are moving towards a sustainable budget. This is almost there. We take the OPEB and a little less funding. That is like four million dollars (\$4,000,000) from being sustainable and we can do that next year and pay the OPEB back. I am done. Did I answer your question?

Ms. Yukimura:

Yes. I mean, that is very helpful.

Chair Furfaro:

Okay.

Ms. Yukimura: And my main concern would be I saw there some increase below one hundred (100) or about one hundred (100) paying a tax right now of one

hundred dollars (\$100) to almost six hundred dollars (\$600). So, there is a five hundred dollars (\$500)...somebody is going to need a five hundred dollars (\$500) increase.

Mr. Bynum: The spreadsheet, you can analyze it. You go down the list, you see the plus, who is getting an increase, who is getting a decrease...

Ms. Yukimura: Yes, I do not care who is getting...well, I do...

Mr. Bynum: Well, then if I had time I would further analyze it to say how does this impact people on low income? How does this...I just did not have the time to complete this tool.

Ms. Yukimura: Well, you do not have income information though. You are basing it on assumptions by neighborhood or...

Mr. Bynum: It is based on value of homes as all ad valorem taxation is.

Ms. Yukimura: Right, because...

Mr. Bynum: But in this spreadsheet you can see who has senior discounts, who has low income discount...

Ms. Yukimura: Right.

Mr. Bynum: And what their taxes are. When you see some of those changes in the blue line, they are all explained by a tax credit or policy, not by some random event about where you lived or when you got in the system. So, I am very pleased regardless of this outcome, that we structurally have fairness.

Ms. Yukimura: I thank you for the work that you have done on that, educating all of us.

Mr. Bynum: Those are the Mayor's proposal in the long run.

Ms. Yukimura: Yes, and the cooperation you got from the Mayor's Department. This is a very useful tool. So, my concern again, would be if there is anybody who is in a low income bracket that has to pay five hundred dollars (\$500) all at once. You are wanting to make it more gradual for everybody to the tune of about one million something, right?

Mr. Bynum: I said I was not going to talk about the past, Councilmember Yukimura, but three (3) years ago, I offered a proposal that would have lowered...

Ms. Yukimura: I...

Mr. Bynum: ...the line and gradually move those people back, but the Council rejected it. We are going to reset this year. It is just how big the impact going to be.

Ms. Yukimura: Right. Thank you.

Chair Furfaro: So, after the recess we now have three (3) documents in our hands. Again, and I will look to the Clerk to disagree with me if I have got this wrong. All of these proposals, because they are different form the original, will require one (1) to pass with five (5) votes. That is yes?

Ms. Fountain-Tanigawa: Yes.

Chair Furfaro: That is yes. Okay, so keep that in mind everybody. You have a question toward the Clerk? Go right ahead.

Mr. Bynum: Setting tax rates is a four (4) vote...it is a four (4) votes.

Ms. Yukimura: I think so.

Mr. Bynum: I mean, that is under the Charter. So...

Chair Furfaro: That is why I asked the question, but I...

Mr. Bynum: I just...

Chair Furfaro: I understood, and asked...

Mr. Watanabe: Real Property Tax is part of the budget.

Chair Furfaro: Excuse me, let me clarify this first.

Mr. Watanabe: Okay.

Chair Furfaro: I asked this question this morning and I got the fact that if the tax rates were different from what was submitted in the budget, it would require five (5) votes for the change. Could you clarify that for me?

Mr. Watanabe: The reason that it requires five (5) votes is because it increase the revenues considered under Real Property Tax and an increase over the Mayor's budget requires five (5) votes.

Chair Furfaro: Okay.

Mr. Bynum: I...

Chair Furfaro: Excuse me, so you folks are not changing the comments that you made to me this morning? Okay. Mr. Bynum, you have a question for the Clerks? Go right ahead.

Mr. Bynum: I believe that we went through this about three (3) or four (4) years ago and the County Attorney offered an opinion. These are tax rates. They are set. They are not actually set until them. I believe the Clerk is absolutely correct about any additions to spending. These are tax rates. They are done by simple majority under the Charter. That is my belief, and so if we have a conflict, let us ask the County Attorneys.

Chair Furfaro: County Attorney, would you come up please for an interpretation?

Ms. Fountain-Tanigawa: Council Chair.

Chair Furfaro: If you need time to consult with the Clerk, we will take a little time to do some research before we commit to something that is different than I was informed earlier.

Ms. Fountain-Tanigawa: Council Chair, for clarification just to explain Councilmember Bynum's point. The Real Property Tax rates are adopted by Resolution.

Chair Furfaro: Yes.

Ms. Fountain-Tanigawa: That is four (4) votes, but the increase in revenues, which is an addition to the Mayor's March 15th budget takes five (5) votes because you are adding to it, and that is per the Charter.

Chair Furfaro: And that is the answer you gave me this morning, per the Charter. Al, do you need time to research that?

There being no objections, the rules were suspended.

ALFRED B. CASTILLO, JR., County Attorney: Council Chair, I do recall...

Chair Furfaro: Al, you need to introduce yourself.

Mr. Castillo: I am sorry. Council Chair, Councilmember, good afternoon, Al Castillo. I do remember going over this I do not know how many years ago. I would agree in the budget sense. Since it is an increase, I do agree that in the normal sense you have because this is taxes, it is a four (4) vote, but because this is an increase and it is within the realm of the budget, it is five (5) votes instead of four (4).

Chair Furfaro: Okay. Go ahead.

Mr. Bynum: I will accept that interpretation, but I am going to ask for it in writing with a full analysis. This would be news to me. We set the tax rates later. This is just a straw vote today about our intention of setting those rates when they come before the Council.

Mr. Castillo: Then I welcome you to send that question and we will answer it.

Mr. Bynum: Okay. Thank you.

Mr. Castillo: Thank you.

