

The Departmental Budget Review reconvened on Tuesday April 17, 2012 at 9:04 a.m., and proceeded as follows:

All Members were noted present.

### REVENUE FORECASTING

Chair Furfaro: This morning we are doing items that will reference the revenue cycle in the County. There are two pieces to this. I passed out for you a comparison on revenues that dealt with the presentation that I made at the opening so you got a quick comparison list that was part of the PowerPoint that I made. Then we have the agenda sub account, which is more detailed than in the previous years because we never had a revenue reserve cycle.

On property taxes, the exhibit you have in front of you is the particular piece that deals with the certified revenue for your summery that was a \$1,030,000 adjustment from what came over in the original forecast and then documented \$1,038,000 increase after that was certified. This new module is about all revenues. The main thrust of this is not about property taxes. This is about the revenues that we have to work with this year. I do expect that in the near future that we are going to have some follow-up in Mr. Bynum's Committee that deals with other tiered process to look at property tax opportunities going forward. Since the engineering department is here and I would like to see if I cannot invite Wally and Ernie up to the table with some member of engineering so we can talk about first and foremost the revenue items that deals in your calendar with item F. Safety sanitation and that particular (inaudible) with Solid Waste, and Wastewater then we can have the engineering people leave.

So Wally you got in advance the April 16 detail breakdown right. Of the committees that we wanted to talk about regarding all other revenues in the County and from that I would like to be able to excuse Clint and Lyle, if we can talk in particular about sub category F. especially since it is fresh on our mind from yesterday from Solid Waste and the day before that with Wastewater.

Mr. Rezendes: Good morning Councilmembers, Wallace Rezendes Jr., for the record. Actually I wanted ... I guess we can take it out of order. I just wanted to say first off that for our May 8 submittal we will be looking at all our revenue sources like we are for all the budgetary items and hopefully updating and refining the numbers, refining the projections as we go along with more updated information.

Chair Furfaro: Wally if you want to follow a sequence of a presentation that you are going to make then we can do that. That is not a problem.

Mr. Rezendes: Okay, why don't we do that then. I have a handout that I would like to provide to you.

Chair Furfaro: And just for the audience, today's agenda items we have a revenues this morning up until noon. Then we have Housing from 2:00-3:30 p.m. Then at 3:30-4:30 p.m. we have Council Services. Thursday is CIP all day. Friday we are going to do Prosecutors, Elderly Affair, Liquor, and Transportation. Whenever you are ready, Wally, you have the floor. I am going to move my location.

Mr. Rezendes: What I was hoping to do today, Councilmembers, is go through the Operating Budget revenue sources by Fund, and if you have the 2-page budget Ordinance that was submitted in March, I was hoping to follow along the lines taking it fund by fund as we go across the page, so I would start with General Fund and move to the right across the page as we proceed. If there are any questions, it would probably be best to ask them as we go along.

Again the first number Real Property Taxes, everybody knows what that is. That was our initial projection as of March 15. Prior to the certification of the tax roll you will see that number change from seventy-seven three to seventy-eight million, three thirty-eight, five hundred as a result of the certification that was provided to you.

Mr. Bynum: Can you say that number again please.

Mr. Rezendes: I believe it is seventy-eight, three three eight, five hundred.

Mr. Bynum: Thank you.

Chair Furfaro: You rounded it off I guess.

Mr. Rezendes: Yes, but it is in seventy-eight point three some odd million. If you go down that list the public services company tax you will see it as 3.4 million on the budget Ordinance. This is the amount that is based on the estimated revenues collected from Public Services Companies such as Time Warner Cable, etc., and it is based on a percentage of the annual gross receipts. Actually the fact I believe is .01885.

The next section you will see going down that list in the General Fund is in the licensing and permit section the street use category. These are collections of motor vehicle tags, decal, special vehicle replacement, replacement vehicle plates, and replacement of out-of-state vehicle permits, trailer plates, and tags. The business license section is couple hundred dollars. It is collections from automated driving schools, auto wreckage salvage fees, and pepper spray fees. The non-business licenser category is the collection from building structures, equipment, electrical code, plumbing code, and sign code permit collection. That is rolled in to one point one three eight million dollar number.

The next section revenues from investment, that is interest that amounts estimated to be earned from the County Treasury over the course of the fiscal year and that is nine nine seven zero five four.

Ms. Yukimura: (inaudible)

Mr. Rezendes: Revenues from property are from rentals and concessions such as the Fishbowl at the Līhu'e Civic Center.

Ms. Yukimura: (inaudible)

Mr. Rezendes: No, Spouting Horn is not included in there. Intergovernmental revenues, State Grants-in-Aid, the thirteen four eight five that is based on Kaua'i County's allocation of the Transient Accommodations Tax, that is not expected to change or vary in our May submittal. We have a small Other State Grants for the burial of Indigent Veterans and that comes from again the State of Hawai'i. Charges for current services under the General Government Category 163,500 are the budget and that is collection from fees for indirect costs that the County bears such as printing and other services.

Safety category, two million twenty nine thousand six fifty budget number, this is the collection of the County Motor Vehicle registration fees, drivers exam fees, and bus transportation fees.

Ms. Yukimura: (Inaudible)

Mr. Rezendes: Motor Vehicle registration, driver's exam fees, and bus transportation fees. The next section under recreation, one sixty-seven zero five zero is the collection of the fees for summer fun program, camping, and youth athletic programs and we have others ... I apologize I do not have specific details but it is a hodgepodge of various other fees that roll up into the one hundred fifty thousand.

Under the other revenues category this is also a catch all of a number of items. It is the collection from the sale of property, public auctions, irrigation water rates, service charges for bounce checks, fines for (?) and penalties. That basically ends the first category of General Fund numbers.

Mr. Rapozo: Can we ask questions after each section or do you want to wait. I didn't want to interrupt you in the middle of it.

Chair Furfaro: Yes, before we go on to the next section go ahead.

Mr. Rapozo: Okay, thank you Wally. Under licenses us (inaudible) and so forth there was a huge drop from (inaudible). I am assuming it includes the business licenses. That is how you generate your fourteen thousand I would guess. With budget is only two hundred I just know because there are a lot of businesses now that show up the buying and selling of gold and all that. All of those guys all required secondhand dealer licenses. I guess my concern...

Mr. Rezendes: We'll research that. No matter what, if it is coming in, it will hit that account. We may have priced it too low here.

Mr. Rapozo: I think so, because I can tell you a Pawn Broker License is a hundred dollars, and a friend of mine just went and got one, and I think there is a couple other pawn shops on the island, so that in itself would take care of tha—all the secondhand dealers and this is a good opportunity to discuss the secondhand dealer license is ten dollars. We need to address that going forward and I would like to do that in the next year because I think our fees are way too low. The time it takes to process one of those things, they should at least cover the cost to do it and do get clarification on that business license section because I don't see it here. If we are not collecting that then we need to go out and start enforcing it and it is (inaudible) and it is interesting because I have to go through that process for so many years with my shop. Every time I went into a shop, that is the first thing I look for, and no one has it, so I think we need to go out and take a look at that. The other one is (inaudible) cost. That would be the third from the bottom on General Fund. Is that the required (?) cost? That is the department pay?

Mr. Rezendes: No, I am sorry that is not that at all, it is for cost that we incur if the public asks various departments to print or do work, and there is a HRS that we follow to charge those cost.

Mr. Rapozo: The indirect cost that we the County charge the individual departments ...

Mr. Rezendes: Individual funds, that is in Finance accounting budget you will see a section on that in the Operating Budget.

Mr. Rapozo: That doesn't show up on this?

Mr. Rezendes: That doesn't show up on that. It is just intergovernment inter und type of...

Chair Furfaro: So Wally, that cost is actually a recovery.

Mr. Rezendes: Correct.

Chair Furfaro: So maybe we should say that in the future. It is a cost recovery. Excuse me Vice Chair. I did not get my answer. I asked a question then I will recognize you. Can I get that confirmed that in the future a recovery cost.

Mr. Rezendes: Yes, it is in accordance with our central services cost allocation plan.

Chair Furfaro: Nobody is confused that is as it being an expense. It is a recovery cost.

Mr. Rezendes: And it is located on page 35 of the Operating Budget in finance accountings section under indirect cost slash central services cost.

Ms. Yukimura: Thank you and my apologies, just want to be clear  
(inaudible)

Mr. Rapozo: (inaudible)

Ms. Yukimura: (inaudible) that is where we charge other departments for the...

Mr. Rezendes: Not other departments. Outside County, Public or businesses, etc., that come in.

Chair Furfaro: Councilmember Nakamura.

Ms. Nakamura: Thanks for this sheet. Question on the non-business licenses, does that include the Planning Department fees?

Mr. Rezendes: No, basically it does not.

Ms. Nakamura: What category does that fall under?

Mr. Rezendes: What fees in particular are you talking about?

Ms. Nakamura: Like for people who apply for zoning permits, variances, use permits. We usually write a check to Director of Finance.

Mr. Rezendes: Let me go check where that one hits.

Ms. Nakamura: Those fees I think were established in the 70's and I don't think they have been updated. So again just going back to Councilman Rapozo's comment about what are we charging the fees and ...

Mr. Rezendes: The Planning Department has more than one type of fee schedule, some don't hit the General Fund too, but what we probably need to do is get a breakdown of the various Planning associated fees for you.

Ms. Nakamura: I would be kind of curious to see the building permit fees as well. What are we charging and when was the last time we looked at those costs, those fees.

Mr. Rezendes: The building permit fees?

Ms. Nakamura: Yes. Thank you.

Chair Furfaro: Mr. Bynum

Mr. Bynum: The reduction in rent and concessions in this column.  
Problem 321-323.

Mr. Rezendes: That is the blind share.

Mr. Bynum: Is the Spouting Horn in this?

Mr. Rezendes: No. The Spouting Horn is a different fund. That is our 409 fund and that is not showing on the Operating Budget Ordinance and the reason for that is because the way it was established by Ordinance, the Fund is deemed as appropriated, so meaning that the funds are available for expenditure by the Parks Department on an annual basis as revenue is received. I think I'm not sure, Councilmember Bynum, if you were not here on that discussion where we had brought that up and we brought out the Ordinance that basically details the fact that the funds are quote unquote deemed as appropriated to ... it is our 209 fund and it is called the Parks and Recreation maintenance and improvement revolving fund.

Mr. Bynum: And where are those revenues reported here.

Mr. Rezendes: It is not reported on the budget Ordinance.

Mr. Bynum: So there are County revenues that are not reported?

Mr. Rezendes: Because on that one in particular because the way the Ordinance was created by the County Council at the time the funds are deemed as appropriated, so the funds are available for use for only Parks related purposes, Parks related improvement and maintenance purposes. The Parks Department has the authority to proceed and expend those moneys for those only for those specific purposes.

Mr. Bynum: (inaudible) CAFR.

Mr. Rezendes: It is.

Chair Furfaro: It is in the CAFR, but I want to say unfortunately, Tim, that was one of the days you were out ill. We touched on that with Parks.

Mr. Bynum: Sorry.

Chair Furfaro: No problem. Wally, may I ask you on rents and concession, you are saying that the Big Save vacancy is the lion share of that, but how does the trans compare if we took the Big Save concession out of the three twenty-one, what would be the (inaudible) here?

Mr. Rezendes: It likely going to be flat.

Chair Furfaro: Going be flat. The interest earned total this is because we are spending down on money that we have in our (inaudible) fund?

Mr. Rezendes: It is a function of that, as well as market trends on our investments. Of course the longer we can go out on the u curve, the likelihood that we can get a greater return, and I think Dave has done a real good job at projecting when we need funds and when funds will need to be available on months where when we look at cash flow when on months where expenditures exceed revenues for that particular month. It is basically his job, timing how far out on the yield curve he can go and when will he need funds for operating purposes.

Chair Furfaro: The last one is we dealing with the General Fund for clarification for me. Under miscellaneous line, other revenue totals, between (inaudible) penalties, fines, and public auction we are 15% difference in the trend from this year to next year; do you have something that substantiates that 15% trend downward?

Mr. Rezendes: Sorry, I do not have that detail, but we definitely will be looking at that number.

Chair Furfaro: I'd like to send that question over, staff, on the downward trend on other revenues miscellaneous if Mr. Rezendes can take a look at it. It is about thirty grand. Any more questions on this section, Councilmember Yukimura?

Ms. Yukimura: Under Others, undercharges for current services, (inaudible)

Mr. Rezendes: Okay, the detail of the one fifty? Okay

Ms. Yukimura: (inaudible) services...

Mr. Rezendes: The hundred fifty line right?

Ms. Yukimura: (inaudible) labeled others.

Mr. Rezendes: We will get back to you on that one.

Ms. Yukimura: (inaudible) for vehicle registration is included in (inaudible) is that correct?

Mr. Rezendes: Yes.

Ms. Yukimura: Do you know how much we generate in motor vehicle registration?

Mr. Rezendes: I don't have that with me, but I can get you that.

Ms. Yukimura: (inaudible)

Mr. Rezendes: Portions of the EOC, the public utilities franchise tax, and the fuel tax hits the Highway Fund, and then you will see under licensing and permit which we haven't gotten to yet also is a 4 million funding to the Highway Fund.

Ms. Yukimura: Can we get a breakdown (inaudible) charges (inaudible)

Mr. Rezendes: Right, the one fifty we will get that.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: I'm sorry, Mr. Kualii had his hand up.

Chair Furfaro: I can't see. Go ahead Mr. Kualii.

Mr. Kualii: Thank you Mr. Chair. Along the lines of what Vice Chair Yukimura asked for, it would be good to have little bit more detail that breaks up some of these categories. As one example, I am interested to know to the Public Service Company Tax. So the 3.4 million and how it breaks down between the different major utilities. Is that where it is coming from? From cable, from KIUC, also electricity, so maybe like the top three.

Mr. Rezendes: Okay the top three.

Mr. Kualii: The other interesting thing to know is in comparison to this current year. So last year that same line item Public Service Company Tax was 3.5 million. Are we on track when the year ends? Will it be 3.5 million or are we behind or are we ahead?

Mr. Rezendes: I know that in 2011 that it was 3,020,565. Current year we are budgeting 3.5.

Mr. Kualii: And where are we at now?

Mr. Rezendes: We are, in my submittal, we projecting 3401. I don't have the year-to-date numbers but we are projecting nearly 98,000 roughly reduction in that source.

Mr. Kualii: The other thing is so the State Grant-in-Aid or the TAT the amount from last year budgeted was 13.4 million.

Mr. Rezendes: It is exactly the same.

Mr. Kualii: So is that ...

Mr. Rezendes: That is based on the legislature capping.

Mr. Kualii: So it is what it is going to be last year and it is what it is going to be this new budget year.

Mr. Rezendes: Yes.

Mr. Kualii: Okay, thank you.

Chair Furfaro: Mr. Rapozo then Vice Chair Yukimura.

Mr. Rapozo: I want to go back to that the special fund for (inaudible) that is the revolving fund?

Mr. Rezendes: Yes.

Mr. Rapozo: I guess it would be like the sewer revolving fund and so forth?

Mr. Rezendes: Yes.

Mr. Rapozo: Where would we be able to find that in the budget?

Mr. Rezendes: You are not going to find that in the budget. You will be able to find that in the CAFR, the annual financial report, so because again like I said it is deemed as appropriated. If it wasn't structured that way then it would show up in our Operating Budget on annual basis.

Mr. Rapozo: So how many of those funds do we have...

Mr. Rezendes: That is the only one that is structured that way—was by Ordinance the administration have the authority to spend.

Chair Furfaro: Mr. Chang?

Mr. Chang: Good morning, Wally, I wanted to ask on the line of license and permits street use?

Chair Furfaro: I want to make sure everyone is following this. We are going through the categories blue line to blue line okay. So we are going to follow that one next.

Mr. Chang: Okay.

Chair Furfaro: Are there any more questions in the section and Mr. Chang, you still have the floor comparing the General Funds variances year to year?

Mr. Chang: Not on that line.

Chair Furfaro: So to summarize, on this particular point are there any more questions to the General Fund totals? Vice Chair Yukimura.

Ms. Yukimura: So the Spouting Horn Fund was just removed this year?

Mr. Rezendes: No.

Ms. Yukimura: I believe I asked in one of our Public Hearings for the accounting for that fund. But I want to repeat that here, because I think you need to know (inaudible).

Mr. Rezendes: I can tell you that approximately 440,000 a year.

Chair Furfaro: If I can remind everybody again, because it is an earmarked fund, it shows up in the CAFR. When we went through the Parks Department on certain improvements it was implied to us that they were going to tap that fund for about \$200,000.00. That is when we were doing the Park section. It is an earmarked revenue, so it shows up in the CAFR, but it is specifically by Ordinance only spent on Parks projects. You are going to follow-up on Vice Chair's question to reconcile that account for us.

Mr. Rezendes: I am assuming you want to see revenues as well as expenditures over a certain time period.

Ms. Yukimura: Correct.

Chair Furfaro: Okay let's go back to the period when the Ordinance passed. In 2008 or whenever the Ordinance passed.

Mr. Rezentos: It might take a little longer than 48 hours but we have the information.

Chair Furfaro: I'll give you until Friday on that, Wally. Do you need more time than that?

Mr. Rezentos: We need to go back and circle back with the staff.

Chair Furfaro: Okay. We will give you one week on a separate memorandum on the reconciliation on the earmarked funds for Po'ipū concessions going back to the date of the Ordinance. Any more questions under General Funds? Hey I want to reconfirm that we showing this 101,880,000 for the 2012 budget. We are showing as of March 15, 99,275,014 for 2013. We know that part of that difference of \$1,038,000 and is earmarked to the property tax certified amount, which is on a separate sheet, but that basically also that indicates the downward variance on all other revenues going into the General Fund is down \$1,567,000.00 on this worksheet before we get any other questions. If there are no more questions on this piece, we will go at the end, we will have some general questions overall, but can we now go to the Highway Funds, Wally.

Mr. Rezentos: Highway Fund you will see...

Chair Furfaro: I will give Mr. Chang the opportunity to go first since his last question was directed in that area.