There being no objections, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Now, as we go forward here, JoAnn, we got out interpretation from the County Attorney. It is going over in writing. Let us kind of move

no here. We have proposal "A," which I believe came from JoAnn Yukimura. We have proposal "B" which came from Mr. Rapozo, I believe. Am I correct?

Mr. Rapozo: No, mine is "Rapozo" on the top. JoAnn has two
(2) that is A and B.

Chair Furfaro: Somebody...JoAnn has two (2)?

Ms. Yukimura: Chair, may I explain?

Chair Furfaro: Yes.

Ms. Yukimura: I tried to listen to everybody's goals and proposals and tried to find a compromise or a...what Steven Covey calls a third alternative. So, this is the...the "A" is what I am wanting to propose, but I know that there was some concerns about the Hotel & Resort rate. So, we did another analysis of a Hotel & Resort rate that is less than the one I am proposing just so people could see, and I am thinking it may come down to voting on each class one by one or at least on the issue where there is disagreement. May I explain "A"?

Chair Furfaro: First of all, "B" is the one you introduced then earlier?

Ms. Yukimura: No, I never introduced any. We all shared our different proposals. The one...

Chair Furfaro: No, which one was shared with the group? Was it "A" or "B"?

Ms. Yukimura: It was neither.

Chair Furfaro: It was neither?

Ms. Yukimura: It was only a change to the Residential rate really, which is what I introduced to offset the Open Space Bill.

Chair Furfaro: I am going to allow you to introduce one (1). You need to pick which one that you would like to introduce.

Ms. Yukimura: I am introducing "A".

Chair Furfaro: "A" is being introduced. I have Bynum and Mr. Hooser's and then Mr. Rapozo, you and Mr. Kagawa's one is the one that still has your name on it?

Mr. Rapozo: Yes.

Chair Furfaro: Okay, got it. I am going to give JoAnn the floor for A.

Ms. Yukimura: I am sorry. I do not have Mr. Rapozo's. If I could get a copy, but in the meantime I will be explaining "A". It is based on the theory that everybody does their share a little bit, some more than the others for a variety of policy reasons, but "A" would leave the Homestead rate at that proposed by the Mayor. So, it is

not increase or decrease though. I do acknowledge the result in taxes will both increase and decrease for different people. For the Residential class, which is basically second homes, they are not owner-occupied. The rate would be twenty cents (\$0.20) for one thousand dollars (\$1,000) assessed value, and that was my first proposal when we were not making formal proposals, but that would restore...would enable us to restore the Open Space Fund. Then the others, there is a seventy-five cents (\$0.75) increase to the Vacation Rentals category and a twenty-five cents (\$0.25) decrease to Hotel & Resort, twenty-five cents (\$0.25). You are looking at B. I am talking about A. Then for Commercial, Industrial, Agricultural, and Conservation there is a ten cents (\$0.10) on each. The result on the second page is that it restores the Public Access Fund and then the last figure in the column, two million six hundred eighty-one thousand dollars (\$2,861,000) is the remaining that would result from these proposed rate increases. If we acknowledge that there is three hundred thousand plus in the Reserve, Unassigned Fund, and then three million six hundred thousand dollars (\$3,600,000) in the Emergency Reserve for a total of three million nine hundred thousand dollars (\$3,900,000), we would add two million six hundred eighty-one thousand dollars (\$2,861,000) to the total Reserve to get about six million dollars (\$6,000,000), six million five hundred thousand dollars (\$6,500,000) in our Reserve assuming that we allocated to the Reserve or we do not spend it on anything else. Now, this still assumes a one million nine hundred thousand dollars (\$1,900,000) of lack in the OPEB. So, we would be at ninety-eight percent (98%) rather than one hundred percent (100%). So, those are all of the parameters that result from this proposed rate increases.

Chair Furfaro: So, everybody has "A" in front of them as the official entry from JoAnn. Mr. Hooser.

Mr. Hooser: I had a question. The other moving part would be the vehicle weight tax. So, does that assume to pass?

Ms. Yukimura: Pass, that is correct.

Chair Furfaro: Again, the straw poll that I just revisited while we were on the break, they passed.

Mr. Hooser: Okay.

Chair Furfaro: So, the concern about the vehicle weight tax, the vote was 5:2.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: Mr. Rapozo, is there anything on your piece that you want to revisit?

Mr. Rapozo: No, I think I have...they were pretty far apart though.

Chair Furfaro: Mr. Hooser and Mr. Bynum is there anything on your piece that you would like to reintroduce?

Mr. Bynum: I just have a process question. We put a lot of work into it. So, I do not think we are going to make changes, but is this it? We get one (1) shot up or down on these three (3) proposals and there is no second round?

Chair Furfaro: Well, here is the piece folks. First of all, I want to extract from you folks an understanding that whatever the outcome here is we have to give the staff time to reconcile it. If there is any change in those amounts or different from what is on your second sheet, any amount, I am just saying they are projected as if it is going to the Reserve because until they balance, we do not know that the actual number that we are saying is the real number. It could be a variance of ten thousand dollars (\$10,000) or fifteen thousand dollars (\$15,000) when the rounding occurs. So, if we can have the understanding. Is there anyone that is prepared to withdraw their proposal? Did they see anything that they liked at the twenty (20) minute of so break that I gave? No?

Mr. Rapozo: I am willing to support Mr. Chock's first suggestion right before the break. He may have changed his position, but if that means anything I can support that as a deviation from mine. It encompasses what I am most interested in and it is the big hit to the Hotel & Resort. So, I could really support that first proposal. Again, I think he may have changed. I do not know, but I will just say right now, I will not support any proposal that is taxing every class.

Chair Furfaro: Vice Chair, it seems like you have an opportunity here for some support in your piece and did it change?

Mr. Chock: I will just speak to it, Chair. What happened was not an official proposal, but a discussion on a combination of proposals that were looked at. At the break in the twenty (20) minutes that we had together Councilmember Yukimura and I, along with everyone else that was involved with it tried to get to something that was equitable. The result is "A", Exhibit "A" that she has presented of which I am willing to support at this time in order to get us closer together. Not everyone is happy. I understand, but it is a compromise by all.

Chair Furfaro: Mr. Kagawa has the floor.

Mr. Kagawa: Well, if I look at "A", I look at Councilmember Bynum's, and our proposals, "A" certainly looks closer to Councilmember Bynum's proposal than ours because it primarily, I mean, it still really taxes hard the Hotel & Resort class just dropping twenty-five cents (\$0.25) and it taxes every other class except the Homestead. I am not comfortable taxing all of the classes besides Vacation Rental and Hotel & Resort.

Chair Furfaro: JoAnn. Microphone please.

Ms. Yukimura: Yes, thank you. I guess we could ask...I mean, if we just do away with the categories from Commercial to Conservation, which are very small and for that reason, I do not think they are onerous, spread among many owners, but they still generate two hundred thousand dollars (\$200,000). That is the kind...I mean, we were trying to plus or minus much smaller amounts than that. The question is whether that would be acceptable. With respect to Hotel & Resort, I just want to say that our...when we assessed the visitor related expenses of our budget it added to forty-four million dollars (\$44,000,000), and even if you were conservative and cut that in half to twenty million dollars (\$20,000,000) that is a lot of visitor related costs in our budget from parks, lifeguards, roads, emergency medical services, and police. So, the industry has to pay its way and if they want to do it through the TAT, they should lobby with us to get TAT moneys. Otherwise, our taxpayers, our residents are paying for those visitor related costs. I mean, we are spending money on a shuttle for Kōloa-Po'ipū that will relieve some of the parking problems. Also a shuttle for the North Shore. We are providing lifeguards everywhere. I mean, there is so many ways that we are supporting the visitor industry. So,

they need to support our budget, but not them alone. I think everybody is supported by this budget and we have also asked our Departments to do their share and cut their expenses. So, to me, because we have such a big problem with our budget and this is going to go into the Reserve that will allow us to get better rates on our bond rates, it will benefit everybody. So, everybody doing their share to come to a structurally budget as Councilmember Hooser said, is what we need in order to do our job here on the Council.

Chair Furfaro:

Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you, Mr. Chair. I think that we should not undervalue what the visitor industry does for the island in the way of jobs. I mean, if you add up all employees that these hotels and resorts employ, I think that is a huge contribution to the community. They do not just take from the community. I think they give a lot back and to go after them at the highest, I think, it is just not fair, not right. We never got the information back from the Administration as to what the impact would be to some of the properties. That was a concern of mine. We do not know what the impact would be. I do not know. Maybe the Chair has a better understanding, but it is...what is the typical appraisal of a property of a hotel? I do not know. Do you have any idea, Mr. Chair?

Chair Furfaro: We have properties that are valued at one hundred five million dollars (\$105,000,000).

Mr. Rapozo: Okay. So, one hundred five million dollars (\$105,000,000) times two dollars (\$2) per thousand dollars (\$1,000) is a substantial impact, huge impact. The Vacation Rental on the other hand, employs a very small workforce, many of them for cash. That is the reality of it. So, to not want to charge the Vacation Rental at least what the resorts charge, I think that, I do not know. I just cannot understand that. I think the impact to the communities in the Vacation Rentals are much greater than a hotel and a resort because the hotels and resort are in Hotel/Resort Districts. Vacation Rentals are in Residential Districts, most of them. So, I think that we can get by this year with the Vacation Rentals and the Hotel & Resort class. I do not think we should go beyond what we need to do as it comes down to taxes. I think we should tax to where we need to tax our citizens so we can get a balanced budget and move forward and again, work internally within the Departments to become more efficient so we can save that way next year as we move down the road, but to tax just because we can to generate...I mean Conservation District, we are going to raise the taxes of ten cents (\$0.10) to generate seven thousand five hundred dollars (\$7,500). That is not an impact to the County's budget. I think if we get away, and again, my proposal was one dollar (\$1) for Vacation Rental, a dollar (\$1) for Hotel & Resort and with Mr. Chock's proposal initially with the Residential, as much as I do not want to tax the Residential, I can actually support that, but anything beyond that three (3) classes, again, I will just not support.

Chair Furfaro: Before I recognize Mr. Hooser, and I will recognize you after that, ladies and gentlemen, I just want to tell you here is my observation. I have three (3) proposal of two (2), two (2), and two (2). That does not win much in Las Vegas. I got three (3) proposals of two (2), two (2), and two (2), okay? So, Mr. Hooser.

Mr. Hooser: Yes, I appreciate the work everyone has put into this process and we are down to the last strokes, if you would. I keep looking at the carryover balance at the bottom. On proposal A it is two million six hundred thirty-one thousand dollars (\$2,631,000), I believe. The way I look at that, that consists of OPEB,

which is health payments to retirees and vehicle weight tax, which is everybody. I do not see the visitor industry carrying any significant portion of that and I certainly do not see them excessively burdened. I have had numerous calls and E-mails from people, residents, talking about taxes going up and fees going up as we did last year and encouraging me to hold the line. I have not had one (1) hotel Executive...I do not remember any testimony for that matter. The Mayor's proposal was in excess of this, right? They were two dollars (\$2) and we are at one dollar seventy-five cents (\$1.75) here. If I remember correctly the presentation that we were still below, at least some of the other Counties. I believe we are below O'ahu and maybe Maui or something like that.

Chair Furfaro: I think we are below one (1).

Mr. Hooser: We are below one (1). They do represent a tremendous asset to our community, but also very significant burden when you look at the per capita amount of people on the island at any one time that come every year compared to our small population. So, I am disappointed that we were not able...or that this proposal does not include relief to those who need it the most, who will be impacted by the vehicle weight tax as well, people that cannot make it up. Hotels & Resorts can pass it on to consumers, Commercial can pass it on to their customers, Industrial can pass it on, but Homestead people cannot pass it on and again, it affects a very lowest people most in need. I mean, if we are looking for a compromise, "A" is much closer to what I was looking for, but still is greatly lacking in my opinion in terms of the relief for the Homestead class and the size of the carryover balance. Thank you.