Mr. Rezentos: The first item for the highway fund is the Public Utilities utility franchise tax and that is 3.85 and that is when you compare it to the current...if you include the Public Utility and Fuel tax that is basically flat versus when you compare it to the current fiscal year. Again this collection of percentage of Public Utilities revenues. Fuel tax, every County has their own rate for fuel tax, as does the State. I think recently you have seen the State increase fees that are relative to the fuel tax. Payments the fuel tax payments come from the State of Hawai'i and are paid to the County of Kaua'i based on our approved Ordinances and we are projecting that number to be 3.8 million for 13.

In the next section licensing and permits the street use motor vehicle passenger payments \$4,000,010.00 for when you pay your registration the passenger, trailer, and truck fees are in that number. You will see revenues from investments, interest earned on the within the highway fund of \$80,000.00 as well and that is flat relative to the 2012 budget. The intergovernmental section of the highway fund, the \$25,000.00 is funds collected to maintain the highways adjacent to federal refuge area that is under what is labeled as the Refuge Revenue Act. The annual payments from this source comes from the US Department of Fish and Wildlife.

Chair Furfaro: Vice Chair did you have a question?

Ms. Yukimura: I just wanted to (inaudible)

Mr. Rezentos: Any questions on the highway funding, highway funds and revenues?

Chair Furfaro: Mr. Chang has the first call.

Mr. Chang: I believe my question has been answered.

Chair Furfaro: Vice-Chair Yukimura.

Ms. Yukimura: (inaudible)

Mr. Rezendes: Yes, and there is different percentages and I apologize...

Ms. Yukimura: So one goes in the General Fund (inaudible), and another goes into the Highway Fund, also based on percentages (inaudible).

Mr. Rezendes: Percentage of gross revenues, right.

Ms. Yukimura: And the rationale is that they use the (inaudible) system, but they don't pay (inaudible).

Mr. Rezendes: I'm sorry Councilmember I can go and research the HRS relative to that, but I don't have that with me.

Ms. Yukimura: (inaudible)

Chair Furfaro: Vice-Chair, can I ask you to repeat your question so the staff can a...

Ms. Yukimura: The question is what is the distinction between the public service (inaudible) which goes into the General Fund and the Public Utilities (inaudible) which goes into the Highway Fund.

Mr. Rezendes: The General Fund is in lieu of Real Property Taxes.

Ms. Yukimura: Right, and so possible the utility franchise taxes in lieu of something. Maybe or maybe not, I am just trying to understand the rationale.

Mr. Rezendes: I think the HRS will tell you it is the right to have a franchise, a utility, within the State of Hawai'i. They have to pay a fee to have a utility and be given and the authority to conduct business free of competition in the jurisdiction.

Ms. Yukimura: And that goes into the Highway Funds so that (inaudible). Chair, maybe we can ask our staff to breakdown the Highways (inaudible) in terms of what the State takes.

Chair Furfaro: I think we can ask the Finance Department to break that down for us. He would have that.

Mr. Rezendes: We would need to get that from the State Department of Taxation, because they do all the collections and they cut us a check on the back end.

Ms. Yukimura: (inaudible) because I think the last time we raised the (inaudible).

Mr. Rezendes: No, it was during the Kusaka administration. I did it once as well.

Ms. Yukimura: (inaudible)

Mr. Rezendes: That wasn't fun but we did it.

Ms. Yukimura: That was about 10 years ago? Well the thing is ...

Mr. Rezendes: Maybe a little longer than 10.

Ms. Yukimura: The thing is, if we don't do it, everybody else is taking their percentage and then we are already subsidizing the Highway Funds from our General Fund.

Mr. Rezendes: No, Highway, we are not subsidizing this year, but more than likely next year we will have to for the proposed fiscal year.

Ms. Yukimura: Most of the years we subsidize.

Mr. Rezendes: We have in the past some years.

Ms. Yukimura: (inaudible)

Chair Furfaro: No, we subsidized it about a million bucks not too long ago. Maybe 4 years ago and then we went through that period that they didn't spend what was about a million seven, but just before that started, Vice-Chair, there was about a million dollars subsidy.

Ms. Yukimura: I think more than not you subsidize our Highway Fund (inaudible) so than can you give us (inaudible).

Mr. Rezendes: When it was adopted and what level and the breakdown between State and County?

Chair Furfaro: Vice-Chair, if I can ask you to turn off your mic and I will recognize Councilmember Nakamura.

Ms. Nakamura: Thank you, Wally I have a question about the street use. The motor vehicle passenger, is that the motor vehicle registration fee?

Mr. Rezendes: Yes.

Ms. Nakamura: And what is the one up above under safety? There is driver's exam, and county registration fee. What is that County registration fee?

Mr. Rezendes: I am sorry. I am not following.

Ms. Nakamura: Under the General Fund, the section up above there's the 2 million dollars under safety? I am looking at your chart.

Mr. Rezendes: That is collection of motor vehicle registration, driver's license, and bus transportation fees.

Ms. Nakamura: But motor vehicle registration I thought is down below under street use. I was just wondering what County registration covers, because when I read it first I thought that is what it was. The motor vehicle ...

Mr. Rezendes: I will get clarification on that.

Ms. Nakamura: Okay thank you.

Chair Furfaro: Staff, did you get that question? Mr. Chang.

Mr. Chang: Just to follow-up, I am just a little bit confused, Wally. Didn't we recently after many years finally raise the rate when we renew our license?

Mr. Rezendes: We did an increase there.

Mr. Chang: So was that long ... couple years back? Sounds like it was within a year? You remember for long time we renew our license...

Mr. Rezendes: We had to change our structure to be in compliance with I believe the real ID and there was a longer term license and I think the timing with your license will be good was extended to like 7 years in cases, so there was a whole restructuring of fees that resulted from that change.

Mr. Chang: Okay.

Chair Furfaro: Councilmember Kualii.

Mr. Kualii: Just to follow-up on what Councilmember Nakamura was talking about, I do notice that in the 4 million street use under the Highway Fund. It does say motor vehicle passenger, trailer, trucks, etc., so maybe the difference is commercial versus individual, and that up above where you were talking about motor vehicle fees, driver exams, the bus trans fees that is for our County Bus?

Mr. Rezendes: Correct.

Mr. Kualii: With this state, where it says motor vehicle passenger, trailer, trucks that's commercial probably?

Mr. Rezendes: It might be both. Commercial as well as regular passenger.

Mr. Kualii: So with that question you will just provide the details.

Mr. Rezendes: Yes.

Mr. Kualii: Thank you.

Chair Furfaro: Anymore questions dealing with this section? Okay, let's go to the next section.

Mr. Rezendes: The 204 account liquor fees estimated at 1,055,572 and these are the source of revenue from license collections from sale of liquor, liquor sales licenses, including special events where you see sometimes beer garden, etc. ,all those various events. The

funds will hit this particular line item. The liquor fund also has interest investments and you will see a share of about a thousand dollars from liquor funds, investment of liquor funds.

Chair Furfaro: Wally, there is kind of a unique way that we identify the revenues that come from liquor less the Liquor Department's operating expenses, and for lack of any other term, this department actually renders a profit, I guess for lack of any other word, but how do we handle the transfer of the nets there? How do we handle the transfer of this revenue from liquor?

Mr. Rezendes: We cannot. It is for a specific purpose so we cannot. The only thing we can do is recoup central services cost the General Fund provides the Liquor.

Chair Furfaro: And that is where I was leading to. So what do we charge for them on central services to cover their payroll processing and things like that? I just want to make sure everybody at the Council understands.

Mr. Rezendes: It is located on page 35, budget amount is 125,000 that the General Fund recoups from the Liquor Fund.

Chair Furfaro: Everybody clear on that? Okay we recover to the General Fund for allocations of operating cost, payroll services, and so forth about a hundred and a quarter. Any other questions on this section, Vice-Chair Yukimura?

Ms. Yukimura: I should know this ... who sets the (inaudible).

Mr. Rezendes: I think it is Ordinance. I believe there are Ordinance fee levels that have been approved for quite some time.

Ms. Yukimura: (inaudible)

Chair Furfaro: Scott or either of you, if you could do that. We will take care of answering that question. Any other questions in the area of liquor? Done, okay Wally, we can move on.

Mr. Rezendes: Beautification Fund on 205 under street use you will see the 302,660 this is collection from Beautification Fees paid as part of the vehicle registration. It is based on \$.50 per registration processed. Those funds are available for the most part the Highway Division use.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: The Beautification Fund, aren't those funds used by parks?

Mr. Rezendes: For beautification of highways I think there is a ...

Mr. Bynum: I thought those were park funds? Or those funds are administered by parks? Is there more than one beautification fund?

Mr. Rezendes: No.

Mr. Bynum: And for this discussion, it is not that important that I get an answer right now.

Mr. Rezendes: You will see it is on page 234 of the Operating Budget.

Chair Furfaro: You folks would want to follow that because once we get them identified these are questions that are not going over. Page number again Wally.

Mr. Rezendes: 234. Largely used for disposal of abandoned vehicles 300,000 and then for the rest of beautification special projects of one or two I think Councilmember Bynum maybe that is what you are looking at the special projects of the Operating Budget that is 102,660.

Mr. Bynum: I'm lost, but I can follow-up on this later.

Mr. Rezendes: Again it is on page 234

Mr. Bynum: In the budget?

Mr. Rezendes: In the beautification fund page 234.

Ms. Yukimura: Might be under solid waste.

Mr. Rezendes: It is just passed Liquor Fund if you follow your tab.

Chair Furfaro: While Jade is briefing him. We turned your mic off; you need to turn it back on.

Mr. Bynum: Thank you.

Chair Furfaro: Anymore questions in this section here? Did you have a question Mr. Chang?

Mr. Chang: No sir.

Chair Furfaro: Councilmember Nakamura. No, okay. Okay everyone we are going to move on to Solid Waste.

Mr. Rezendes: Solid waste fund 208.

Chair Furfaro: Wally, give us an explanation on this line item as this reflects other State grants.

Mr. Rezendes: Are you referencing the next section on housing and community development?

Chair Furfaro: I'm sorry.

Mr. Rezendes: No. I caught you. I was looking at the same item actually a second earlier. The Solid Waste Fund we are looking at ...

Chair Furfaro: There is a footnote to the side of it...Other state grants. Could you get Aida for Vice-Chair Yukimura? Her and Ricky are rotating. Here she is. Are you still pondering on that one?

Mr. Rezendes: No we are good to go. Again 6.2 million and that are flat relative to the current fiscal year 2012. We are looking at actually in the May submittal revising downward the refuse collection from revenue sources from by about approximately 400,000 or so but we are working on updating that number about 413,000 reductions from the refuse collection from residential fees.

Chair Furfaro: Wally, we seem to have a couple Councilmembers that are seeking out some information at the moment and since we are going until 12:00 p.m. I would like to take the 10 minute caption break now so that they can look at their information and we will come back at 10:15 a.m.

There being no objections, the meeting was recessed at 10:04 a.m.

The meeting was called back to order at 10:25 a.m.

Chair Furfaro: Aloha and we are back from our recess and before we go any further I just want to point out as we talked about the Parks Fund, and Scott, I got your CAFR over here so I'll give it back. On page 99 is the combined balance sheet of non-major Government Funds and you will find a reporting which is about \$409,000.00 a year on the special Parks Fund, and as we saw from the Parks Department on their maintenance and small equipment repairs, they're planning to spend a little over a million 2 on park improvements. That fund earmarked for particular park projects is 1,665,000 so far, so the money we talking about transferring out of that is coming from that line earmarked only for parks, and the revenues are running about 409 a year. So, on that note of clarification you want to add anything, Mr. Barreira?

Mr. Barreira: Good morning Chair, Ernie Barreira, Budget and Purchasing Director. Just one clarification, that is in line with our overall strategy to spend down all special funds so as not to place heavy burden on the General Fund as we have been talking about since the opening session.

Chair Furfaro: So Scott, I will give you back your book, and for everybody's information it is in the CAFR on page 99. We will go back to where we were, Wally.

Mr. Rezendes: I believe we stopped on Solid Waste and I needed to clarify my statement. I was explaining to incorrect columns basically we are looking at 6.2 million in revenues to the Solid Waste fund and that is in line with the current fiscal year 2012 budget. They will be amongst the various categories there will be a flip of switch of some residential vs. commercial as TVRs will be rolled into the commercial side, so there will be a flip in different sections of revenue. The residential side will be reduced but the commercial side will go up as a result of the change in fees from it being either resident or commercial in nature.

Chair Furfaro: Go ahead Mr. Bynum.

Mr. Bynum: I apologize. You are kind of soft spoken Wally and I am kind of hard of hearing.

Mr. Rezendes: There is approximately a projection of 400 TVR accounts that are going to be added to the solid waste commercial collection fee and there is a commensurate reduction in the residential side of the collection fee, because there is a switch for the TVRs now they are going to be classified as commercial in nature vs. residential in nature.

Mr. Bynum: But they actually pay a higher rate?

Mr. Rezendes: They pay 78.

Mr. Bynum: As opposed to residential 12, and 78 for commercial.  
Mr. Rezendes: Residential 12, and 78 for commercial.

Mr. Bynum: So they will actually be ... even though be reported differently in revenue increase.

Mr. Rezendes: Actually I believe it will be pretty much a wash because tonnages are going down as well, and perhaps also as reported yesterday, I think there is some recycling as a result too in that number. There is more than one reason why the number is moving.

Mr. Bynum: Okay thank you.

Chair Furfaro: Just a follow-up on Mr. Bynum's question if we took about 412 of these going from residential to commercial rates that is about 27,000 and that is a pretty substantial amount. Am I to understand that the Solid Waste Division had already calculated that in their number? In their number that is showing usage dropping and in there was the additional 27,000 of revenue from the new TVR to prove?

Mr. Rezendes: Yes it is in the number.

Chair Furfaro: I'm sorry I just wanted to get some clarification. Did you have more questions?

Mr. Bynum: No.

Chair Furfaro: Okay, Mr. Kualii.

Mr. Kualii: Clarification. So were you undoing what you said earlier about the 413 thousand?

Mr. Rezendes: Yes. That was a mistake.

Mr. Kualii: So you saying it is a wash, it's not 413 thousand decrease.

Mr. Rezendes: Yes.

Mr. Kualii: Okay I just wanted to be clear on that.

Chair Furfaro: Anymore questions on this section? Okay Mr. Rezendes, you want to take us to the next area.

Mr. Rezendes: The next section is I'm not sure if we need to ... housing community development fund and that is 1.907.

Chair Furfaro: I'm sorry, I have a different number than what you just said. Housing and Development totals?

Mr. Rezendes: Account 211. 1.907 963.

Chair Furfaro: Okay I got it. Questions on that area Vice-Chair Yukimura.

Ms. Yukimura: (inaudible)

Mr. Rezendes: That is from Housing Development Fund. I don't have my CAFR with me. Those are grant funds that is managed by the Housing Agency, federal sources. The comparison is in current year budget is 2.15 so it is a slight decline in their projected revenue for the ensuing fiscal year for fiscal 13.

Chair Furfaro: Mr. Barreira, did you want to add something?

Mr. Barreira: No sir, just that when Housing is coming forward to testify on the budget hearing, I'm sure they are going to talk about the reduced revenue as a result of the grant changes.

Ms. Yukimura: Yes (inaudible)

Chair Furfaro: Fair enough. To you Vice-Chair?

Ms. Yukimura: Yes.

Chair Furfaro: Questions in this category? Okay next area.

Mr. Rezendes: We can go to Sewer Fund 502. Sewer Fund over revenues of 7,858,000 is projected. An increase over current year which is 7,152,000 we are actually looking to update the Wastewater sewer fees for residential and commercial. Right now we have budgeted in the March budget 2.64 million for residential and we are looking at an increase to 2.9 million and on the commercial sewer fees from 4.125 million to approximately 4.5 million in the March submittal. Again these numbers are being worked on right now by Public Works and we will update the revenue figures for during the May submittal of the budget. Any questions?

Chair Furfaro: Wally, I understand that is a 7 hundred and 6 thousand dollar forecasted increase?

Mr. Rezendes: Cumulative right.

Chair Furfaro: Cumulative yes? Since we started this line, this is the first increase we have seen. Vice-Chair Yukimura you have the floor.

Ms. Yukimura: (inaudible)

Mr. Rezendes: I'm sorry?

Ms. Yukimura: You are proposing...

Mr. Rezendes: No, we are updating our revenue projections so we are not proposing a fee change. I believe the last time the Public Works came up with their revenue plan based on the consultant members it was a it is the second of three tiered increases that went according to the plan and I think it was improved by the County Council and adopted by the County Council.

Ms. Yukimura: (inaudible) include it in this budget. The ones related to us in March 15?

Mr. Rezendes: Again we are updating ... I am not sure if all of this is purely rate driven or demand driven.

Ms. Yukimura: You knew it was going to happen right?

Mr. Rezendes: Yes, but what I'm saying is I'm not sure... is the variance that we estimated just purely demand or combination?

Chair Furfaro: First of all let's clarify the title for Vice-Chair Yukimura on the heading, it said that this was the proposed budget on 3-15-12, so was it reflected already? So it was not reflected in the March 15 piece that was submitted.

Mr. Rezendes: We missed it.

Chair Furfaro: So.

Ms. Yukimura: Yesterday when we were looking (inaudible) I just have a sense that a lot of these agencies are not looking at their revenues probably because they don't have to, they just (inaudible) and spend the money but...

Chair Furfaro: Vice-Chair, that is why I put this in the new budget procedure going forward.

Ms. Yukimura: I'm so glad you did, but somehow it needs to be in the administration's budget process maybe more consciously because ...

Mr. Rezendes: I agree.

Ms. Yukimura: sort of basic and it is true that on both sides of the separation powers (inaudible)

Chair Furfaro: But we are getting better.

Ms. Yukimura: Yes, we are getting better but just procedurally check on revenues (inaudible).

Chair Furfaro: Somebody implied I was a little too hard yesterday on some of these items, but let me restate what Council Vice-Chair is saying, when it comes to revenue this is a new part of the budget piece and you should know that the Council is not asleep at the switch. We are looking at the money. Councilmember Nakamura.

Ms. Nakamura: Just to piggyback on that, I think that in the strategic plans or the write-up that we get from the Departments in the future, maybe it would be good to not just focus on expenditures but to look at revenues in that picture so we know that the Departments are looking at it and it is presented in a way that it shows what their plans are with respect to revenues and fees generated so we can make that analysis that really for example for the sewer fund that if it was not for the leftover from the previous year, we would not be able to balance this budget and we would need to allocate 2.4 million from the General Fund to balance to meet the expenditures for this fund. And so for next year I am assuming we are going to tap out the unappropriated surplus or equity for the fund and so we are going to need then to subsidize it with the General

Fund. That is the kind of analysis we need to be seeing as we are looking at the Department and they need to be looking at that to see is this trend that we want to continue or should we be looking at increasing fees or is it not the right time to do it but at least have that discussion. Thank you.

Chair Furfaro: Yes, and as the two ladies have just expressed it becoming the direction of this Council to make sure that the Department Head realize that this is not found money. They have to find themselves understanding their revenue cycles and how much they have to spend within their Departments based on those types of enterprise funds that have income coming to them. Councilmember Nakamura.

Ms. Nakamura: I think this one is of concern but I think the Solid Waste Disposal Fund earlier that we talked about is probably even more concerning because we are using the fund equity of 4.7 million to balance and then we are adding 2.3 million from the General Fund. That is over 8 million dollars that we are not going to have...we are not going to have the 5.7 next year and so that is of a concern that means we are starting off much less to work.

Chair Furfaro: This is a nice way to tell them it is on the radar screen. Vice-Chair Yukimura and then Mr. Bynum.

Ms. Yukimura: (inaudible) into the sewage fund could it be (inaudible)

Mr. Rezendes: Yes, absolutely, and again we are not proposing in the fiscal 13 budget to subsidize any portion on the operation going forward, so what would likely happen is we would use less of their fund balance if their expenditures stay status quo.

Ms. Yukimura: Which means that the following year we still have the balance versus (inaudible).

Mr. Rezendes: You will have some rollover that will stay.

Ms. Yukimura: (inaudible) you can't do this year by year, you have to (inaudible) five years, I think (inaudible) that the year we are budgeting for is the first of a five year period so you can anticipate what kind of dynamics (inaudible).

Mr. Rezendes: And I agree and like (inaudible) said I think this is the second year of a third year within the Sewer Fund from the resulting fees from the updated rate study. So I think that is important that the Department of Public Works again we all look at determining what the fee structure should be beyond the three years and insure that we have enough that we have enough revenues to carry forward expected expenditures down the road so there is not too much time that we have to preplan for the next few years of expected cost and equipment replacement and all that kind of stuff.

Ms. Yukimura: And we need to acknowledge and celebrate the good work that has anticipated the need for these tiered increases so that we can run the system and I mean even the Water Department is doing right now is because of Commissioner Carol Suzawa, Ernie Lau went through the process of developing a plan and then a fee schedule to support it, which is now paying off because we are able to replace (inaudible) and City and County which is having so much trouble with the roads and potholes is because they haven't done this, and we need to sort of take heed and look at our roads fund, highway fund, and project the needs for repair and maintenance (inaudible) so that we don't get into a bind, but that kind of anticipation doing fee studies so that we are anticipating when the deficiencies are going to come...

Chair Furfaro: Let's save that discussion until the end of this piece when we know where we have found revenue and where we have not found revenue. Mr. Bynum, you have the floor.

Mr. Bynum: Just real briefly, I am following up on what Councilmember Nakamura was saying and I have said this repeat, I am very happy that dealing with these funds and what I consider a more appropriate manner and those trends and your cautions are, but in that fund we traditionally have put lots of number of 9-10 million every year and I know last year we actually put too much because we had a fund balance and it grew by 2 million and so we are rectifying that, but that notion that we do subsidize Solid Waste has been that way for a long time, and we have put a very significant new revenue source of totaling 2.7 million and that is impacting this year, and JoAnn's general comment for me being involved in government 9 year the administration and the Council...the Council is paying more attention to its responsibilities under our current leadership shown by today's meeting which didn't exist in the previous budgets and the administration is making move that and so there are a lot of positive things where we are in consensus this year different than last year. Some other day where we are not but I think I am really pleased that the Council is paying more recognition to this and I heard Wally agreeing. Even in the budgeting process with the departments over there, they need to be paying more attention to revenues and we are having the kind of questions today that says gosh, we haven't looked at these fees for ten years or fifteen years and at some point fees are a little more fair because they go on the people who actually use those County services, and so if you're subsidizing it from other sources by taxpayers who don't use those services, they eventually can make an argument, hey that is not really fair, so anyway thank you.

Chair Furfaro: Thank you, Mr. Kualii.

Mr. Kualii: So just to confirm from where you started you said that the projections of what the funds the revenue in the Sewer Fund Sanitation line you said residential 2.9 million and commercial 4.5 million so that is a total of 7.4 million. So in your new submission instead of 7.8 million you are going to have 7.4 million?

Mr. Rezendes: Well there is actually another item smaller on the sludge sewer disposal that will likely go up a little bit from about from about 120 to 150.

Mr. Kualii: 120 to 150 and that is part that ...

Mr. Rezendes: That is part of the Wastewater fee right? The sewer fee structure?

Mr. Kualii: And you did say it was 7.1 last year? So it is going up a little but not as much as 7.8 million.

Mr. Rezendes: Yes, correct, it was about 7.1 last year. 7.15 current years.

Mr. Kualii: And 7.5 maybe. Thank you.

Chair Furfaro: Anymore questions on this part? Okay we will go to page 2. Wally you have the floor. Thank you over there in Public Works.

Mr. Rezendes: The next fund is our Golf Fund. The Golf Fund, the current year we have 1.232 budgeted, the March 15 budget we have 1.243 million projected. Within that amount you will see within the Golf Fund 1,099,000 under the recreation category and that is

for green fees associated with play. And 144,000 that is associated with the rents and concession for the Golf Course as you know there is basically a concession for golf carts, concession for the pro shop, and concession for the restaurant the golf course Parks Department will be looking at doing some repair and renovation for the restaurant concession so between we are looking to have updated numbers or projections relative to the restaurant concession depending on their best estimate of how long the repair work will take and the restaurant not functional. We may be looking to update the fund revenue projection in particularly for the restaurant portion of that operation.

Chair Furfaro: So Wally, what we have here is a substantial amount down in rents and concessions for the Golf Course of which I think has been presented to us that there is a rethinking of the business plan for the concessions. There are some capital needs for the plumbing, floor, and roof but that we really won't have an operation as we know it probably until the end of the year for food concession and so forth and that makes up for a significant difference in this concession income, but from what I heard ,whether they are doing a little simple pupu kind of stuff, some pau hana beer, some sandwiches, and so forth, we will have some revenue, but the reality is we have to rethink what that concession is. Go ahead Mr. Bynum. We want to rethink that ... I that going to be an opportunity. Is that in Mr. Bynum's committee later or is that in your Mel? So would we know when we are going to see the difference on some kind of proposal? Are we looking 3-4 months into the New Year to see what that concession will look like?

Mr. Rezendes: I would say that is a fair bet. I think they are going to have to go through the procurement process to get the requisite services that they need to have provided, their construction work provided, and there probably is some permitting and some (inaudible) time for the contractor as well. I think it is safe to say something along the lines of 4-6 months of the next fiscal year not having that operation stood up. I know that Parks folks are looking at options as we speak. I am not sure if they are able to secure like a wagon type concession (inaudible) so I don't think they have finalized that but I know they were looking at that over the last couple of weeks and looking for potential vendors. At least to bridge some of that gap.

Chair Furfaro: So if we put an agenda item in Mr. Bynum's Committee say in November ,we should clearly have an understanding of the repair and maintenance as well as selection of concessions for food and beverage.

Mr. Rezendes: Yes and it may come to possibly providing funding via our May submittal to help along those lines.

Chair Furfaro: Okay. Mr. Bynum.

Mr. Bynum: I just want to follow-up on this briefly, the concession there, the restaurant concession even when it was operating last year was below the standards that the Health Department requires and there is, just to function, drainage has to be fixed, the hood has to be fixed, and then it is still a 40 year old facility that doesn't have the kind of restaurant standards that most restaurant (inaudible) would want in the modern day, and so I hope we discuss this at CIP because I don't see any funds in there now. That facility needs a renovation in my view. Not just bring it to minimum health standards. Bring it to minimum health standards are a requirement and I don't think we can legally put a vendor in there until it meets both standards. But I would hope the administration is looking at doing a renovation to that building and bring the facility to a better quality to attract the vendor who can be successful and provide the level of services that have been lacking at the Golf Course over the last few years. I just wanted to make those comments but I think that is a CIP discussion. I don't know how much we got into it at Parks because I was ill that day but...

Chair Furfaro: We getting into it all day Thursday CIP.

Mr. Bynum: Right CIP so thank you.

Chair Furfaro: Ernie, did you want to share something with us?  
Looks like you looking at the CIP budget.

Mr. Barreira: No, Chair, I was going to see if I could get some  
information from the Department so I could respond to the concern.

Chair Furfaro: Well, we will save that for Thursday. Mr. Bynum and  
I look forward to that. Vice-Chair Yukimura.

Ms. Yukimura: I just like to (inaudible) golf course restaurant  
because they don't know what their needs are rather than us who don't know how to run a  
restaurant (inaudible).

Chair Furfaro: I think I have a little experience there.

Mr. Rezendes: I think I believe that it is not easy running a Golf  
Course Restaurant, it is somewhat of a captive audience. I used to practically live at Wailua Golf  
Course in the summers and kind of spend half of my growing up years there and I have seen the  
changes since the mid 70's at the Golf Course, and quite frankly, Kapa'a and Wailua, the towns has  
changed over the years because there is so much more restaurant opportunities than ever before.  
The Golf Course is once removed from the town core and in the old days there was the Golf Course  
Restaurant didn't have as much competition bottom line so a lot residents would come from Kapa'a,  
Wailua Homesteads, and Wailua House Lots to eat lunch or dinner ,even if they didn't play golf so  
they had a more diversified base. Beyond that the restaurant had weddings there, a lot of luaus, and  
now there are a lot more competition elsewhere for that kind of stuff too. So it is not an easy  
proposition and I can tell you that over the years we have lowered the minimum levels of rent,  
understanding that it is a hard go at it, and the ultimately the bid that we received was well north of  
our minimum rental amount we proposed well north. And from what I understand too in talking to  
some past vendors, there is a part of the operation that you have a better opportunity of making  
more money and that is the snack shop operation because the overhead is much lower versus the  
restaurant side.

Ms. Yukimura: (inaudible) I just wanted to put out a suggestion that  
those are the things that need to be looked at. Philosophically we have to decide where the  
restaurant should break even or just make something above that will support the Golf Course or if it  
has potential for more than that. It is something that it is a thought process that Parks has to go  
through in a knowledgeable way drawing on people like the Chair and others that have the  
experience (inaudible); we need to just research this a bit more. I'm not trying to have a discussion  
here, I just wanted to put that suggestion out.

Chair Furfaro: Okay on that note I have made myself available to  
Parks if they want to talk. The Golf Course Concession should be an amenity to golf. That is the  
focus. Not a standalone restaurant. Councilmember Nakamura.

Ms. Nakamura: Along those lines, I think that what I see that is  
missing here is the discussion of this asset that is this facility that is pretty everybody acknowledges  
it is old and rundown in many ways, and yet there is space for potential meeting space, there is  
potential restaurant space, snack bar space, and I don't see the approach being taken as looking at it  
as an asset that we need to look at really what is feasible, so what I am thinking of is we need to  
start with a concept of what is possible here and part of it is a physical look. What is our vision for

this property and then also what is the business feasibility piece, and I don't see that second half. I see us doing piecemeal fixing up to maybe deal with some short term maybe try and break even or provide an amenity, but I don't see us strategically looking at this as an asset of the County and thinking what are the possibilities in this business climate what would make sense. We have learned from this short term experience what doesn't work...

Chair Furfaro: We knew that, I'm going to be very blunt. We knew that upfront. That is not a full service restaurant location. It is an amenity that needs a business plan to support golf.

Ms. Nakamura: Exactly and in the future could it be and what would it take if we want to go in that direction. So that type of strategic thinking needs to happen, but there is going to be resources needed to move in that direction and I believe if because it is an asset it's not just fixing the golf course. We have spent a lot of resources making this course so beautiful and bring the standards up I think we need to try to look at this amenity. I am not sure but I believe it is the role of Parks and Recreation to take the lead but I also think there's some greater asset management piece here that needs to be looked at and some resources put toward that so that Parks and Rec can do their work to implement it but there is a missing piece here.

Chair Furfaro: They have had an opportunity or at least I extended to them to engage in that conversation. It has not happened yet. That needs to be the initiative from the administration so it hasn't happened yet. Vice-Chair Yukimura.

Ms. Yukimura: (inaudible)

Chair Furfaro: Let us move on. I think I said this the first time. The asset is the Golf Course, the amenity is the snack bar. That is supposed to drive rounds of golf which is our main cash issue for that amenity, but let's know that the invitation is extended. There are people that are available to do that, but as we see this number here, you are showing between the concession and I assume this is all concessions and the number of rounds of golf, we are projecting \$10,000.00 increase in revenues at this point with an unknown yet to be developed. Okay next item.

Mr. Rezendes: The next three items are funds relative to housing and I'm not sure if you want to roll this discussion until tomorrow in Housing Department Budget like we discussed the housing and development fund.

Chair Furfaro: It is probably best to roll it into Housing. Does anybody have a problem with that here? I think we agree with you, Wally. So Kalepa, Paanau, and the Housing revolving fund so as we have gone through this piece ... oh sure go ahead.

Mr. Rapozo: It's probably a dumb question, it is under rent and concessions, but concessions, we don't have any concessions in (inaudible) right. Housing involving Kalepa (inaudible) is that considered a concession?

Mr. Rezendes: Yes, I hear what you are saying kind of a misnomer, Yes.

Mr. Rapozo: (inaudible) that is fine but I assume that because rents (inaudible) don't need to change it because it's a standard part of the account, so that's fine thank you.

Chair Furfaro: Okay that is a very interesting question but there are times when places like Kalepa and so forth, the common area elements are rented out. If we just

want to lump sum that in rent or do we want to keep track of the facilities as they're used by homeowners, birthday parties for tenants, and so forth. That is a question that is a good one that Mr. Rapozo has raised because Kalepa has a pretty sizable community center in the way of facilities. Thank you for the question, Mr. Rapozo.

Mr. Rapozo: I think that the usage of that facility may increase the revenue because I'm not sure if they allow outside renters but that can be explored.

Chair Furfaro: No, as I said tenants. But I don't think it is free for tenants if they have a private party there or so forth.

Mr. Rapozo: In that case I think it should be (inaudible).

Chair Furfaro: It is worth surfacing when we go to Housing.  
Mr. Kualii did you have a question?

Mr. Kualii: Thank you Mr. Chair. So I know that the public Access Fund and the Debt Service Fund both shows zero, but is there anything that you were going to say about that?

Mr. Rezendes: You will see well the Public Access Fund is a function of half of a percent of Real Property. The Debt Service Fund is I guess detailed below the revenues you see it in the Debt Service Fund at 9.707. We didn't include it in this discussion because the focus was on revenues.

Chair Furfaro: Yes and we should put that in part of the Housing question. I think I agree with Councilmember Kualii. When we get to Housing we should be able to ask the Debt service on the project itself as it compares to revenue so.

Mr. Kualii: But you did just say that the Public Access Fund was one half percent of the Real Property tax revenue so it is coming from that revenue.

Mr. Rezendes: One half of one percent I believe that is what the Ordinance was approved to be.

Mr. Kualii: Thank you.

Chair Furfaro: You're good. Okay just to summarize this sheet and this portion here as we are comparing revenues to last year well it is fair to point out when it comes to the General Fund, we are negative about 1.5 million, exactly 1.567; when it comes to the other subcategories, we are about 453,000 to the plus on the front page which reflects a change in the beautification fund about 4,000 compared to last year. A change in community Housing by 249,000 down and an improvement in the Sewer Fund by 706,000. If we take that over to page 2, we are about 153,000 better to the previous year and all of those accounts and when comparing the forecast for 2013 to the actual in 2012 there is a net difference of 961,000 negative to the previous year in comparing budget to budget. We can leave that at this point right now.

Now I guess I am going to be slipping out about 11:45 a.m. but I think we are going to have a little discussion about the detail in Real Property Tax at this point, so is Mr. Hunt here? Is he going to be chatting with us? I guess the first thing we should be talking about is what actually we think he was able to reconcile as to showing the certified property forecast better by a 1,038,000 that might be a starting point for discussion, and again, Mel, I'm going to have to step out 11:45 a.m. We

scheduled this session until noon so will you take over the meeting when I step out. Okay Steve you have the floor.

Mr. Hunt: Steve Hunt, Real Property Assessment. I guess the projections that we were providing prior to the certification of the roll were presented in the original budget that was submitted. The anticipation and the real guesswork was obviously what rates were going to remain, the current rates, whether there is going to be rate changes and also estimating the number of appeals that are going to occur. In fiscal year 12, we had roughly about 1.5 million as set aside which was 50% of the taxes in appeal was escrowed. They were for budgeting purposes. We were estimating about the same amount between a million two and a million five for the fiscal 13 budget initially, but by the time we actually got the certified roll, the number of appeals was far down from where our estimates were. So there was roughly about two hundred eleven thousand or so in that escrow account for that number of appeals. I believe the number that we have, if you were to apply the current rate to the certified roll, inclusive of the appeals, is \$78,338,499 I believe is the current projected revenue from Real Property Tax.

Chair Furfaro: And do I recall having surface this question before we get to the actual setting of the tax rate and so forth that there might be some presentations to us by Real Property about various impacts on rates.