Chair Furfaro: Okay. So, as I am following the dialogue here I have a little bit of movement here from Mr. Rapozo as it related to "A". I have a little bit of movement here from Mr. Hooser as it relates to "A", but nobody is fully, fully committed so far. Mr. Chock, I will give you the floor.

Mr. Chock: Chair, I know it is late. Well have been talking about this for a while now, but there may be a few more ideas it seems to me, that we could talk about. I was wondering if we might take a short recess. If I could request one.

Ms. Yukimura: Before we break, may I ask a question?

Chair Furfaro: Yes. Councilmember Yukimura has a question before we break, and I will give another fifteen (15) minutes. We took twenty-two (22) minutes last time. Fifteen (15) minutes, when we are on break. JoAnn.

Ms. Yukimura: Before we break, okay. Thank you.

Chair Furfaro: Yes, before break, but before a fifteen (15) minute break.

Ms. Yukimura: So, Councilmember Rapozo, if we do away with the increases in Commercial, Industrial, Agricultural, and Conservation, did you say you could live with that?

Mr. Rapozo: Not a one dollar seventy-five cents (\$1.75). I can...oops, sorry. I will think about this on the break, but if you look at your proposal "B" and you remove the ten cents (\$0.10) increases in Commercial, Industrial, Agricultural, and Conservation and you just are looking at the top three (3), I can consider that. I will consider that on the break.

Mr. Hooser: The Vacation Rental...while staff looks up the Residential difference of adding ten cent (\$0.10), the Vacation Rental increase would increase by two hundred sixty-five thousand dollars (\$265,000), the Hotel & Resort would increase by two hundred fifteen thousand dollars (\$215,000), and we will wait for the Residential number, but that would be the two (2) increases.

Chair Furfaro: I think she is putting it on the board right now.
JoAnn has the floor.

Ms. Yukimura: I am not sure how that is going to get us to five
(5) votes.

Chair Furfaro: Do you have a question JoAnn?

Ms. Yukimura: No, that is it. Thank you.

Chair Furfaro: If not, I am going to give it to Mr. Bynum.
Mr. Bynum.

Mr. Bynum: Okay. If you have a five hundred thousand dollars (\$500,000) home that you are renting ten cents (\$0.10) is fifty dollars (\$50).

Ms. Yukimura: That is true.

Mr. Bynum: Okay? So, if that is your second home and you live somewhere else or if you are resident and you rented, and we know rents are escalating, you have chosen to rent it at market. You have the option to get a very favorable tax rate by renting it affordable as five hundred (500) or six hundred (600) people are currently doing. I do not know that number exactly, but I just want to put this into perspective. Ten million dollars (\$10,000,000) of value at ten cent (\$0.10) is one hundred dollars (\$100), right? So, these...when you look at the hotel cost for instance. So, Councilmember Yukimura, the amendment moves us in the right direction. I understand those concerns about increasing anyone's taxes, but when the choice is between having a reasonable Fund Balance and fifty dollars (\$50) on a home that gets rented for profit, I do not think that is a big reach. So, I support the proposal that Gary Hooser and I put forward, but this amendment makes it better, clearly, to me. So, I would...if I have to choose that, I will choose that as opposed to...yes.

Chair Furfaro: Mr. Rapozo, do you have any comments?

Mr. Rapozo: No, I think I made my comments about taxing the other classes and I made an offer to stretch and go with the tensely cents (\$0.20) Residential, but that is my limit.

Chair Furfaro: Mr. Chock.

Mr. Chock: Chair, I would like to request a vote on the...Councilmember Yukimura's Exhibit "A".

Chair Furfaro: Okay, we first have to do...Exhibit "A" as amended by Mr. Hooser?

Mr. Chock: Is that what you did? Amend it?

Ms. Yukimura: He was not formally proposing it.

Mr. Hooser: Well, it was not a formal amendment, but it was proposal that...yes, trying to again, it is a long, long way from what Councilmember Bynum and I are suggesting, but I am willing to compromise. Yes, so it is intended to be an amendment.

Chair Furfaro: But my question to you is are you supporting it without the amendments that you want or are you supporting it with the amendments?

Mr. Hooser: I am supporting it with the amendments that I proposed.

Chair Furfaro: So, let us make the motion on the amendments and then see where we go.

Mr. Rapozo: Well, I think, Mr. Chair, you have to make a motion to get that Exhibit "A". That exhibit was never introduced.

Mr. Bynum moved to increase real property taxes in the following tax classes: Residential \$0.30, Vacation Rental \$0.75, Hotel & Resort \$1.75, Commercial \$0.10, Industrial \$0.10, Agricultural \$0.10, Commercial \$0.10; appropriate any carryover funds to the Reserve Fund and/or unappropriated fund balance.

Ms. Yukimura: Moved for the what?

Chair Furfaro: We need the second on "A".

Mr. Chock seconded the motion.

Chair Furfaro: Okay. Now we have the amendments required.

Mr. Hooser moved to amend the motion to increase real property taxes in the following tax classes: Residential \$0.30 from \$5.75 to \$6.05, Vacation Rental \$0.85 from \$8.00 to \$8.85, Hotel & Resort \$1.85 from \$9.00 to \$10.85, Commercial \$0.10 from \$8.00 to \$8.10, Industrial \$0.10 from \$8.00 to \$8.10. The tax rates for the Homestead (\$3.05), Agricultural (\$6.75), and Conservation (\$6.75) tax classes remain unchanged. Appropriate any carryover funds to the Reserve Fund and/or unappropriated fund balance, seconded by Mr. Bynum.