Mr. Hunt: We did do a study to determine what a ten cent increase both currently we have two rates still but by category to both the land and the building would result in and I'm happy to share those numbers with you today.

Chair Furfaro: Do you have a handout for us or can we make copies?

Mr. Hunt: You probably have to make some copies. I don't think we have enough. Put it up on the screen maybe.

Chair Furfaro: Sure, but I would like some hard copies also so that we can pursue some dialog there. Now if you could repeat that while we are making copies the scenarios you are going to show us are...

Mr. Hunt: They will be for the eight different categories, split classes, land and building rates, what a 10¢ increase to the rate would result in revenue. The only caveat being I did the exercise for homestead, but obviously, the cap is going to kick in so you can increase the rate and you may not see revenue from that rate because of the cap.

Chair Furfaro: So maybe do you have some that shows us what the increase of revenue will be going from 2% flat cap to 3.7 in that category? Do you have a scenario that shows us that?

Mr. Hunt: No, I do not because it's commingled. The cap applies not only to the ... I believe there are 10,421 in the homestead proper, but there are over 12,400 that actually have the cap established in different categories.

Chair Furfaro: So are you able to do that in some kind of a subsidiary ledger by taking those that have the cap in apartment, those that have the ... are you able to do that?

Mr. Hunt: I cannot do that. I do have a spreadsheet that I created at the vendor extract that has the current cap amount, the credit, if you will, in each category and it would have the hard line cap. Obviously the credit changes every time you change

the rate because the higher the market tax would be, the more credits they would get. But we could do that for that category but it would be specific to setting up something.

Chair Furfaro: Steve, I just seen a gentleman that walked in; the audience was empty earlier. Sir, are you here to give any testimony on the pieces that were given earlier? No, okay thank you, go ahead Steve.

Mr. Hunt: So because of the commingling of the exemption within the various classes, it is very difficult to discern what is being capped and what the effect would be of the rate changes until you actually run it through the software. The spreadsheet gives you somewhat of an idea, but even that you have to program to see where the caps kick in and what the changes would be.

Chair Furfaro: Okay, what I am going to do now while they're making copies, I am going to allow a few questions, but more importantly you got to come back and make your presentation from what is being handed out to us. For right now, I will recognize Mr. Bynum.

Mr. Bynum: Mr. Chair, this issue that Steve just touched on is something I really am hopeful we have a discussion about today with the Council.

Chair Furfaro: Well we are going to see his presentation.

Mr. Bynum: I'm afraid we are going to run out of time but because our tax Ordinance says Council, look at your revenue needs, determine what percentage should be paid by what type of taxpayer, and when it comes to the homestead class, we don't have the fundamental information in which to make an informed decision. Our staff calculates the percentages for us and they say that homestead class is 15% (inaudible) 16% but that is because unlike Steve, they don't eliminate the credits before doing that calculation. Steve, the number you gave was 11.59 or something after you remove those ,but all of those credits aren't in the homestead class.

Mr. Hunt: That is correct.

Mr. Bynum: So in the resident home so we don't have a figure that tells us what percentage of taxes are being paid by resident homeowners correct?

Mr. Hunt: Correct.

Mr. Bynum: And I find that and have found that inappropriate for more than two years when I came to that realization because there were 12,199 resident homeowners I believe or parcels 10,000 of those are in the homestead class 13,000 of them are in single family residential and what's pit 5?

Mr. Hunt: Ag.

Mr. Bynum: 444 of them are in Ag, I think 78 are in apartment, so you know overall there are almost 19,000 that are not reflected in these calculations, so excuse all of these calculations. The homestead class is actually paying more than is showing in the chart sheet provided us. So let's just use single family residential, it shows that they have had tax reductions and has a class that is correct, but inside that class there are 13,000 homeowners, the majority of which have had increases, so the deduction at the class shows is actually the non-resident homeowners have even bigger deduction than what our data shows. I have again sent you ,I don't

know if you've gotten it, but for the third or fourth time what is the true fiscal impact of resident homeowners when you calculate out these and what is the true impact with the other classes?

Mr. Hunt: That question is a well-founded question. It is not a question I can answer, it is not a question unless you authorize funds for reprogramming that we can create a job to provide you that, but that is not something that is accessible at our fingertips.

Mr. Bynum: And so I just want and if I had more time I would go into detail on this. The tax Ordinance tells us Council, make an informed decision, and you are testifying now for the third time in two years and it is not a blaming statement, it is just a reality you cannot provide us with that information, so it is impossible for the Council to make an informed decision because we don't have the data, and I have been begging and being rude at times saying it is irresponsible of us as a Government to make these fundamental tax decisions without fundamentally accurate data in order to make an informed decision. So I'll repeat it for the umpteenth time whatever it takes we need to have a clear picture of who is paying what tax burden in our County. Not one that is ballparked, swagged, you know. We need an accurate accounting. Now I'm preparing my own proposal for rates, I don't know what the, but I can't ... I should be able to know to the penny how it will impact resident homeowners, how it will impact each class in each individual taxpayer in this County, because in order for us to do an informed decision, we need to look at the macro, how does this impact this class of taxpayers, and the micro, how does it include individual taxpayers. So I will just leave it at that. It is just very upsetting to me that after three years of having this discussion we can't get that data.

Chair Furfaro: Okay let's leave it at that.

Mr. Hunt: I would like to go on record that I did provide that data in a spreadsheet form on April 4. All taxable parcels, what their estimated taxes are, with the current tax rates was provided April 4.

Mr. Bynum: Where are homeowners?

Mr. Hunt: It includes all taxable parcels.

Mr. Rapozo: Does it look like this?

Mr. Hunt: I can't see that far.

Mr. Bynum: You mean the...

Mr. Hunt: It's a big spreadsheet. I had to zip file it to you because it was 50 megs or something.

Mr. Bynum: Right and I have that email here. I requested this as soon as the certified tax rolls were available you sent me the data but not in a form we can access.

Chair Furfaro: Okay let's hold right here. You have your response but I have to tell you I do believe that there are programs available and I have dealt with them a lot in my hotel career. Let us just take those categories up on the board and say I want to put something and something that says...the first category is single family residents, let's call that a garden view room. Let's take the next as partial ocean view, ocean view, and so forth. Dickie is an airline pilot, who is entitled to a 50% discount, and Mel is a travel agent, and so forth, and so you have those categories of people who qualify for discounts into these categories of economy, garden view, and so forth. You should be able to calculate what discounts are happening and what

categories. Those kinds of programs do exist. Maybe you need to tell us if we need to invest in a little bit money because the point Mr. Bynum is making is we have to make informed decisions. So on that note, let's go to your presentation. That's it, let's go to the presentation. I want to see the presentation before I leave at 11:45 a.m.

But Steve, you hear my point, if it is software we have to buy that we can get the most accurate information possible, there has got to be a similar package somewhere. Okay you have the floor.

Mr. Hunt: Using the fiscal year 13 information, if the land rate for the single class were to increase 10¢, the revenue impact would be approximately 291,426. Again with Mr. Bynum's caveat that those that are in the single family class that are capped, there is going to be some reduction and they will pay actually a little less than that. So all of these categories that I speak of where there are capped programs under the PHU, this would be the high estimate is anything else there is going to be additional credits to the lows that would bring that down. Assuming there were no caps, that would be the maximum increase. If you were to take that same category for the building increase, a 10¢ increase to the building value produces approximately 159,462 thousand in revenue. As you can see the single family class is weighted more heavily in land.

On the apartment class which is primarily the condominium projects and vacant land with multifamily zoning, a 10¢ increase to the land results in approximately 73,537 in revenue and on the building a 10¢ increase to this class represents approximately 94,389 in revenue.

Commercial, a 10¢ increase to the land would result in about 53,999 and a 10¢ increase to the building about 42,906.

For the industrial, 18,460 for the land and 15,816 for the building.

Agriculture, a 10¢ increase 145,605 for land, 71,569 for the building. Conservation, only 21,479 for land, and even less for the building 4,597. Obviously conservation has the lowest valuation because of the number of parcels that are in there and the improvements don't represent the bulk of the value. It is heavily weighted in land.

For the hotel and resort classification, a 10¢ increase to the land would result in about 70,827 and a 10¢ increase of building approximately 120,590.

The homestead class, I ran through the exercise to put 10¢ increase, but obviously the cap if that increase is greater than the 3.73% cap you are not going to see any of the increase, but a 10¢ increase to the homestead land would result in about 209,282 and on the building about 173,773 dollars.

So looking at the categories sort of collectively, you can obviously see that the land for single family and homestead are our biggest valuation drivers, so increases there result potentially in the most revenue. Aside from that land and agriculture and buildings in the hotel and resort category and both the land and building mostly the buildings and the apartment class those are the revenue drivers and that is where the most increase would happen.

Philosophically, single family residential has always paid too little in terms of their rate. I believe going back to the divide. Prior to having a homestead category, most of the homestead was lumped into the single family class. When they made that divide, the rates stayed relatively similar. There wasn't much of a rate differential and that has continued over time. When you think about it, the homestead really is your owner occupant, you are using it exclusively as owner. All other

categories are revenue producing. Values driving the assessments in properties that are resort and commercial tend to have higher values so they are already assessed higher. Applying higher tax rates doesn't necessarily mean that we're not already accounting for this in the valuation, so to me the single family rate at the rates they're at now potentially has the most ability to change if we are looking to increase tax rates.

Chair Furfaro: So Steve, is that the presentation and the one level there. I mean did you look at something for a nickel, or fifteen cents did you...

Mr. Hunt: Well every 10¢ you would divide by half if you wanted a nickel increase or if you want a 20¢ increase. I just wanted to provide some ranges because again we believe it is going to be a lively discussion on rates and we wanted to give you information as to what the potential impacts of these different rates would have on revenue.

Chair Furfaro: Do you know if in the May 8 submittal the administration will be making a recommendation.

Mr. Hunt: I don't know if there is going to be a recommendation; I know we are going to be testing some different rate scenarios. Every time we test a rate, the way the software works now, we have to put in both the land and building rate on each category, run it through what we call tax calcs, which essentially determines the market taxes, the effects of the exemptions and the PHU cap, and the results are spit out to us saying okay based on the new rates these are the new caps, and the credits change every time you do touch the rates, so it takes about an hour and a half to run a job from start to finish, and then IT has to do a reset on our test to get us back to refresh it to put in the new rates to override the tax calcs. Typically we will run maybe 4-5 scenarios in a day.

Chair Furfaro: Are you running those scenarios only for the administration or are you going to be able to present something to us.

Mr. Hunt: If rates were suggested by Council, I could run those for you.

Chair Furfaro: That is not what I asked. I asked if you were making a presentation to the administration and would that be shared with us? You turned around and said if Council was proposing something you'll make a presentation. I just want to know, are you going to share any recommendations that come from the administration that's my question.

Mr. Hunt: Okay sorry misunderstood.

Mr. Rezentos: We know we are going to do a number of scenarios that look at a number of scenarios, I mean we can provide you some of that data. We would also like to see what you folks have in mind as far as rate structure too and that we can consider that into our discussion points as well. I am not sure how many we are going to look at but I am sure we are, in the next week to week and a half, going to be looking at various options.

Chair Furfaro: Okay what we have in front of us today, Wally, basically says and I just quickly added it up by fingers, aren't as secure as they were in the past especially when it is coming up on lunchtime and I need a sugar fix. Here presented to us is 1 million, and members, if you haven't added this up, you might want to write this down 1,282,034; for every 10¢ that comes recommended that comes across the board and it would be half of that if it was a nickel, it would be 1 ½ of that if it was 15¢, but that is what you have to share with us today at this point. Okay Mr. Rapozo.

Mr. Rapozo: Thank you; is that something that we can expect from the administration – a proposal that the tax rates will be increased?

Mr. Rezendes: We are definitely looking at all options and it ...

Mr. Rapozo: You don't need to bring up the other options I just asking about taxes.

Mr. Rezendes: Yes, we are all looking at all Real Property Tax rate options. We are going to be looking at Real Property Tax rate options and including ultimately having the Mayor make a decision on what we would want to propose and that is what is going to be coming over on May 8.

Mr. Rapozo: (inaudible) I passed out Mr. Chair (inaudible) I did request an attorney's opinion on the process of how to reset the rates and I think if you look at the first question on the opinion, the response is very clear that if we are not following (inaudible), although it's an opinion, but it is obvious here that the code is the code. If Council is not following (inaudible) provided (inaudible) in compliance with section 5A (inaudible), I think it is very premature to be discussing rate, because if you look at the code, and I said this several times already, and I'm not sure if it is getting across, but we don't set the rate, we set the percentage of allocation, and that will determine the rate, so I think to be discussing 10¢ and so forth, I think that is not proper. I think we got to sit down and determine as a Council and not the administration. I think the code is clear that it is the Council. If we want to set a 15% allocation to the homesteads and a 20% allocation to the single family resident, whatever that formula is that comes out to 100% that will (inaudible) the rate. So I think we need to kind of follow that and I don't know how; I mean it is very subjective why should one category pay 10% vs. 20%. If you look at this sheet that we have exhibit 1, conservation fees 2.03% (inaudible) tax revenue. Homestead is (inaudible), single family is (inaudible), so I think that is the challenge we got to figure out – is we got to set the percentages and then the rates will follow. I don't know, I think that is that challenge, how we set up those percentages. What is the standard percentage for homestead (inaudible). I'm concerned that is the discussion that we got to have as a Council as we go through the decision making process. If anything is, I'm just going to be honest (inaudible), based on what I have seen so far with the types of request for positions and equipment and expenses, I don't think raising taxes right now is justified. I think we should be looking at reducing some of these high cost items rather than raising taxes. I'm just being honest. I'm looking through these things and I'm highlighting some of the expenditures, and I'm looking at millions of dollars in additional cost this year. I cannot sit here and justify any increase in taxes I just can't do it. I can definitely support reviewing the percentages of assessments tax assessments but I cannot sit here today and say from what I have seen in the budget up to this point and we are not done yet that a tax increase is justified. I just cannot do that and I'm just being honest. My main focus was really on that attorney's opinion and the way we do it, and I just want to say, like Mr. Bynum said earlier, we have done a lot of different things this year including this session and I got to say, Mr. Chair, it was very eye opening and enlightening this revenue session. Likewise, we got to change the way we do things and I think the big change this year will be setting a percentage versus setting a rate (inaudible) thank you.

Chair Furfaro: Thank you Mr. Rapozo, and the discussion about the duties setting percentages by category is not a new item; that it has surfaced before. Mr. Bynum you have the floor.

Mr. Bynum: To respond to Mr. Rapozo, I agree with the premise of his statement but as all things taxation, it gets complicated and our past history has helped complicate the matter, but the first point I want to make is in an era of falling assessments, a tax

rate increase does not necessarily mean a tax increase. I don't think we are going to get to it today but I have a chart of all the County's tax rate, and over the last three years every County except Kaua'i has increased rates but they haven't increased taxes, they have just increased the rate to keep from losing that much revenue. You always look at assessed value times rate minus (inaudible) and but the fundamental thing is, because I have been saying this for a couple of years, we need to have that discussion and we are starting to have it, but Mr. Hunt just said again for the first umpteenth time, we currently do not have the data to know accurately what the rates are. Now we know it by class but because of the changes you mentioned, we have scattered the resident homeowners into a number of different classes, and what I'm begging for, what I'm demanding, what word can I actually use to actually get it, is an accurate description of what the tax burden is on resident homeowners, and if we have that, we would be able to know what the accurate tax burden say on apartments and Ag land and other instances, and so Steve said until I get authorized, that is what you told me in the email here is the data, but to analyze it, I don't have the time and I'm not authorized. What does it take to authorize that we have accurate information from which to make these decisions, and so personally, I'm not going to propose tax increases for anyone. I am going to suggest rate increases in order to keep certain categories revenue neutral. Does that make sense? But I don't know what to set those numbers at because I don't have an accurate data set and I don't want to ballpark it. I don't want to say I think this will accomplish the goal. I want to be able to say if we do this, this is the outcome and right now we can't and shouldn't everybody in this room agree that that is just not tenable, it is just not okay to not have accurate information from which to make an informed decision.

Chair Furfaro: Okay Mr. Bynum I am going to recognize others. I have given you two opportunities to speak. Vice-Chair Yukimura.

Ms. Yukimura: So (inaudible) administration is going to make some recommendations how are you going to make recommendations without accurate data?

Mr. Hunt: The only way we can provide information on what the tax revenue results will be is to put the rates into the program and run it through. We will know at the end of the run what the revenue will be and what the credits will be. What we don't know is the allocation of those credits between categories.

Ms. Yukimura: And that is the part that needs some software manipulation? Okay and how much would it cost to get that software to (inaudible).

Mr. Hunt: It is time and money and we would have to put in a formal request.

Ms. Yukimura: Well how come you haven't put in a formal request?

Mr. Hunt: Because we have not been asked that specific question.

Ms. Yukimura: I would like to get that information and I hereby request it.

Mr. Rezendes: We can request it, but understand that the numbers that we are certifying and the numbers that we have to use, required to use for budget purposes, is an estimated number in and of itself and it is based not entirely in part on value and rate, it is also based on estimate, not even an estimate, a percentage of how much appeals we have in a given year and how much will resolve in the given year. So yes it is an estimate, so what I'm saying is we estimate Real Property Tax Revenues annually based on the tools that we have. Is it a 100% to the

penny accurate? It never is because we don't know how much money, we don't know how much delinquent we'll have, we don't know how much penalties and interest we'll have, we don't know how many claim I mean settlements we'll have.

Ms. Yukimura: So what you are saying bottom line is that you don't think we need that.

Mr. Rezendes: No, I'm not saying that at all.

Chair Furfaro: Okay let's not get... excuse me, Wally. Let's not get argumentative folks. The question was posed, what it would take for us to get a program. You've said regardless of some of us challenging that maybe it hasn't been asked before so this will be a formal request.

Mr. Rezendes: We'll work on that and let you know what it is and don't and I think you have mistaken about what I was saying. I'm not against that at all, but all I'm saying is the reality is we are estimating Real Property Tax Revenues on an annual basis and there are so many things that go into what the actual real property tax revenues are in a given year. But I'm not against getting a lot more accurate numbers and spending money towards that end.