Chair Furfaro: Further discussion on the amendment? None.

The motion to amend the motion to increase real property taxes in the following tax classes: Residential \$0.30 from \$5.75 to \$6.05, Vacation Rental \$0.85 from \$8.00 to \$8.85, Hotel & Resort \$1.85 from \$9.00 to \$10.85, Commercial \$0.10 from \$8.00 to \$8.10, Industrial \$0.10 from \$8.00 to \$8.10. The tax rates for the Homestead (\$3.05), Agricultural (\$6.75), and Conservation (\$6.75) tax classes remain unchanged. Appropriate any carryover funds to the Reserve Fund and/or unappropriated fund balance was the put, and carried by a vote of 6*:1 (*Councilmember Rapozo voting no.*) (**Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kagawa was not present, but shall be recorded as an affirmative for the motion.*)

Chair Furfaro: Now we are at the main motion as amended.
JoAnn, you have the floor.

Ms. Yukimura I do not think I have any more discussion.

Chair Furfaro: Okay. Mr. Hooser, do you have? Okay.
Mr. Bynum, do you have anymore? No? Mr. Chock? Okay, and I have no more. We need five (5) votes here. Roll call vote, please.

The motion to increase real property taxes in the following tax classes: Residential \$0.30 from \$5.75 to \$6.05, Vacation Rental \$0.85 from \$8.00 to \$8.85, Hotel & Resort \$1.85 from \$9.00 to \$10.85, Commercial \$0.10 from \$8.00 to \$8.10, Industrial \$0.10 from \$8.00 to \$8.10. The tax rates for the Homestead (\$3.05), Agricultural (\$6.75), and Conservation (\$6.75) tax classes remain unchanged. Appropriate any carryover funds to the Reserve Fund and/or unappropriated fund balance was then put, and carried by the following vote:

FOR INCREASE:	Bynum, Chock, Hooser, Kagawa, Yukimura, Furfaro	TOTAL – 6*,
AGAINST INCREASE:	Rapozo	TOTAL – 1,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Bynum was noted as voting silent and Councilmember Kagawa was not present, but shall be recorded as an affirmative for the motion.)*

Chair Furfaro: Okay, we have five (5) ayes. It is based on one (1) nay, one (1) absent, which will go with the majority. We have one (1) silent which will go with the majority, and we have four (4) votes.

Ms. Fountain-Tanigawa: 6:1.

Ms. Yukimura: 6:1.

Mr. Bynum: 6:1.

Chair Furfaro: I just said that. Let me say it again, okay? We have one (1) absent which will go with the majority, okay? I want to explain that. We have one (1) silent which will go with the majority, and we have four (4) ayes, okay? So, we are 6:1. It was a compromise that came quite a ways. Now, I am going to make a request. Can I make a motion when we round out these numbers as I said earlier, that we leave in the staff's hands to appropriately put any balances in the, I guess, the right terminology for that after we round everything out, it would fall into the Reserve Fund?

Mr. Chock moved to appropriate any carryover funds to the Reserve Fund and/or unappropriated fund balance, seconded by Ms. Yukimura.

Mr. Bynum: I am sorry. Can you restate the motion again?

Chair Furfaro: Okay. I am asking for the motion again. As they round out the numbers, I am asking for a motion that it be understood that any rounding would go into the Reserve Fund. Discussion?

Ms. Yukimura: So, if they find a balance, they would take from...a negative, they would take from the Reserve Fund and if they find a plus, they would put it into the Reserve Fund, right?

Chair Furfaro: That is exactly right.

Ms. Yukimura: Okay. Thank you.

Chair Furfaro: We leave it in the staff's hands. Now, Jade, would you tell us where we need to go from here as far as if we have the understanding, will we be finished for the day?

Ms. Fountain-Tanigawa: Yes.

Chair Furfaro: Okay, let us record it as such.

The motion to appropriate any carryover funds to the Reserve Fund and/or Unappropriated Fund Balance was the put, and carried by the following vote:

FOR MOTION:	Bynum, Chock, Hooser, Kagawa, Yukimura, Furfaro	TOTAL – 7*,
AGAINST MOTION:	Rapozo	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kagawa was not present, but shall be recorded as an affirmative for the motion.)*

Chair Furfaro: At this point, we are concluded with this piece and that is under the understanding that we have the appropriate votes on Wednesday for

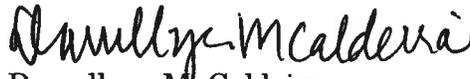
the other matters. We are wanting to say thank you for everyone, and I am sorry I had to just kind of drag us to the point, but three (3) pairs was not going to get us anywhere. We are adjourned.

There being no objections, the meeting was adjourned at 5:33 p.m.

Respectfully submitted,



Allison S. Arakaki
Council Services Assistant I



Darrellyne M. Caldeira
Council Services Assistant II



Codie K. Yamauchi
Council Services Assistant I

APPROVED at the Committee Meeting held on June 4, 2014:

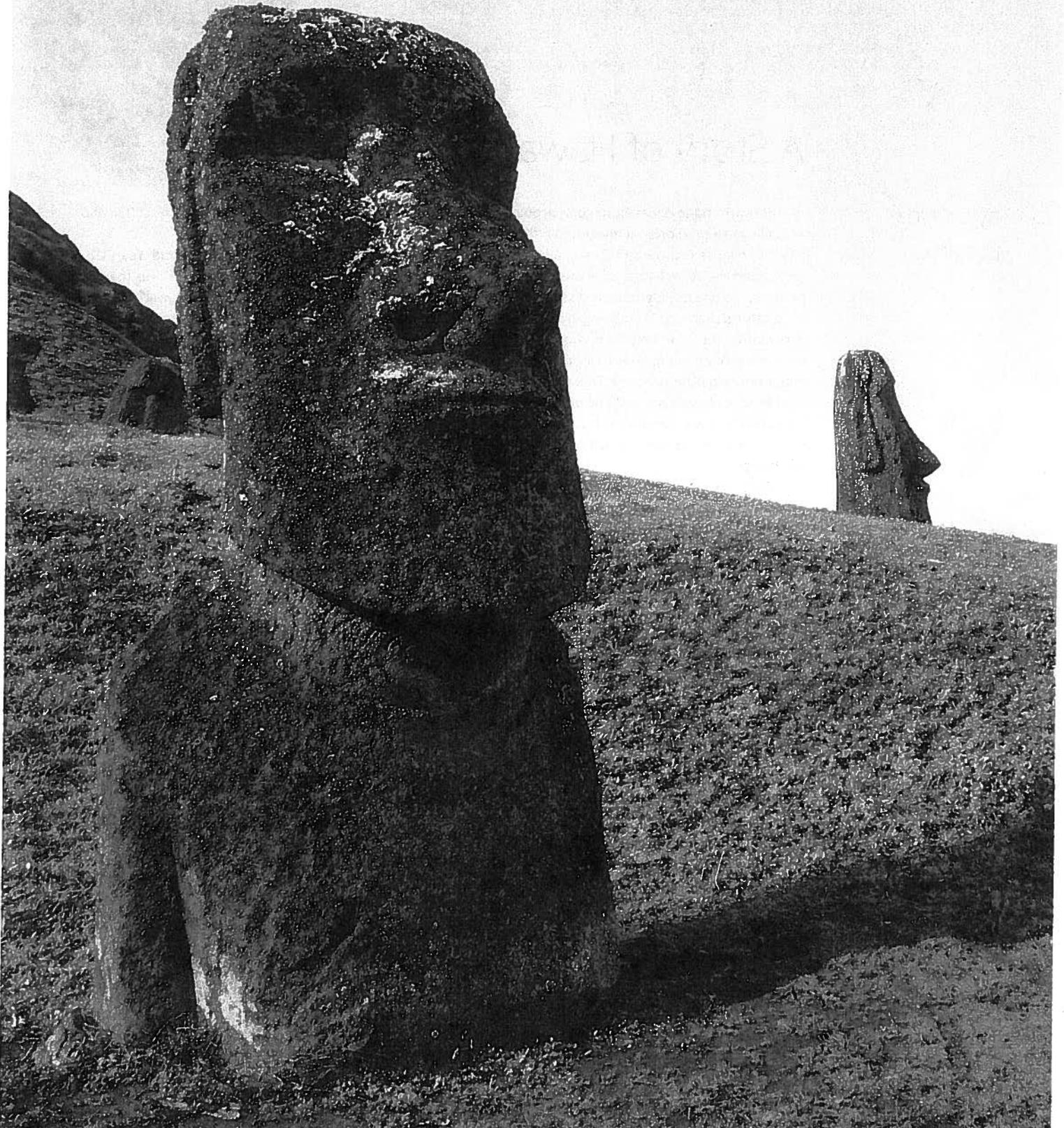


JAY FURFARO
Chair, COW

Ka'Elele

The Messenger

The Journal of Bernice Pauahi
Bishop Museum | Spring 2014



To Bee or Not to Bee: A Story of Hawai'i's Bees



by Dr. Neal
Evenhuis

Hawai'i's honey bees have got a problem. Well, actually more than one—a mysterious thing called Colony Collapse Disorder (CCD) and a disease-causing pest called the *Varroa* mite. Both are triggering severe problems to bee populations. The last few years have seen efforts made by both bee growers and state agriculture officials to help stem the tide of the ever-decreasing numbers of bees that pollinate our crops and produce delicious honey. That we have honey bees here in Hawai'i is a well-known fact, but do you know that they are not native? And do you know that Hawai'i does, in fact, have native bees that pollinate our flowering plants?

Our honey bees were purposefully introduced and Bishop Museum has a connection to this: its founder Charles Reed Bishop. In 1851, the Royal Hawaiian Agricultural Society decided honey bees should be imported to Hawai'i to increase crop yields because the native bees here were not as productive. The native pollinators, the most common of which were the native yellow-faced bees (*Hylaeus* bees), pollinated plants, but did not pollinate crops of introduced plants. Contrastingly, honey bees are easily domesticated in artificial hives, the hives contain honey, and also contain hundreds of little bees packed together, eagerly waiting for the sun to rise so they can zoom out and pollinate flowers.

It actually took three tries to get the bees here. The first time the bees died in transit. The second time a few bees survived the trip, but soon died. Mr. Bishop bought the dying hives of the second shipment in hopes they would survive, but they unfortunately did not. The third try in 1857 included nine hives sent from San Jose, California. They arrived safely and soon after, more hives arrived and it wasn't long before feral bee colonies started appearing in O'ahu's forests. Growing honey bees in artificial hives quickly intensified and has led to the bee populations we have today, all critical to pollinating Hawai'i's crops and making

many agricultural businesses (such as coffee and macadamia) successful.

But all is not well in the bee world. Yes, CCD and the *Varroa* mite (the mite contains a virus that kills) are problems for the honey bee, but Hawai'i native bees also face dwindling numbers. Various factors, including being outcompeted by honey bees, have caused the reduction and even possible extinction of some species of the yellow-faced bees. Bishop Museum's collections are useful in showing the history of our state's plants and animals, and in this case, it shows that many *Hylaeus* bees were much more common in years past. Researchers have found that yellow-faced bees are monophilic "loyal-to-one-species" pollinators (honey bees are more general pollinators) and some species are the major pollinators of the rare and endangered silversword plants only found here in Hawai'i. So, they ARE necessary to keep our native plants surviving.

Despite all the bad stuff, hope for both bees exists. Recent research has found the cause of CCD and the state is on top of getting rid of *Varroa* mites. Additionally, the cute little yellow-faced bees are getting federal attention as efforts have been made to put some on the Endangered and Threatened lists, which will help protect them. In a perfect world, we should be able to both have our honey and watch yellow-faced bees pollinate our native plants.