Ms. Yukimura: But what I hear you saying is you're going to do your job to make a recommendation with that accurate, accurate information and you feel that will be okay.

Mr. Rezendes: That is what we have to deal with at this point. I mean I think again it's not a scientific absolute solution on how much money we'll get in a given year.

Chair Furfaro: We have other members that want to ask questions. One more question Vice-Chair you had about four in a row.

Ms. Yukimura: But it is all toward this thing about how we get some accurate information.

Chair Furfaro: And we just said it was a program.

Ms. Yukimura: And so my question is can we work (inaudible) between the administration and the Council where we do some estimates and we run what we think are best alternatives of right now during this time before we have to set the rates.

Mr. Rezendes: I think that's great; I'm all in favor of that.

Chair Furfaro: Mr. Rapoz, you are next, and followed by Mr. Bynum, if you would follow up because I need to step out and go do my blood test, and may I ask that everybody try and stay to the time, and most of all let's all be respectful of their responses, and we are back in the afternoon for housing.

Mr. Rapozo: First of all let me just say the picture has been painted that this information is inaccurate. I disagree with that assessment. I think the numbers and the evaluations are accurate enough. I don't know how much more accurate we are going to get. It's a budget we estimate. Mr. Bynum talked about other islands increased tax rates, yes they have also decreased (inaudible).

Mr. Hunt: I just wanted to respond. One of the concerns about setting the rates and this may not be an issue for you but if you wanted to increase the homestead class more than the CPI you cannot.

Mr. Rapozo: Then we need to change the law. We not going oops let's just violate that law because it is not easy we don't want to get ... that is what upsets me about this County and I hear it from the other Counties as well. We follow the laws that apply to our agenda and when it doesn't, it's okay to bend it and if we cannot bend it, we will get the attorney to write an opinion that we can, that is the thing that drives me insane. That law is clear as day. Set the percentage and it tells you how to do it. Even for dummies like me, it tells us how to do the math, tells you what to multiply by, and how to divide it. It tells all that for us. It does it A, B, C, D, and we haven't done it. We need to do it this year and if we don't, I can promise you I am not supporting that budget and I not supporting that tax rates, and I'm only one but the message has got to be sent that we need to start this year doing it the right way or change the law. Thank you, the Chair left. Mr. Bynum I know you're up. Anybody else because Mr. Bynum went once before, if not (inaudible).

Mr. Bynum: I'm trying to keep my frustration in check. Mel, you are correct this is what the Ordinance says. Last year Real Property told us, oh but our software won't give you that data, and I said repeatedly make the software we need to be ready to follow the law, and I can tell you, Mel, even if they...it is impossible and I think you will agree, Steve, at this date, at this time, it is impossible before we, under Charter, we are required to set the rate to get that software reprogrammed and give us this data. I don't think if we said here is a million dollars, I don't think you can get it done, you agree? Before we have to set the rates.

Mr. Hunt: It would be very unlikely that it will be able to get done before you set the rates.

Mr. Bynum: Okay and I have said this here before. I have a file in my office that is about this thick now and it is labeled too late. I want to do this, oh too late, and I have been saying about a year and a half fix it, fix the software. Whatever it takes, now it is too late to do it for this year. I agree with you because I know how complex it is, but it wasn't too late to do it when we had a year to get it done, and so I just don't know what to do with this. What I know is that this discussion because it gets even more complicated as you know, Steve, we are required not this fiscal year but next fiscal year to have a flat rate. That is going to be difficult. We should use this year to move in that direction but that is a whole other complex analyses and discussion which we can't do because we have accurate text data to do it. Do you agree with what I just said?

Mr. Hunt: I would even go further, I cannot provide you estimates nor the administration estimates without running individual rate scenarios to tell you what the revenue would be.

Mr. Bynum: And that still wouldn't tell us what percentage of the tax burden is being paid by resident home owners.

Mr. Hunt: Because we have to allocate that cap amount and that cap amount for the credits changes every time you change the rate. It is not even a standard cap.

Mr. Bynum: Let me take a different tact at this because you and I have had so many rich discussions over the last couple of years. At one time it would have been simple to follow this Ordinance because every tax category was rate minus exemptions times ... I mean assessed value minus exemptions times rates is that correct?

Mr. Hunt: Correct.

Mr. Bynum: But when we created a homestead class and then put everybody in it, and then we probably won't have time to talk about why everyone is not in it because there are reasons, that made it more complicated than when we brought the cap in it, exponentially made it more complicated. So that is why I have been on this for two or three years trying to reset the cap, try to ... if we are going to keep the cap, let us at least make it manageable so we don't have these huge inequities. We are in a very convoluted mess, do you agree?

Mr. Hunt: I would agree that it is absolutely difficult for me to project by category what the taxes are, what we have available to us.

Mr. Bynum: And bearing with me that is what I was saying a year ago, so it's like let's reprogram the software. Let's start to unravel this mess. Let's get it more equitable. And now here we are again for me from my perspective for the third year in the row at the wire without the proper information without the proper mechanism to do what the Ordinance requires us to do.

Mr. Rapozo: Okay Mr. Bynum, that was third year in a row, fourth time today, so and I misspoke about that and I apologize, the posting is until 12:30 not to 12:00. I misread the Chair's statement memo from yesterday and thought it was a special session for revenue, so I apologize and we'll go until 12:30. Anyone else? Mr. Kualii.

Mr. Kualii: Aloha and thanks, Steve and Sally. I wonder if you have just a basic number as far as Councilmember Bynum is talking about the homesteaders showing up in the homesteaders class versus the folks that are eligible for homestead as a part of their property showing up in other classes. If you were to count them all, what percentage of all homesteaders show up in the homesteader class? Eighty, ninety, I mean...

Mr. Hunt: Probably in the eightyish, I believe, when we go the current count.

Mr. Bynum: It's roughly eighty-five.

Mr. Hunt: About eighty-five percent. I think there were 10,421 parcels in the homestead class and there are about 12,200 total, somewhere in that range.

Mr. Bynum: 12,199 I have it on an envelope, 1,887 are in other tax categories which is roughly about 15%.

Ms. Yukimura: Can you just give us that again.

Mr. Bynum: Yes, there are 12,199 resident homeowners, 10,312 of those are in the homestead class, and 1,887 are scattered among other classes virtually all the other ones. What's four again?

Mr. Hunt: Four, industrial.

Mr. Bynum: There's one. In my rough math 1887 is roughly 15% of the 12,200.

Mr. Kualii: So taking my time back, with that being said, so you are saying, because I too agree with Councilmember Rapozo, that it is not a matter of being accurate.

It's a matter of after you make whatever adjustments, whatever rate implications, that you are now able to talk in totals of who's getting what benefit, but in fact 85% of the homesteaders getting that benefit is right there clear in front of our eyes, so you can say that we are seeing ... you know the other 15% will benefit the same way the 85% is; we just don't have total to argue for the past five years or ten years...they paid too much or they paid too little, but still we can see the impact of what decisions we make going forward on what the taxes, whether the rate changes, even though I agree again with Councilmember Rapozo that we should be focusing on the interest, I mean the percentage, and in fact a tax rate alone does not mean a tax increase, but I would say keeping the revenue neutral throughout this County well, at the same time not keeping our expenses neutral, allowing our expenses to go up will mean that we need revenue from somewhere else and ultimately. So if we set the percentage and we pay attention to the bottom line on what expenditures are, those two are the pieces this Council should be working on. Setting the percentage of which different categories will pay for what on our services and operations, keep that bottom line of what that total ends up being, hundred sixty-one million or whatever, and then that final piece of where the Real Property tax revenues will come from will matter on what's the total that we actually need, because if we are collecting more than we need ,and I think that's what we all agreed to that that's not fair to the taxpayers and that is what perhaps what has been happening in the past, especially when you have this lapse and surplus with vacant positions and what have you, but when you say that you can run it through the program, that means whatever if a Councilmember wanted to change the rate, reduce it by 10 cents or increase it by 10 cents, you would run it through and you would be able to show us the impact in total on all these different categories who would be contributing what amount, and so the homestead class would have 85% representation.

Mr. Hunt: To that end, yes, I can estimate the total revenue. For instance, say you set rates that's based on just value and exemptions, net taxable the rates look like they are going to produce \$80,000,000.00 in revenue, and I take those same rates and I put them in and because of the credits the credits have increased because of a particular category is receiving greater credits because of the increase in tax rates because they are capped. It may only produce \$79 and a half million in revenue. Where you actually set rates thinking you were going to get \$80,000,000.00, the end result may only be \$79 and a half million. What I cannot do is say okay, of that, currently we have about 4.1 million in PHU credits, I can't say the homestead has 3.7 of that and the apartments have 50,000,000 of that and single family has a 100,000 of it, because they are spread out. All we can do is calculate those that have caps and aggregate those. We're not pushing them into various classes to say how much cap goes to each category.

Mr. Kualii: And in fact that is the biggest wrench in the calculation and why it is so complicated. It is because you are setting the rate that is not actually ending up in the taxpayers hands, because it's not as much as the cap, and so if you were just to calculate based on the rate, then it would be clean and clear, but because the cap takes impact on that, some get, some don't, and then it just complicates. So ultimately I still get back to what I said before during the homeowner exemption discussion on Bill No. 2425 is that if we are going to overhaul this tax system and have clarity on how each category pays what rate and what taxes, ultimately the cap needs to be phased out. It was meant to be a temporary solution and I think ultimately and perhaps we should work on next year on analyzing the whole situation of how this Council takes action every year on revenues and Real Property Taxes so that no one is paying too much or too little. Thank you.

Mr. Rapozo: Any other questions, Councilmember Nakamura?  
You haven't gone yet today.

Ms. Nakamura: This is a question for Wally, so I am looking at Councilmember Rapozo's request to the County Attorney about our process and the County Attorney's response.

Mr. Bynum: (inaudible)

Mr. Rapozo: Yes, I know where that point is going to be I just put in a request to the Chair to have that made public. We won't have that vote until May 9.

Mr. Bynum: (inaudible) Yes, make that point because I would like to have this discussion.

Mr. Rapozo: I won't go to jail for that, sorry I apologize. Any other questions?

Mr. Rezendes: I'll ask the County Attorney the same question, I think.

Mr. Rapozo: Yes, I think if you ask the same question you'll get one and it will be faster than May 9. But it is what it is. Hopefully it is the same opinion. Okay Councilmember Yukimura.

Ms. Yukimura: If we just set the revenue by percentage, do we have the same problem that whatever tax rates we come up with still have to be tested? I mean it still don't give us an accurate result right? In terms of the revenue produced.

Mr. Rezendes: You still would have back into a rate and I believe that is what Councilmember Rapozo mentioned, ultimately you would still have to use whatever percentage you applying to a class, you would still have to then work a rate from that.

Ms. Yukimura: Well you work a rate but you still have to test the rate because you don't know whether that rates going to actually produce the revenue that you are going to be counting on.

Mr. Hunt: And it is concentrated so you are going to, obviously the homestead the rates are less affected because if you want to increase a rate that is greater than 3.7% it is not going to happen, because the cap is going to kick in, so if you wanted to go from paying 11% to 14% of the taxes, doesn't matter what you do, they are only going to pay 3.73% more of their taxes period. You will have that situation happening primarily in the single family and Ag categories where they are of the 15% plus or minus. Most of those are concentrated and those two some in the apartment class one in the industrial, but for the most part those rates will be accurate when you are looking at net revenue, and you want percentages and you want to figure out a rate, you can back into that for most of the categories. It is just these few have the home use but aren't using their properties exclusively, they are capped but under a different rate structure. Those are the ones we have to run through and determine how much those particular properties pay. All the other ones in that category will still pay based on the rate you set. It's just when that rate increases beyond the 3.73 of what they paid last year for the capped ones they kick in.

Ms. Yukimura: I would guess that even if the rates were pretty pure, you didn't have to cap. It's still an (inaudible) process where you look at the revenues and you set some percentages but then you also look at the rates and see what relationships you are producing in the rate and you may adjust your percentages again so it is a back and forth think.

Mr. Hunt: If you were to look at it as setting the percentages from that particular class knowing that the bottom line credits are just going to be lump sum applied whether they exist in that category or not, you would just say okay we expect and it would work out

from your normal rate sheet, your value less exemption and net taxable times the rate, you could come into a dollar figure as a percentage of the budget and then the only sort of adjustment you are going to need is the bulk saying okay we know that this 4.1 may go to 4.3 million. We still don't know how it is allocated. Probably 85% in the homestead but we don't know the rest of the allocation; therefore, you are not receiving the true percentage of those that are in other categories but they are homestead. Not homesteads they are owner occupants and they are capped.

Mr. Rapozo: You could definitely account for that variable, that credit.

Mr. Hunt: Yes, the credit is not a problem. It is the allocation of that credit that is the challenge. How many properties are in single family and how much of that 4.1 credit is just in that single family class versus the apartment class.

Mr. Rapozo: Once we remove that cap, we not going to have that issue.

Mr. Bynum: (inaudible) I find some of it comical, because let me just say, this is clear as a bell. I am going to propose a reduction in rates for the homestead class okay. It is not going to impact those 1,800 resident homeowners that are scattered in other classes and it is not going to impact the 8,000 roughly people who have the PHU credit right now. So earlier this year showed the scattered chart that in this class, people are paying vastly different rates; those people who have the cap are at the bottom of this chart. If we reduce the rate in the homestead class, these people are still going to pay 3.7 percent more right, but these guys at the top that are paying really very high rates, they are going to get all of the benefits of that rate decrease which will reduce the gap.

Mr. Hunt: And actually would weed some people out of the permanent home use that are capped now if their credits are very small, because their difference between their cap tax and their true tax at market is very minimum. If you drop the rate, you would actually push them potentially below where their capped tax is and you would have few building reset.

Mr. Bynum: Right because some of those people have their current credit is 50 cents or 5 dollars, so those people, yes, they would drop out of the PHU. For those of you that were here, I was presenting this for the last few months in that spreadsheet saying if we make these changes, how much equity are we going to buy? I even showed a scenario that would have been a total market reset of the homestead class that everybody was treated exact equal. What I proposed would have left 1,700 that had even lower taxes, but that would have cost in revenue 5.4 million and nobody apparently ...

Mr. Rapozo: Mr. Bynum, let's stick to the...you're going over your bill and...

Mr. Bynum: What I'm saying is...

Mr. Rapozo: We are not going to go that way.

Mr. Bynum: Well I think the Council needs to understand, and the public, if we reduce the tax rate in the homestead class, there are still 8,000 people who are currently under the cap that will pay an increase.

Mr. Rapozo: Correct, but that discussion will be when you introduce your proposal, not today. Today we have the Finance Department here to ask questions or answer questions about revenues. That is what the agenda item (inaudible).

Mr. Bynum: Then I will just summarize, okay?

Mr. Rapozo: About what? Not about your bill, that's not what...

Ms. Yukimura: About revenues.

Mr. Bynum: About revenues.

Mr. Rapozo: Please do revenues and focus on questions. I am entertaining questions right now so we can release them and then we can have discussion. Anymore questions?

Ms. Yukimura: Can he finish?

Mr. Rapozo: Questions. This is a Council Meeting, this is a budget hearing on revenues, and we have the resources if you have questions...

Ms. Yukimura: We are discussing the interaction of the cap with our desire to work on the revenues.

Mr. Rapozo: I don't have a problem with discussing the cap.

Ms. Yukimura: And what Councilmember Bynum was saying is that he was trying to mitigate the impacts of the cap by his proposal. This is an interactive process. The process of exemptions determines net taxable value, determines, and then times rate and then credits, it is all going toward what are the revenues going to be and so ...

Mr. Rapozo: And that is totally allowable.

Ms. Yukimura: Well and that is what I think Mr. Bynum is trying to speak; can I just speak?

Mr. Rapozo: No what I think what he was talking about is how we screwed up by not passing his bill. Anyway go ahead, JoAnn, you have the floor.

Mr. Bynum: So I don't anymore?

Mr. Rapozo: No, JoAnn has the floor.

Ms. Yukimura: So I think what Councilmember Bynum was saying, because we are discussing the interaction of the cap with the proposal that we are trying to develop, is that there are other ways to mitigate the...and Councilmember Rapozo, you were talking about the importance of removing the caps, so was Councilmember Kualii, and what we all discovered was when the property values are hot, there has to be some protection and some (inaudible), and that is what the cap provides. There are other ways if you want some of the positive benefits of the cap, then there are other ways to mitigate the negative impacts of the cap. We left one behind already because that was the exemption and now we are struggling with how to set the rates to get the impacts that we want which is somewhere (inaudible) and keep some equity among the taxpayers. My question is if we want to be revenue neutral and the assessed values are going down in some

categories, the net taxable value, then that will require a reduction in tax rates in some of those categories?

Mr. Hunt: If we want to be revenue neutral and values are going down, I would think it would be the opposite and you would want to increase.

Ms. Yukimura: Okay, but if you want to mitigate the increase in the homestead category then we need to reduce the tax rate in (inaudible).

Mr. Hunt: I am not following that part. If we want to mitigate, I don't think there is an increase.

Ms. Yukimura: There is an increase in the percentage of revenues produced by that class.

Mr. Hunt: The allocation of the total tax burden to that class you're talking about, and that's where this information that Councilmember Bynum is seeking is helpful to determine what that total impact is, because again, the information that was provided at the April 4 submittal to him was a replication of what we did in 2011 or the fiscal 12, and by my calculations, sorting out just the homeowner exemption properties, it was about a reduction of about 152,000 with the current rates. A big portion of that is the increased income exemption.

Ms. Yukimura: So if we don't mind increasing the percentage produced by the homestead class, then there is no real problem? If we want to reduce the percentage then there is all this complications.

Mr. Hunt: Correct.

Ms. Yukimura: Thank you.

Mr. Rapozo: Any other questions? No more questions? Go ahead.

Mr. Bynum: I thought we were having a pretty good dialog and I was asking questions and you were answering it, and so I'm just going to summarize, because in the charts you give me, to the best you could calculate it, the homestead class was going from 11.29 to 11.51 right, so an increase, not a very big one this year, because the previous year was a bigger increase, but that's not really an accurate figure. It is just the best you can do with our current software.

Mr. Hunt: Well what it did was it took the total PHU credits and applied it solely to that category, when in fact some of the credits go into other categories and actually and they are very close, I mean it is from I think the revenue estimated in fiscal year 12 which is the 2011 years about 8.954 million, and here it is 9,015,000, so it is almost flat if you will, but in actuality the homeowners, including all homeowners not just the homestead class, pay about 152,000 less in revenue this year. Well the category actually grew by about 40 or 50 properties or something.

Mr. Bynum: So the homestead class has paid 3,000,000 increase over the last three years. This year there will be a decrease, so the impact of us increasing the low income exemption is that small decrease for the class. But that does not impact all the taxpayers in that class.

Mr. Hunt: Right. It is multiple classes.

Mr. Bynum: So do you agree that if we change that, if we change the rate in the homestead class, that still is the majority even though the rates have gone down, the majority of taxpayers will pay an increase?

Mr. Hunt: It depends on where you reduce the rate. How dramatically, if a dollar then a lot of them would probably (inaudible)

Mr. Bynum: I have gotten a pretty clear indication from this Council that they are not willing to do 2.7 million much less 5.4 and so, but let's say if we dropped it 20 cents, the majority of taxpayers, the capped ones, would still pay an increase correct?

Mr. Hunt: Yes.

Mr. Bynum: And the people who would get the decrease are the people who are paying the highest market rate right now?

Mr. Hunt: Correct.

Mr. Bynum: So the ones in those scatter charts, when I showed hey this guy is paying 600, and this guy is paying 1600, that guy paying 1600 will get the decrease, the guy getting the 600 wouldn't, and so...

Mr. Hunt: And the guy paying 1000 depending on where you set the rate could pay a little lower or (inaudible).

Mr. Bynum: And if I can get that spreadsheet working again I can show that, or calculate that; I just haven't got it working yet.

So my next question is, let's use the single family residential class, right now they are likely as a class to have a tax decrease because of lower assessed value if we leave the rates the same.

Mr. Hunt: Correct.

Mr. Bynum: But we can calculate a rate for that class that will be revenue neutral. We could calculate a rate that says we are going to raise this rate 6 cents or 6 pennies per thousand and that will result in a flat revenue year over year. Correct?

Mr. Hunt: It would give you a real close estimate, again borrowing the adjustments for how many capped properties happen to be in that category.

Mr. Bynum: Right but you know, so our budget already anticipates about a 2 million reduction in tax revenues right? The one you sent us.

Mr. Hunt: I think it is about a million now.

Mr. Bynum: One million because the certification was higher? Okay, so you have anticipated some reduction in revenue. I'm just saying I want to be able to calculate as best we can. How do we keep the non-resident homeowners tax the same that it was last year. Not a reduction but basically the same and any reductions in taxes go to the homestead class fully realizing that it is going to these guys and women that are paying the high market classes because they are the ones who have unfair tax burden at the moment, so and I hope the administration will take that tactic to say and that they will recommend some rate changes not to

increase anybody's tax bill but to keep it revenue neutral with some reduction in the homestead class.

Mr. Hunt: So if I understand you, you are looking at revenue neutral not only as a total, but revenue by category, but potentially reduction to the homestead class which would then have to be made up by some other class to be truly revenue neutral bottom line.

Mr. Bynum: You are correct at what you just said, but that is not what I was saying. What I was saying was the 7 non-resident tax categories remaining revenue neutral and the homestead tax have a reduction.

Mr. Hunt: So the million reductions we are projecting currently with the current rates would go further lower based on whatever reduction, but everyone else would be revenue neutral by category.

Mr. Bynum: Well at least if we are going to have a million dollar at least plug that in to those people that are paying the most unfair taxes. At least don't have them pay...does that make sense what I am saying? Now I would like it to be even more. I am very clear on that. I would like to see a two to three million dollar reduction in the homestead tax and I believe that we can easily do that. I don't agree with Mr. Rapozo's kind of overview of our fiscal situation and we will get into that in subsequent meetings. What is clear to me in this discussion, we can in those 7 tax categories set a rate that is revenue neutral and that if we are going to have any reduction in taxes this year, and this is my opinion, that reduction should come from resident homeowners which is different over the last four years. Correct?

Mr. Hunt: It is correct when it happens. The concern I guess is the revenue neutrality position I'm not understanding. If it is revenue neutral by class with the exception of reduction that means we are chasing additional lost revenue potentially from Real Property. Not only what we have lost in value this year with the current rates but also what might be.

Mr. Rapozo: Well it is basic math. If you drop the revenues in one class, somebody else got to pick it up. You cannot go revenue neutral on all categories and then drop one more and expect to be revenue neutral. You are going to lose. That is basic math.

Mr. Hunt: Correct.

Mr. Rapozo: So I am not following Mr. Bynum either, but I think it is clear that if you going to drop (inaudible) somebody else is going to have to pick it up.

Mr. Hunt: And what I understand is the total revenue that we are estimating is a million short, but let's have that million all come from or be given to the homestead class, and let's push everyone back to revenue neutral from where they were last fiscal so we absorb that million with the current rates.

Mr. Bynum: Yes.

Mr. Hunt: Okay then I understand you.

Mr. Bynum: But and I may be out (inaudible) but I can't calculate it. And neither can you.

Mr. Rapozo: And I think that point has been made many times today and I think that we have agreed that whatever you need we will provide to get that information accurate. I think that has been done, so let's put that to rest.

Anyone else? Councilmember Yukimura.

Ms. Yukimura: So runs that we were talking about need to be done whether...only if we are working on this scenario where the homestead class changes or if the rate is reduced? Is that the only place where we need to do these runs to get case by case?

Mr. Hunt: No, if we are looking at revenue by class then we also have to look at the increases in those properties that have devalued in other categories to hit their revenue neutral position from where they were in this fiscal period.

Ms. Yukimura: And you can't do it enough by estimates.

Mr. Hunt: We can start with estimates but you have to refine it as you put in those particular rates and run it, and if it doesn't come out with the revenue you anticipate you go higher or lower each week. Sort of a reiteration.

Ms. Yukimura: So how much time does it take to do a run?

Mr. Hunt: Hour and a half.

Ms. Yukimura: So if we give you something on say on a Wednesday, you can get it to us by a Thursday or a Friday?

Mr. Hunt: Yes.

Ms. Yukimura: I mean I am just trying to judge...

Mr. Hunt: I need IT support because every time it is on a server, we have a test server that we run it on, and we also have another one (inaudible) we run calculations on, so I need to find what is available and what hasn't been altered because we have to refresh and populate with the certified roll. Every time we do a test like for an admitted building or something, we do it in test to generate what the new assessment would have been and we do a P38 amended notice, so we use test to do that so we have to refresh it with the certified information first, then we have to run the rates and I need IT support to refresh every time we change the rate.

Ms. Yukimura: Okay so what is a reasonable turnaround time for you? It is not the actual one and a half hours, it's actually...

Mr. Hunt: It is one and a half hours plus the availability of IT. I would have to schedule with them. Usually I'll contact one of the IT reps and say are you available today, I'm going to run 2 or 3 scenarios today.

Ms. Yukimura: And better to have 2 or 3 done at the same time?

Mr. Hunt: Yes it is easier if I schedule the day, if you have specific rates in mind that you want to test, yes, then we can do that.

Ms. Yukimura: So we will work offline with you in terms of timeframe then. Thank you.

Mr. Rapozo: Any other questions for the tax man? If not thank you very much. Anyone in the public wishing to testify on this budget matter? If not, any discussion? Go ahead Mr. Bynum.

Mr. Bynum: I'm really glad we are having these discussions and I think everybody is starting to understand how convoluted, I don't know the right adjectives to use, of how difficult this is. The good news is we have started talking about it. We have started unraveling some of the problems. It is clear to me that I am going to add to my too late file because it is too late for this year to even appropriately follow our tax Ordinance. I don't even know where to go from here, but I am trying as hard as I can to come up with a rate proposal that accomplishes the goals I just said. Doesn't raise taxes for anyone but any reduction in revenue is realized by resident homeowners and because we did not pass the exemption bill or get the data, that relief will have to go to the people who are paying the highest amount now which seems appropriate. If we are going to give relief, we should give it to the resident homeowners who are paying much higher than their neighbors, and it will help not near as much as I had hoped, but it will help narrow that inequity if we go that route. Thank you.

Mr. Rapozo: Anyone else? Go ahead.

Mr. Kualii: I just wanted to make a brief comment too. Basically like I said in the discussions earlier on the bill, we have to make the cuts before we can give the relief, and we have to make the cuts also to replenish the reserve that has been 10.5 million has come out of that, so we do have a lot of work to do, and if Councilmember Bynum and others are serious about finding the moneys to move in that direction that they have to be serious about making the necessary cuts in this current budget. Thank you.

Mr. Rapozo: Thank you, anyone else? If not, I would agree. I think we definitely got to look at replenishing the reserve. We definitely got to look at replenishing the special funds. I think those things we need to start off and if you look at that number alone that are a substantial amount well over 11 million 12 million maybe even closer to 15 million dollars. Where is that going to come from? Well we are going to have to do some drastic cuts unless we are satisfied with violating our own resolution and so forth. I think it is important that we really take a very strong serious look at the budget that has been presented because before we start talking about cutting tax rates, I think we got to get a firm handle on this budget, and if this budget passes as presented, it is an increase in spending. It is a lot of money and I just think we definitely look at reducing government spending first, and if we enjoy some opportunities to provide tax relief, then so be it, but to do a revenue neutral tax rate change, what that does, it just feeds the growing monster called Government, and that is not I think responsible at this time especially with decreasing property values. With that, we are going to recess the committee and we will resume at 2:00 with Housing.

There being no objections, the budget reviews was in recess at 12:27 p.m.

The departmental budget reviews reconvened on April 17, 2012 at 2:08 p.m., and proceeded as follows:

HOUSING AGENCY:

EUGENE K. JIMENEZ, Housing Director: Chairman Furfaro and members of the Council, my name is Eugene Jimenez, I am the Housing Director for the County of Kaua'i. Before I move on I would like to introduce members of my staff who have accompanying me today to my right is Gary Mackler who is the Housing and Community Development Coordinator. Next to him is Sandy Kaauwai who is the program manager for the section 8 housing choice voucher program. In the back I have Fay Kimura who is part of my accounting staff and her boss Avis Hirahara, Accountant and we have Keri Villa who is the Block Grant Coordinator and she spoke a couple days ago at that meeting for the Resolution for the Block Grant and the home program. What we will be doing today is a PowerPoint presentation relative to our budget message and thereafter we will be going through the individual budget sheets for the nine different programs which we administer. With that I would like to start off with our PowerPoint presentation which is part of our budget message.

Chair Furfaro: I am going to be off on the side because I am under the screen and do make your whole presentation then we will circulate around the table with each Councilmember having an opportunity to ask two questions and then we will move around.

Mr. Jimenez: After the budget message?

Chair Furfaro: After your budget message.

Mr. Jimenez: First, I would like to start off with the organization and functions of the County Housing Agency. The County Housing Agency is comprised of two divisions. One is the rental assistance division and the other one is the housing and community development division. We also have a administrative section which deals with the fiscal accounting which involves myself and the Executive Assistant. One of the rental assistant division is responsible primarily to administer the HUD section 8 housing choice voucher program which has been known in the past as the rent subsidy program. They service the extremely low and very low income households to obtain help to pay their rent. As we have talked to you in the past the extremely low is thirty percent of the medium income for the island of Kaua'i and the very low is a fifty percent, so they are serving both the fifty – primarily the fifty and the thirty percent of median income. Also under the rental assistance division, there is the Family Self Sufficiency Program and I wanted to thank Council for passing and approving the grant application which was made under the FSS program to hire the two staff. Under the program section 8 clients are counseled to help them become independent from government assistance. The primary goal for the program is to get them off of section 8 roles and into permanent housing. Under section 8 homeownership program, the section 8 participants may use their rental assistance towards mortgage assistance provided they qualify for homeownership. They would have to go through the homeownership class and be credit worthy to purchase a home. The second major division is the Housing Agency is a Housing and Community Development Division. Under this division they are task with the responsibility of administering the Community Development Block Grant Program (CDBG) and the HOME investment partnership program. They are also involved with the Residential Rehabilitation Loan program, the Neighborhood Stabilization Program, which started off as buying foreclosed properties a couple years ago. We also have a section dealing with Fair Housing workshops and training and as you maybe aware this month besides being the National Community Development Block Grant Month, it is also fair housing month. Next Friday, we will be holding a seminar from 8-12 at the Piikoi Conference Room and we will be have instructors from HUD and also from the Legal Aid Society in giving updates on the new fair housing laws. Under the Housing and Community

Development Division, you have also the Kalepa Village and Paanau Village management services contract and asset management, this is one of our primary functions in managing our rental projects. Also in the HC&D division we have development of affordable housing with government resources, planning for affordable housing with private developers and also to monitor restrictions on affordable housing projects. The Housing and Community Development Division provide research and community education regarding housing needs and solutions.

The mission statement for the agency is to provide greater opportunities for Kaua'i's citizens to choose and secure affordable, safe, decent and sanitary housing and to live and work in neighborhoods and communities that can accommodate the needs and desires of all households and individuals.

As part of our agency goals, the first goal is to preserve, maintain, and increase the availability of affordable and special needs housing. Secondly, meeting the economic and social needs for Kaua'i's communities through Housing Agency sponsored programs and partnerships with private organizations, and local, State, Federal governments.

The objectives under the rental housing division is number one to preserve rent subsidies and assistance for approximately 700 extremely low and very low income families participating in the Section 8 Housing Choice Voucher Program. Number two, to administer the timely disbursement of rental assistance payments to public and private landlords participating in the Program at current federal funding levels ranging from \$5.0 million to \$6.0 million annually, we have been averaging half a million dollars in rental payments to landlords per month. Another objective is to encourage self sufficiency of participants and assist in the expansion of family opportunities which address education, socioeconomic, recreational, and other human services needs through the Family Self Sufficiency Program. I just wanted to also thank the Council for approving our request to you to apply for the annual funding to hire our two staff under the Family Self Sufficiency Program and this was done last month. We are attempting and are continuing to maintain a high level of standards and professionalism in our day to day management of all program components. Thirdly, is to administer efficiently through continuous improvements of the electronic support systems.

The objectives now for the Housing and Community Development Division the first one is to invest Community Development Block Grant Program funds in accordance with the strategic priorities of the County's Consolidated Plan (2010-2015) for housing, homeless, and community development needs to assist Kaua'i low and moderate income population. Another objective is to invest Community Development Block Grant Program funds within the fifteen percent services cap to assist private organizations in providing services for substance abuse, mental health, employment training, and childcare, for target populations involving youth, adults, seniors, and people with disabilities. Another objective for the Housing and Community Development Division is to invest HOME Investment Partnership Program funds in accordance with the strategic priorities of the County's Consolidated Plan (2010-2015) to increase the supply of rental housing for extremely low, very low and low income families and seniors, and to give homeownership opportunities to first time low income homebuyers. Another objective is to invest HOME Investment Partnership Program set aside funds to assist Kaua'i Community Housing Development Organization to increase the supply of rental housing to support homeless individuals and families preparing for transition into permanent housing. Another objective of the Housing and Community Development Division is to increase homeownership opportunities for low income households through the County's Home Buyer Loan Program, Rent to Own program and homeownership education and counseling services. Another objective is to increase the availability of affordable housing inventory for participants on the County's Homebuyer List by acquiring properties through buybacks, Neighborhood Stabilization Program, Home Purchas Program, and private development of affordable for sale units. Continuing with the objectives for the Housing and Community Development Division is to continue staffing a

fair housing advocate to provide fair housing education and training workshops for tenants and landlords, to conduct fair housing briefing for those receiving Section 8 vouchers, offer fair housing dispute resolution assistance to tenants and landlords island wide and to advocacy for the underserved – disabled, in need of affordable housing. Continuing on the objectives, is to manage County owned rental assets – Kalepa Village and Paanau Village through the annual update of Reserve Replacement budgets, and the replacement of major building components nearing the end of their life expectancy. Acquire vacant land in close proximity to infrastructure for the purpose of developing future affordable housing through public-private partnerships. Monitoring housing agency administered federal grants and affordable housing projects for wage rate compliance and/or income eligibility compliance.

Success and achievements, let us start with the Rental Housing Division or the Section 8 Program. In the last audit cycle we received no findings the single audit for the County of Kaua'i. We were able to bring on eighty new participants and hopes to bring on an additional 80-100 in the next few months. We have been averaging about seven hundred ten participants right now under the program. We receive new software and new procedures that have allowed for staff to minimize the turnaround time for housing families from approximately sixty days to half of that to between thirty and forty days. Continuing on with success and achievements, we have worked very closely with HUD's Veterans Assisted Supportive Housing Program Coordinator and assisted 14 homeless veterans utilize their HUD VASH Vouchers to secure housing. We have assisted Family Self-Sufficiency 110 participants. Out of these participants, 61 families increased their incomes by an average of approximately \$4,000 per year, 8 families transitioned into non-subsidized housing, and 4 families purchased homes utilizing the Section 8 Homeownership Program. We met HUD's 1.5 CDBG timeliness ratio by posting a ratio of .79, the lowest timeliness ratio recorded statewide by a CDBG grantee. We provided Kaua'i Habitat for Humanity \$200,000 in CDBG funds to construct waterline improvements to complete the off site infrastructure requirements for the 'Ele'ele Iluna Phase two subdivision for the build-out of 107 self help homes for families ranging from thirty percent and eighty percent of median income. We have disbursed \$2.67 million in HOME funds to build Paanau Village Phase 2, a fifty unit affordable rental housing project in Kōloa serving low income households below sixty percent of median income, scheduled for completion in May 2012. We received approval from Fannie Mae, USDA Rural Development, and two private lenders to use the County's Ground Lease in the financing of home purchases with leasehold ownership. We proceeded to market the County's inventory of 12 residential properties to Homebuyer List participants and closed escrow on 7 leasehold sales, placed another 3 leasehold sales into escrow, and commenced the rehabilitation of 2 remaining homes for future sales. We have completed master planning phase for the County's Lima Ola 75 acre parcel in 'Ele'ele with assistance of a Community Advisory Committee, public meeting attendees, and through consultations with the Mayor and cabinet, Councilmembers, County Departments, and State Departments. We obtained HUD's approval for the transfer of property ownership of the Waimea Dispensary facility to Easter Seals Hawai'i and provided \$250,000 in CDBG funds to make accessibility improvements for the facility's rehabilitation, slated for completion in August 2012. Lastly, we completed the Hawai'i Housing Planning Study 2011 prepared by SMS Marketing and Research, who conducted a total Kaua'i sampling of 1,029 random telephone interviews over a six month period for the Kaua'i specific data collection and tabulations presented in the Kaua'i report. We did provide a status report and a summary of the study to the Council and there was some questions asked and we tried to answer the questions and we will be more than willing to come back at a later date to offer further information.