*O'ahu is often thought of as either so incredibly urbanized or the land altered so much for agriculture that any surviving native Hawaiian species are rarely seen. A recent happy discovery that goes against that theory was made by Museum research affiliate Dr. Karl Magnacca, who found a new species of native yellow-faced bee in the Wai'anae Mountains and named it *Hylaeus makaha* (see its portrait above). Photo: Karl Magnacca*

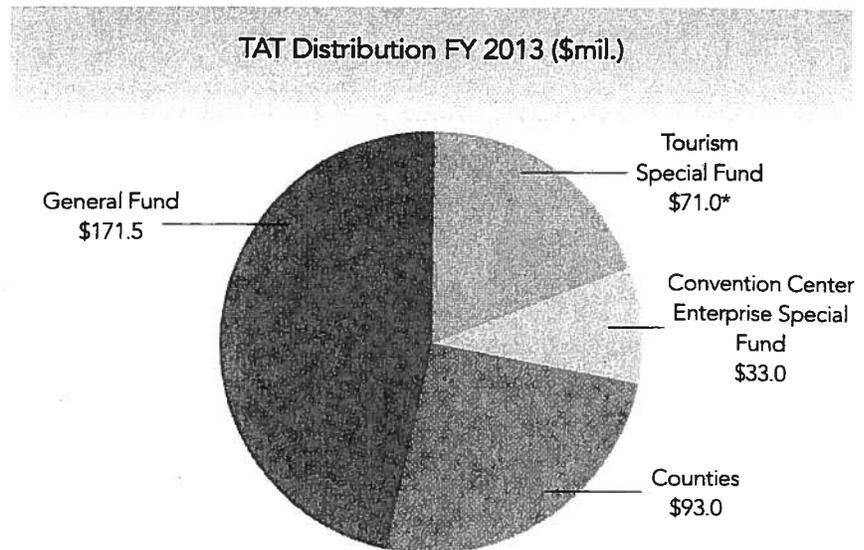


TRANSIENT ACCOMMODATIONS TAX

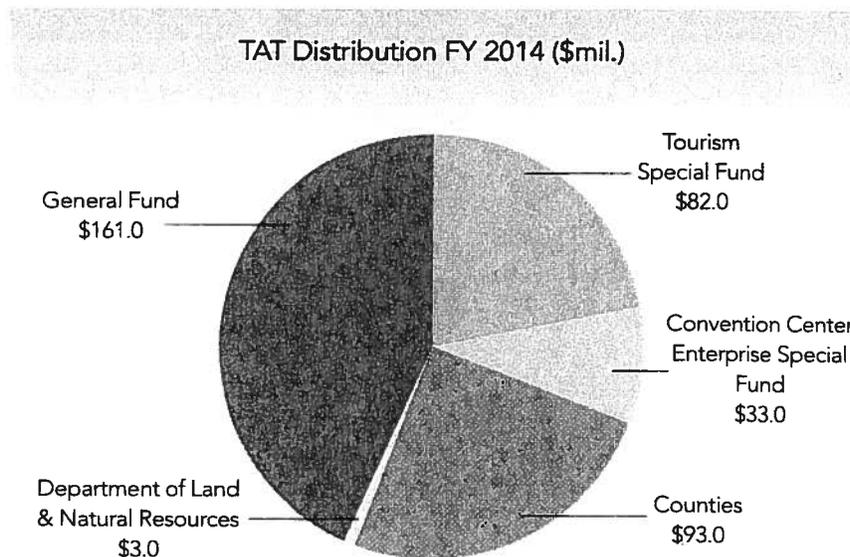
Transient Accommodations Tax (TAT) Collections

Another measurement of the HTA's performance is the amount of TAT collections that the state receives each month. The more TAT collected, the more benefits that are accrued to the state as a whole, to the individual counties, and ultimately, to the benefit of Hawai'i's residents. Importantly, this revenue finds its way into the local community on each island to support schools, police, infrastructure and parks, and contributes to an improved quality of life for Hawai'i residents. In FY 2013, the state collected a total of \$368.5 million in TAT, which was a 13.8 percent increase from FY 2012 when the total collection was \$323.9 million.

Act 103, SLH 2011 was passed in the 2011 Hawai'i state legislative session that capped the TAT revenue to be deposited in the HTA's fund at \$69 million. Act 171, SLH 2012 was passed in the 2012 Hawai'i state legislative session that increased the cap on TAT revenue to be deposited into HTA's fund to \$71 million. Act 161, SLH 2013 was passed in the 2013 Hawai'i legislative session, setting the annual allocation of TAT to the **Tourism Special Fund** and **Convention Center Enterprise Special Fund** at \$82 million and \$33 million, respectively, beginning July 1, 2013. Additionally, \$3 million is allocated to the state Department of Land and Natural Resources (DLNR) with the expenditure of funds to be approved by both the HTA and DLNR Board of Directors. With these additional resources, HTA remains optimistic and committed to maintaining the vitality of Hawai'i's tourism economy.