Some of the challenges that we are encountering or anticipate to encounter is that the FY 2012 Congressional Budget signed into law represents significant decreases in funding levels for the CDBG and HOME programs. The FY 2012 budget includes a reduction of 11 percent in CDBG funding. In actual dollars, this will reduce the County's allocation from \$740,145 to \$709,480. For HOME, the budget includes a reduction of thirty-eight percent. For now, the HOME budget reduction does not impact the State's allocation, as the State of Hawai'i receives the minimum

allocation of \$3 million. For the Section 8 Housing Choice Voucher program, HUD has reduced the level of administrative fees paid through the program to public housing authorities from 83% to 75% of eligible fees earned. With this steep reduction in administration fees, the Housing Agency anticipates a \$477,000 budget shortfall for its Rental Housing Division staff in the 2012-2013 operating budget.

Our upcoming initiatives are to implementation of the 2012 CDBG Action Plan that funds five public services activities for substance abuse, homeless prevention, and youth – four housing activities and three public facilities activities for energy efficiency, ADA accessibility, and childcare. Implementation of the 2012 HOME Action Plan that funds three housing projects that offer first time homeownership opportunities to 54 families ranging from 30% to 80% of median income. Completion of Lima Ola site feasibility contract with consultant, R.M. Towill and the procurement of consultants for preparation of an Environmental Impact Statement and petition for State Land Use District boundary amendment. Utilization of Neighborhood Stabilization Program revolving funds to purchase more properties for leasehold ownership by Homebuyer List participants. Development of proposed Community Land Trust model for local government and private partnerships. Development of GIS layers and data management system to track affordable housing projects, housing stock and affordability requirements. Reroof of eight residential buildings at the Paanau Village Phase one project.

I would like to turn your attention to the comparative graphs which we submitted. The graphs are pretty self explanatory, we have the allocation of the various funding, the breakdown on the various funding of which we administer. To the left you will see a total and in the next page, you will see our total budget but under the general fund you will see that it is primary salaries and benefits and for grants and other it is primarily program. If you look at the next page – the total funding received in FY 2012 was nineteen million, three hundred fifty-five thousand, three hundred and fifteen dollars, the program included constituted eighty-four percent where sixteen point two, six million and then Admin was sixteen percent. For the FY 2013, we were estimating total funding in the amount of nineteen million, nine hundred fifty-two thousand, two hundred and eighty and the programs and the breakdowns for Admin remains relatively the same. We are looking at almost the same amount of funds from the last fiscal year.

The next graph just shows you generally what the funding sources has been in regards to the various programs. As you know we administer nine different programs through the Housing Agency and you see the various breakdowns for all of the different program relative to the percent of the budget that is utilized to run the agency. With that, that ends our slide presentation and the Chairman wanted for us to... may I just complete one more thing before we go into the actual budget, I wanted to talk about staffing and this is in regards to your memorandum which was submitted to us early in the budget process wanting to know about staffing. This was your request for information. If you look at page eleven of the handout and it is titled Council request for information. The first question posed by the Council was to have a list of new positions or changes to any positions indicating contractual or civil service, the salary and the division. I would like to state that the County Housing Agency right now consist of thirty staff, two have remained unfunded – dollar funded and they are... with the exception of the private security and myself all employees are contractual hires. They are under a one year contract and the contract begins April 1 and ends June 30. There has been one position out of the thirty that has been changed... it was a person in the Section 8 program which took the place of a retiree and he was moved from an SR 16 to an SR 18.

Chair Furfaro: Excuse me, let me get some clarification. You made mentioned that the responses were on page eleven?

Mr. Jimenez: Yes.

Chair Furfaro: Are the pages numbered?

Mr. Jimenez: Yes.

Chair Furfaro: I am still looking at the PowerPoint. In the future it would be nice to have some numbers there too. I am really impressed with having to sit over here and move all my paper every time somebody comes up. Thank you for numbering the pages, go right ahead.

Mr. Jimenez: We are on page eleven and I mentioned there has been one position that has been reallocated from an SR 16 to an SR 18 from thirty-six thousand to thirty-eight thousand, nine hundred. Number two, was a list of current who anticipated vacant contractual positions. As I mentioned earlier, we have two positions which are dollar funded and which are located within the Section 8 program and the reason why we are not requesting... a couple years ago when we were going through the whole issue with furloughs and cutting budgets and everything, we opted not to fill these two positions. What we have done in house was to cross train some of the individuals. We anticipate that should this program expand that we will be needing this position, that is why they remain as the dollar funded area. We do not anticipate filling it for the 2013 FY. Number three is the list of contractual positions funded by State of Federal grants and the contract period. As I mentioned all contracts now run from July 1 to June 30 following the County's fiscal year. I have listed before you twenty-six positions with position number, the title of the position and the percentage that are funded by the various funding sources. There are twenty-six positions funded by Federal and/or non-County general fund sources.

Chair Furfaro: And that was from the attachments that you made revisions on?

Mr. Jimenez: Yes.

Chair Furfaro: Thank you.

Mr. Jimenez: If you look at page one of the handout, what you have here is a budget summary and this budget summary includes the nine funding sources for the County Housing Agency. It includes the percentage of funding each of the staff has and it... you have total and we will be going through each of the different funding sources.

Ms. Yukimura: What are you referring to?

Mr. Jimenez: Page one – it is the Housing Agency Operating Budget summary.

Ms. Yukimura: Okay.

Mr. Jimenez: This includes the thirty staff with the number, the position, the funding level and the percent of funding from the various sources. If you look further down, you have the total administration power, you have the total programs column for each of the program with a grand total and an estimate of what the full time employees are per the various funding sources.

Chair Furfaro: And the grand total being 6697?

Mr. Jimenez: That is strictly for the section 8 voucher program. The grand total is on the first column on the left – 1995220.

Ms. Nakamura: Thank you for this presentation. We have been through many departmental briefings and I think this is the first one where we are seeing the complete picture of all the different sources of funding that goes into the department and of that percentage being used by the General Fund. The budget that we get does not show that big picture. This is just a request to the Finance Department that this format is very useful and for those departments that rely on outside sources, this is a good model to use in the future I think.

Mr. Jimenez: Thank you for your comments.

Chair Furfaro: Let us do this one more time. How many positions actually show up in the General Fund operating?

Mr. Jimenez: If you turn back to that page under the General Fund, we have five positions are being funded under the General Fund.

Chair Furfaro: Three positions under the General Fund...

Mr. Jimenez: There is five full time and some partial funded, like twenty-five percent, I stand corrected.

Chair Furfaro: How many of those members are partially funded at twenty-five percent?

Mr. Jimenez: There are four funded hundred percent. It comes out to seven point one four full time employees under the General Fund.

Chair Furfaro: So we are going to use this term for everybody because this is how they have always done it, it is seven point one full time equivalence?

Mr. Jimenez: Yes.

Chair Furfaro: Is the term?

Mr. Jimenez: Correct.

Chair Furfaro: Okay. It is a very unique report from Housing because of the nine programs and all of the twenty-five or twenty-six grant funding mechanisms, it is different than any other piece we have but we should be talking in the terms of full time equivalence.

Mr. Jimenez: And if you look at the last column on that summary page that shows the full time equivalent for all the programs, so to give you the indication as to what is the staffing... okay, if you look at page two which is the general fund budget what we have done was to go back three years, so to show what the trends are.

Chair Furfaro: This is page two.

Mr. Jimenez: Correct.

Chair Furfaro: And for all the members, this is what we are looking at.

Mr. Jimenez: We have included what was approved in FY 2011, what was approved in FY 2012 and what we are proposing for the next fiscal year 2013. You can see very

clearly the trends whether they have increased or went down, you can also see the increases in the various employee benefits to include social security, health fund retirement and worker's comp and the like which is included right below the salaries on the top portion. We also have the total employee benefits amount funded under the general fund and the other services listed for... and the other services listed thereafter. In regards to your questions relative to the funding for staff funding for Section 8 on page three, we have personnel description of all of the different funds and you can see on the left the percentages. The 442849 which is the proposed under the general fund is the same thing as included in the summary page for the (inaudible).

Chair Furfaro: Four hundred forty-two thousand, eight, forty-nine is the exposure that we are getting from the general fund?

Mr. Jimenez: Correct. Under that we have also included the R&M for the Waimea Theatre which is the County of Kaua'i is doing.

Chair Furfaro: Before we get to R&M, let us see if there are questions about staffing.

Mr. Rapozo: I have a question. Your position 9536 the Assistant position, the salary dropped from seventy thousand to fifty-five, zero, nine. Is that accurate?

Mr. Jimenez: What was the number?

Mr. Rapozo: It is on page three.

Mr. Jimenez: That position is the position of Imai Aiu, it is at seventy thousand but it is... if you look on the left hand side it is funded under the General Fund seventy-nine percent and twenty-one percent is funded from another source, that is what that means.

Mr. Rapozo: Okay.

Mr. Jimenez: So that is not a drop, it would still remain at seventy. If you look at the...

Mr. Rapozo: Yes.

Chair Furfaro: If everybody reads the heading on the upper left, these are the dollars that are coming out of the General Fund. So, it may not be the complete salary reflection but it is a reflection of how much of that salaries are coming out of the General Fund.

Mr. Jimenez: The percentage, right.

Mr. Rapozo: Okay, thank you.

Mr. Kualii: If we are talking about positions, I just wanted to ask about those two positions that you talked about being vacant, the dollar funded positions, the 9451, the senior clerk according to Personnel effective vacancy date was 12-31-09 so that is a few years. But the Housing Assistant Specialist III 9539 is effective 6-30-11, so somebody retired then or grant funding ended then, what was the change then and going forward you are saying we opted not to fill because furloughs and funding issues.

Mr. Jimenez: And budget constraints, now with the anticipated amounts we are getting from HUD that it is not... we are hopeful that it will change. Just for your information

this program has been running for thirty-eight years and this is one of the most I would say important and significant program from the Housing Urban Development followed by Block Grant which is thirty-four years in the running. Section 8 has been the longest running program Nationwide and so we feel that it is here to stay and I think that at a future date, there maybe increases for that. From my understanding that position, it was a retirement position.

Chair Furfaro: She left at thirty-eight years. I just wanted to follow up, so was that the same person?

Mr. Jimenez: No.

Mr. Kualii'i: Lastly, the position that Councilmember Rapozo was asking about, on that page three on the far left corner when it says a hundred percent, does not that mean that the proposed salary in the budget is coming a hundred percent from the General Fund?

Mr. Jimenez: No. It does not mean that. Each line item specifies the percentage.

Mr. Kualii'i: So position number 9536?

Mr. Jimenez: Seventy-nine percent from the General Fund and twenty...

Mr. Kualii'i: Where does it show that?

Mr. Jimenez: On the left hand column, page three.

Chair Furfaro: It does not show that, that is what he is saying to you.

Mr. Kualii'i: It says a hundred percent. Are you saying in the other spread sheet?

Ms. Yukimura: You submitted a supplemental right to the one originally submitted because the one you already submitted had a hundred percent.

Mr. Kualii'i: The one I am looking at says a hundred percent, on page three.

Ms. Yukimura: And then we have one that says seventy-nine percent but that was your supplemental, you submitted after you made the March 15 submittal and you know in the future, Ernie and others, if you do a supplemental, put the date that you are actually supplying it rather than the original date of March 28 because then we are totally confused. You have two submittals dated March 28, one of which was submitted like a week ago but you do not have that date on it, so we are trying to figure out which one was the new one, which one is the old one. But they both say revisions.

Mr. Kualii'i: I see it on page one.

Mr. Jimenez: I apologize for that. As instructed we did some revisions and we just assumed that you had the most updated ones.

Chair Furfaro: Do not assume.

Mr. Jimenez: Yes.

Mr. Kualifi: But on page one where it says the seventy-nine percent and the twenty-one percent, what again is HCDRF?

Mr. Jimenez: Housing Community Development Revolving Fund.

Mr. Rapozo: It is a follow up to those two dollar funded 9539 and 9541, where do they show up in the budget?

Mr. Jimenez: Under the Section 8 program and under the summary page.

Mr. Rapozo: In the budget itself?

Mr. Jimenez: Yes.

Mr. Rapozo: You have the page because these numbers are small.

Mr. Jimenez: Mel, it is not included in the AS400 printout but this printout.

Mr. Rapozo: Okay.

Mr. Jimenez: Under the section 8 program and under the budget summary that first page, page number one you can find there are the two dollar funded positions.

Mr. Rapozo: I am trying to find it in here and even the dollar funded positions typically show up on these budgets, so I am trying to find out if those positions are even there because it is not on the budget.

Mr. Jimenez: Neither is Section 8.

Mr. Rapozo: Is it completely grant funded positions?

Mr. Jimenez: No, it is... the federal funded programs are not included in the AS400.

Mr. Rapozo: Right.

Mr. Jimenez: And that is why we submit this, so you get the complete full picture.

Mr. Rapozo: So those two positions are completely funded by federal money, no County money?

Mr. Jimenez: You mean the dollar funded ones.

Mr. Rapozo: Well if it is dollar funded, the dollar comes from the County.

Mr. Jimenez: Yes.

Mr. Rapozo: So, it needs to be in some form here. If it is a grant funded position and we do not pay, then it does not show up but if it is a dollar funded position, the position number should show up on the budget, so I just want to be sure that those positions are there. This is what happens and I am sure you know this, we dollar fund a lot of positions and then throughout

the year, somebody needs a contract so they grab a dollar funded employee position number and they create a contract with that number. That is why I want to make sure those positions and maybe you do not even know it was removed because I do not see it and if is dollar funded, it should be on this form. I guess we will send something over to Personnel because that is my concern, we have so many of these dollar funded positions that can be manipulated throughout the year.

Mr. Jimenez: These positions have been there two or three years.

Mr. Rapozo: Well it is not here, I am telling you, what is on the budget, it is not here.

Chair Furfaro: He is telling you that it has done a Houdini.

Mr. Rapozo: That is the concern. If it is dollar funded, the dollar got to come from the County.

Mr. Jimenez: Yes, it is dollar funded under the Section 8 program, not from the County money and that is why it is not in the AS400.

Mr. Rapozo: How many of those?

Mr. Jimenez: There are two.

Mr. Rapozo: Only that two from your Department?

Mr. Jimenez: Only that two dollar funded by the Section 8 program.

Chair Furfaro: Then that is what you should tell us from the beginning because we have many dollar funded positions coming out of the General Fund which is where Mr. Rapozo's question is coming from. So, it is dollar funded in the Section 8?

Mr. Kualii'i: Even still, where are we going to see that? Are you going to present that to us separately – the Section 8 program?

Mr. Jimenez: This constitutes the budget for the Section 8 program, the line item here.

Mr. Kualii'i: Page three.

Mr. Jimenez: No, it says at the end of the presentation and there is a...

Mr. Kualii'i: So, later we are going to see those positions under Section 8?

Mr. Jimenez: Correct, dollar funded.

Ms. Yukimura: What page?

Mr. Jimenez: Eighteen and nineteen.

Chair Furfaro: Make sure we all know, it is in the book revised April 13, page 3.

Mr. Kualii'i: The book, what is the book?

Chair Furfaro: This amendment that they just sent over – April 13. Reflecting only the Housing Agency’s revisions.

Mr. Kualifi: If we were looking at the first column, the last column is Section 8 right?

Mr. Jimenez: Yes and the last line item budget is Section 8.

Mr. Kualifi: So where on page eighteen are those positions?

Mr. Jimenez: If you look on the first column, dollar funded, dollar funded, there are two. Right in the middle of the page.

Mr. Kualifi: You just do not have position numbers here but the Housing Assistant Specialist III and the Senior Clerk 10?

Mr. Jimenez: Correct.

Mr. Kualifi: Okay, so they are there.

There being no objections, the Council recessed at 3:01 p.m.

The Council reconvened at 3:23 p.m., and proceeded as follows:

Chair Furfaro: Let me indicate to you folks that we are open for general questions now after the presentation and I think you had the first one, Mr. Bynum.

Mr. Bynum: Thank you very much for this presentation, I want to echo Councilmember Nakamura’s comments about the presentation format that you have used for a number of years and just let her know that we all have suggested that to all of the department’s that have other grant funding to adopt your format in the past because it is real understandable. It is almost essential for your program where the vast majority of it is funding by the Federal government and then I wanted to say, Sandi, no findings in the single point, congratulations that is an accomplishment for such a complex and complicated program. I received the memo today that I had made request about the Section 8 program and so I am going to ask just a couple of questions because your memo answers my questions pretty thoroughly, well in a short version and my read is you could use HOME funds but it would not be sustainable. But it looks from what you have presented and I also got an explanation about the high eligible numbers because of Iniki and when I look closer to that chart, it did not make sense because Maui had similar numbers and you would have expect with just the size they have more dollar funding. Also, we are all concerned in County government cuts and about housing and transportation and other things that County’s rely on. It looks like we are getting the CDBG cuts but the HOME cuts which are substantial, we are shielded for a while because of the small state minimum and do you know how close we... there is some kind of... if the cuts come down a certain point, the minimum, the other states are going to look at it, do you have any sense from the Feds of how close we are to that line?