* Inclusive of \$1 million proviso allocating monies to the State Department of Land and Natural Resources. Source: State Department of Taxation



*From the Hawaii Tourism Authority's 2013 Annual Report

EXHIBIT I

	NET TAXABLE VALUE		
	- 100% FMV		
	- Less Exemptions	TAX	TAX
	<u>- Less 50% Appeals</u>	<u>REVENUE</u>	<u>RATE</u>
HOMESTEAD	3,489,094,500	(1,744,547)	(0.50)
RESIDENTIAL	5,576,433,050	1,951,752	0.35
VACATION RENTAL	2,626,160,600	3,807,933	1.45
HOTEL & RESORT	2,151,899,200	4,303,798	2.00
COMMERCIAL	984,821,900	98,482	0.10
INDUSTRIAL	343,885,450	34,389	0.10
AGRICULTURAL	763,156,850	267,105	0.35
CONSERVATION	75,366,350	26,378	0.35
Subtotal -	----- 16,010,817,900	----- 8,745,289	
Less:			
Home Preservation Limit Differential		(29,580)	
		<u>8,715,709</u>	

\$ 108,058,426 Total RPT

\$ 8,715,709 Increase in RPT

\$ 8,584,974 Remaining Amount After Public Access Contribution at 1.5%

\$ 8,672,131 Remaining Amount After Public Access Contribution at 0.5%

\$ 1,620,876.40

\$ 518,233.00

\$ 1,102,643.40 To Public Access Fund

\$ 7,613,066.05

\$ 3,322,988.00 Shortfall

\$ 4,290,078.05

A

EXHIBIT I

	NET TAXABLE VALUE		
	- 100% FMV		
	- Less Exemptions	TAX	TAX
	- <u>Less 50% Appeals</u>	REVENUE	RATE
HOMESTEAD	3,489,094,500	-	0.00
RESIDENTIAL	5,576,433,050	1,115,287	0.20
VACATION RENTAL	2,626,160,600	1,969,620	0.75
HOTEL & RESORT	2,151,899,200	3,765,824	1.75
COMMERCIAL	984,821,900	98,482	0.10
INDUSTRIAL	343,885,450	34,389	0.10
AGRICULTURAL	763,156,850	76,316	0.10
CONSERVATION	75,366,350	7,537	0.10
	-----	-----	
Subtotal -	16,010,817,900	7,067,454	
Less:			
Home Preservation Limit Differential		(29,580)	
		<u>7,037,874</u>	

\$ 106,380,591 Total RPT

\$ 7,037,874 Increase in RPT

\$ 1,595,708.86

\$ 518,233.00

\$ 1,077,475.86 To Public Access Fund

\$ 5,960,397.85

\$ 3,278,988.00 Shortfall

\$ 2,681,409.85

EXHIBIT I

	NET TAXABLE VALUE		
	- 100% FMV		
	- Less Exemptions	TAX	TAX
	- <u>Less 50% Appeals</u>	<u>REVENUE</u>	<u>RATE</u>
HOMESTEAD	3,489,094,500	-	0.00
RESIDENTIAL	5,576,433,050	1,115,287	0.20
VACATION RENTAL	2,626,160,600	-	0.00
HOTEL & RESORT	2,151,899,200	4,303,798	2.00
COMMERCIAL	984,821,900	-	0.00
INDUSTRIAL	343,885,450	-	0.00
AGRICULTURAL	763,156,850	-	0.00
CONSERVATION	75,366,350	-	0.00
	-----	-----	
Subtotal -	16,010,817,900	5,419,085	
Less:			
Home Preservation Limit Differential		(29,580)	
		<u>5,389,505</u>	

\$ 104,732,222 Total RPT

\$ 5,389,505 Increase in RPT

\$ 5,308,662 Remaining Amount After Public Access Contribution at 1.5%

\$ 5,362,557 Remaining Amount After Public Access Contribution at 0.5%

\$ 1,570,983.33

\$ 518,233.00

\$ 1,052,750.33 To Public Access Fund

\$ 4,336,754.68

\$ 3,278,988.00 Shortfall

\$ 1,057,766.68

EXHIBIT I

	NET TAXABLE VALUE		
	- 100% FMV		
	- Less Exemptions	TAX	TAX
	<u>- Less 50% Appeals</u>	<u>REVENUE</u>	<u>RATE</u>
HOMESTEAD	3,489,094,500	-	0.00
RESIDENTIAL	5,576,433,050	-	0.00
VACATION RENTAL	2,626,160,600	2,626,161	1.00
HOTEL & RESORT	2,151,899,200	2,151,899	1.00
COMMERCIAL	984,821,900	-	0.00
INDUSTRIAL	343,885,450	-	0.00
AGRICULTURAL	763,156,850	-	0.00
CONSERVATION	75,366,350	-	0.00
	-----	-----	
Subtotal -	16,010,817,900	4,778,060	
Less:			
Home Preservation Limit Differential		(29,580)	
		<u>4,748,480</u>	

\$ 104,091,197 Total RPT

\$ 4,748,480 Increase in RPT

\$ 1,561,367.95

\$ 518,233.00

\$ 1,043,134.95 To Public Access Fund

\$ 3,705,344.85

\$ 3,278,988.00 Shortfall

\$ 426,356.85

\$ 104,091,197 Total RPT

\$ 4,748,480 Increase in RPT

\$ 520,455.98

\$ 518,233.00

\$ 2,222.98 To Public Access Fund

\$ 4,746,256.82

\$ 3,278,988.00 Shortfall

\$ 1,467,268.82

B

EXHIBIT I

	NET TAXABLE VALUE		
	- 100% FMV		
	- Less Exemptions	TAX	TAX
	<u>- Less 50% Appeals</u>	<u>REVENUE</u>	<u>RATE</u>
HOMESTEAD	3,489,094,500	-	0.00
RESIDENTIAL	5,576,433,050	1,115,287	0.20
VACATION RENTAL	2,626,160,600	1,969,620	0.75
HOTEL & RESORT	2,151,899,200	3,227,849	1.50
COMMERCIAL	984,821,900	98,482	0.10
INDUSTRIAL	343,885,450	34,389	0.10
AGRICULTURAL	763,156,850	76,316	0.10
CONSERVATION	75,366,350	7,537	0.10
	-----	-----	
Subtotal -	16,010,817,900	6,529,479	
Less:			
Home Preservation Limit Differential		(29,580)	
		<u>6,499,899</u>	

\$ 105,842,616 Total RPT

\$ 6,499,899 Increase in RPT

\$ 1,587,639.24

\$ 518,233.00

\$ 1,069,406.24 To Public Access Fund

\$ 5,430,492.68

\$ 3,278,988.00 Shortfall

\$ 2,151,504.68