GARY MACKLER: Good afternoon, Councilmembers. No, we do not. We have not told by the Community Planning Director of Honolulu, the field office there is that even though the State of Hawai’i receives an allocation of HOME funds – three million dollars, it does not mean that it can not be cut. They did not indicate if and when it might occur but they said do not think that you are safe because it is the minimum allocation.

Mr. Bynum: Is our congressional delegation aware of how critical that minimum funding is for the State and I assume they do.

Mr. Mackler: The do.

Mr. Bynum: And in staying on Section 8 it looks like on what you presented, you have to... because the allocation is based on previous years, expenditures, so it really is a strong incentive to expend as much appropriation as possible because it could lead down, right? And it looks like you done a good job at getting it out and did I read correctly that seventy-five percent of those funds have to go to thirty and below?

SANDY KAAUWAI: That is correct.

Mr. Bynum: So that is a real challenge.

Ms. Kaauwai: That is a challenge.

Mr. Bynum: To indentify the housing and indentify the recipients who can kind of logistically get it together. My last question on Section 8, you have a program to help Section 8 people hopefully move into homeownership?

Ms. Kaauwai: Yes. The Section 8 Homeownership Program. It kind of dovetails off of the FSS Program where they go through the FSS Program to work on their self sufficiency and part of that program is...

Mr. Bynum: FSS means?

Ms. Kaauwai: Family Self Sufficiency Program and part of that program if they so choose, they can turn their rental voucher to a homeownership voucher which would essentially pay a mortgage as opposed to rental assistance.

Mr. Bynum: I think that is a really cool program and I think you have two people working on that program?

Ms. Kaauwai: Yes, two people.

Mr. Bynum: What are their names?

Ms. Kaauwai: Melissa Jackson and Kathy Kato and we have had I believe at least sixteen homeownership vouchers or people transition into homeownership, not necessarily using their homeownership vouchers, some of them just transitioned off the program and into homeownership.

Mr. Bynum: I am very impressed as I have been all along with the Housing Agency. Whenever I ask a question, I get a quick and understandable answer and so thank you very much for the good work.

Chair Furfaro: Again, maybe I would like to extend also our appreciation for the improvements overall in the practices of reporting the federal government, extremely important to us. I just have one question and it is in round numbers for you folks, on this nineteen million that we have as income for Housing, your chart says less money's we take out for administrative cost. On your graph we have programs totaling sixteen million, two, sixty-eight, seven, seven, nine that leave eighty-four percent of the nineteen million after we take out for the Administration and your

narrative says forty percent of that is for Section 8? So does that mean our Section 8 supplements a round about six point seven million dollars? Is that a correct evaluation for me?

Ms. Kaauiwai: Yes, that is about right.

Chair Furfaro: That is about right, okay. That is all I needed to know right now.

Mr. Chang: Can you explain what HUD actually is and I want to explain because in 2008 I remember in October there was about a ninety to a hundred for rents in the Garden Island Newspaper and just randomly I do not know what it was with renters but it said “no HUD” very soon thereafter, by December or January there might have been the same amount of rentals with just about only four “no HUD” because I think renters realized that this was guaranteed money, this was money that they could use. What is HUD and what did we do to educate the renters that by holding a HUD voucher, it does not mean that you are bad... what did we do to educate the renters that the HUD program is a good thing?

Ms. Kaauiwai: I guess it starts off with our family briefing and issue the voucher itself, we have cleaned up our family briefing. We have created a family handbook that I think I call it our Section 8 bible and it explains the program to them I think in a manner that is a little bit layman’s terms so they understand the nuances of what the requirements are for them. We also have our Fair Housing Officer that goes in and does how to be a good renter, what they should and should not do. The other thing we created was a manual that we give to each landlord that explains the program. We are not property managers which a lot of them assume that we were at first. Basically, we just provide a subsidy on behalf of an eligible participant. Once we explain to them that the Section 8 tenant is the same as any other tenant, you still have to do your homework for your rentals, you would need to qualify them like you would any other perspective tenant. I think once they realize that and once we had that in place, I think that helped a lot.

Mr. Chang: And there is a huge noticeable difference from before because I do not think the renter understood what it meant, they just put it down because they would just see it in everybody else’s application if you will and then when they started to learn the program because it seemed like it went a long way in a short period of time.

Ms. Kaauiwai: In the past I think the rules were not... in the recent years we actually have tightened up the administrative rules so that we do have... if you do not doing what you are supposed to be doing – trashing units or whatever then we tell them, you cannot do that because it reflects on the whole program not just you. I think that helps a lot.

Chair Furfaro: This pamphlet that you have, does it cover all the programs like... not just rent but rent to own?

Ms. Kaauiwai: It does not. It is specific to Section 8.

Chair Furfaro: Are those different applications?

Ms. Kaauiwai: Yes.

Chair Furfaro: Could you send over to me an assortment of these applications and one of those pamphlets?

Ms. Kaauiwai: Sure.

Chair Furfaro: And I would circulate them amongst the members.

Ms. Yukimura: First of all, congratulations, I really like your objective in Rental Housing Division – obtain and maintain a high level of standards and professionalism in day to day management of all program components. I love that you have a high standard to set to strive for and with respect to Housing and community development, congratulations on achieving the Fannie Mae financing for the ground lease, oh wait...yes, for your ground lease. That is a big accomplishment and shows that Fannie Mae has a lot of faith in our Housing projects. On page three where you talk about managing County owned rental assistance, rental assets, congratulations on that too because I think as Eugene has mentioned our Housing rental projects are getting a really good reputation for how they look, how they managed and people who live in them are very proud to live there. My question is can we get a list on all the County owned rental assets or is it only Kalepa Village and Paanau?

Mr. Mackler: Those are the only two rental projects that are owned by the County but we do have a comprehensive list of all the rental projects on the island that served the low income population.

Ms. Yukimura: I would like to see that.

Mr. Mackler: I would be happy to send it to you.

Ms. Yukimura: We would like to get that, so that the Līhu'e Theatre project, is that under KHDC management?

Mr. Mackler: It is. They actually contracted contract management for the Līhu'e Theatre and also for Hale kupuna project in Kalāheo, they are utilizing Hawai'i affordable properties for the management.

Ms. Yukimura: It would be very helpful to see the inventory of affordable rentals. Can you explain the Housing Community Development Revolving fund, where those money's come from?

Mr. Mackler: The Housing Community Development Revolving fund revenues it comes to us principally from program income. Program income that is generated by the past use of our disaster allocation of home investment partnership program funds.

Ms. Yukimura: That was the forty million dollars that we got after the hurricane.

Mr. Mackler: That was the very one, yes and part of that.

Ms. Yukimura: That is why I should know this.

Mr. Mackler: Part of that disaster allocation was loaned and the repayment of loans (inaudible) a revenue stream for the housing and community development fund.

Ms. Yukimura: And that is a total of... in this years budget, one point nine million?

Mr. Mackler: Yes, there is a carryover, a fund balance of one point six three, three million and there is an anticipated revenue stream in the next fiscal year of three hundred and eighty-three thousand dollars.

- Ms. Yukimura: Okay, so that is a total of one point nine?
- Mr. Mackler: Correct.
- Ms. Yukimura: And of that one point nine, we are using half a million for salaries, right?
- Mr. Mackler: Yes.
- Ms. Yukimura: Is this a normal percentage or are we using more this year than usual?
- Mr. Mackler: We are using more this year and the reason for that is because due in large part to the fact that we had a presented a decrease in the Section 8 Administrative funds that we receive of approximately four hundred seventy- seven thousand dollars. What we did this year was we offset that decrease in revenue by using funds from the Housing and Community Development revolving fund. We took funding from... on page five of this budget, we took funding from the... the line item which is shown as Homebuyer Loan program.
- Ms. Yukimura: Are you referring to the line item budget that comes from Finance or supplemental handout that you have given us?
- Mr. Mackler: The supplemental handout and it would be on page five, about the middle of the page there is a line item there for a home buyer loan program, we were able to move funds from that line item to help offset the revenue loss from the Section 8 program. We were also able to supplement that loss for the homebuyer loan program through the Community Development Block Grant and HOME investment partnership action plans that were before you last week. Where we are providing six hundred thousand dollars of HOME buyer loan assistance to fund our program and so we were able to do that this year or for the upcoming year but I do not think that is something that we will be able to sustain in the year beyond.
- Chair Furfaro: Gary, how much was it again?
- Mr. Mackler: We anticipate a shortfall for Section 8, it was four hundred seventy-seven thousand dollars and so we moved that amount over to pay out of the Housing Community and Development revolving fund. We took it from the line item that is shown for HOME buyer loan program and as I mentioned we were able to do that because we were bringing in additional federal funding through CDBG and HOME to continue to fund HOME buy loans.
- Chair Furfaro: I want to make sure happen.
- Mr. Mackler: Yes.
- Chair Furfaro: That it was a replenishment of a homeowner purchase funds.
- Mr. Mackler: But that really is not something we view as sustainable in future years.
- Ms. Yukimura: The revolving fund has served us well but if we put it all to operating cost, we will not be able to do the kind of work we have been doing with it in the past.
- Mr. Mackler: Yes.

Ms. Yukimura: And so I think we need a strategy in the long term, okay and then so the remaining eight hundred thousand is for programming?

Mr. Mackler: Correct.

Ms. Yukimura: You are showing that for this year's budget and this is my last question, how are you spending the eight hundred thousand?

Mr. Mackler: We are again referring to the same page, page five at the bottom of that page there are several line items that we are putting program funding. The first line item is we refer to as the EA, that is for an Environmental Assessment and Project Feasibility and we want to keep funds on that line item should we have an opportunity to acquire land, we want to be able to have some resources available to study the site if necessary and to move forward with appraisals and phase one environmental site assessments and those kinds of things that we have to do for our due diligence. So we do identify some money there. The second line item is referenced as the 'Ele'ele Lima Ola line item and it is shown as offsite infrastructure, we are looking mainly at trying to fund some of the future offsite infrastructure cost for future development of the seventy-five acre parcel. The third line item also referenced for Lima Ola and this is for... it says EIS consultant, that is for an environmental impact statement. We are looking at the next step of cost for this project as the environmental impact statement that is a cost that we want to do prior to or concur with the General Plan update because our intentions is to seek amendments to the General Plan designation from agriculture to urban through the upcoming General Plan update. We will also need an environmental impact statement at the time should we go to the Land Use Commission for petition of reclassification of lands so it is an essential study that needs to be done for us to advance this project through the entitlement process.

Ms. Yukimura: Okay...

Chair Furfaro: JoAnn, you did say that that was your last question. I would suggest that if you want to pursue...

Ms. Yukimura: All I was going to say Chair was I have other questions but I will defer for now.

Chair Furfaro: And I want to say if you have questions about performance strategies and so forth that can be put in your Housing Committee, I would prefer we put an agenda item on.

Mr. Kualii'i: I wanted to ask about the two housing projects, how many units are there in Kalepa and how many of those were the original groups and how many was added on and when was that added?

Mr. Mackler: Let me just give you a quick history of Kalepa Village. The site was acquired in 1994 and the site work was completed in 1996 and the first building phase was completed in 1997 and consisted of sixty units. We subsequently subdivided the property to help facilitate financing for future phases and the remainder of the property which is a hundred and twenty units were built out in three phases. Phase two and phase three were built out with financing from the HOME program and from low income housing tax credit equity. Phase four, the final phase, was actually built out and developed by the County by our agency with HOME funds, with some of the reserved HOME funds that I described for you last week, with home disaster program income, so we actually completed a hundred and eighty units on that site.

Mr. Kualii'i: You said phase two, three and four.

Mr. Mackler: Yes.

Mr. Kualii'i: The original was sixty units and how much was added each phase?

Mr. Mackler: The cost?

Mr. Kualii'i: No, the units.

Mr. Mackler: Well it was sixty for the first phase and then each of the following three phases were forty unit phases.

Mr. Kualii'i: When was the last phase completed?

Mr. Mackler: 2008.

Mr. Kualii'i: What about Paanau as far as total units?

Mr. Mackler: Total units there are sixty units in phase one and that property open its doors in early 1994.

Mr. Kualii'i: And now phase two is underway?

Mr. Mackler: Phase two is nearly completion actually, end of May early June and that will be a fifty unit project. That one was developed by HOME funds and low income housing tax credit equity.

Mr. Kualii'i: Is there a phase three?

Mr. Mackler: Not to my knowledge, it would be great...

Mr. Kualii'i: So it is a hundred and ten total units.

Mr. Mackler: And next door to Paanau phase one is State housing which holds fifty one units.

Mr. Kualii'i: When I look at this consultant services, so that is where the management function is?

Mr. Mackler: It is. It is actually there is budget pages in our supplemental budget for both the Kalepa Village and the Paanau Village project.

Mr. Kualii'i: So when the additional units come on line for Paanau, it will be in this new Fiscal year?

Mr. Mackler: No actually it will not. If you look at Kalepa Village for example, we show it as Kalepa Village phase one and Kalepa Village phase four. The County owns the entire property but it financed the development of the sixty units of phase one and the forty units of phase four. The two phases in between are projects where we provided a long term ground lease to the tax credit limited partnership who brought the tax credit equity and developed each of those phases.

Mr. Kualii: To the same provider or same entity?

Mr. Mackler: Yes, both were developed through the Kaua'i Housing Development Corporation a locally based non-profit housing development.

Mr. Kualii: Is the similar thing happening with Paanau?

Mr. Mackler: For phase two, it is.

Mr. Kualii: So the first phase is County and then the second phase is KHDC?

Mr. Mackler: That is correct.

Mr. Kualii: The County's responsibility as far as management is what is showing up in the budget?

Mr. Mackler: It is.

Mr. Kualii: And then the phases that is not the County's – KHDC will have the management responsibility?

Mr. Mackler: The KHDC acts as the general partner for the tax credit limited partnership and as the general partner, their responsibility is to provide for the operations of the phases at Kalepa Village and will be with the second phase of Paanau.

Mr. Kualii: Is there any thought to changing direction because as far as the County managing some the KHDC is managing some... in the long run depending on how much each site has is it sort of a duplication of onsite management offices?

Mr. Mackler: The only place that would be clumsy really is at Kalepa Village because we have one project site and two phases which they control and two phases which we control. Right now, we have the same company doing all four phases there and we also through the terms of the grounds lease, will have the opportunity at Kalepa Village to take back the improvements of phase two and phase three at the fifteenth year of the ground lease when the tax credit limited partnership dissolves. We hope to consolidate at least at Kalepa Village all four phases when the opportunities are available for us.

Mr. Kualii: On the rents and concessions, that is the rent collected under revenue line item for Kalepa Housing and Paanau Housing? Kalepa Housing went from nine hundred and seventy-nine thousand last year to a million, so it went up pretty good and then Paanau went from four hundred ninety-nine thousand down to four hundred and ninety-six. What is the different factors that work in both places, occupancy...

Mr. Mackler: (inaudible) actually the in looking at the total revenue for Kalepa Village, is that the one?

Mr. Kualii: Yes. In the budget, the first two pages has all the different funds and there is a line item called revenues from property rents and concessions and in Kalepa Housing for this next fiscal years one million four hundred fifty-eight dollars and Paanau is four hundred and ninety-six thousand, three hundred and fifty.

Mr. Mackler: I do not think I have that, is that from the AS4000 because I do not have that.

Mr. Kualii'i: I will submit that as a question and you can get back to me.

Mr. Mackler: I can tell you in our supplemental budget that we provide it, we do have budget pages there for Kalepa Village and also Paanau Village. If you refer to those pages you will see that our effected gross rent income is essentially the same or is unchanged from the current year to next year. We do program a vacancy loss of three percent which is about how we track out there, we are almost full all the time.

Mr. Kualii'i: This was separate reports from you guys or the... not this, not the budget stuff.

Mr. Mackler: The one I am referring to would be on one of our supplemental budget pages.

Mr. Kualii'i: What page?

Mr. Jimenez: Page six.

Mr. Kualii'i: When administration resubmits May 8<sup>th</sup> you will give them better figures because your figures are different from theirs?

Mr. Mackler: (inaudible) look at that and see how that needs to be reconciled.

Chair Furfaro: I take it we will see about eighty thousand dollars in revenue corrections on the new submittal and let us see if we have any other questions from other Councilmembers.

Ms. Nakamura: Page fourteen of the budget worksheet dealing with Special Projects there is one point five million here in... is this your buyback account?

Mr. Mackler: I do not have those pages to refer to? You are looking at the AS400?

Ms. Nakamura: I guess the question I had was over the past few years, how much have we actually spent on buybacks?

Mr. Mackler: I have to throw a number out...

Ms. Nakamura: Maybe I will write it up as a question.

Mr. Mackler: We can collect that information for you.

Ms. Nakamura: I just wanted to find out if the one point five million in the budget is adequate? So, we will write that up as a question. On the 'Ele'ele Project, there is seven hundred thirty-four thousand in the budget for offsite infrastructure and EA and project feasibility and then EIS consultant and LUC consultant that totals seven hundred thirty-four thousand, five, forty-six, so my question is do you anticipate expending all of these funds over the next year and contracting with all four consultants in one year?

Mr. Mackler: Thank you for the question, no, we do not.

Ms. Nakamura: Okay.

Mr. Mackler: What I hope to do in the upcoming fiscal year and hopefully with this Council's authorization is to allow us to proceed to procure the consultant for the environmental impact statement, that is really our next step in terms of committing funds. We are still planning to come before you in late August once the site feasibility is complete by RM Towel there are still studies relating to this site that are in progress and working through. We did transmit over in late March the master plan that was prepared by the sub-consultant Kimura International and we will have them here hopefully in late August to make a presentation for you but in this current budget year we know there is some funding that is still available through the Bond Fund it is approximately two hundred seventy-three thousand dollars which were held in contingency pending our return to the Council to represent the project. We hope to in August to do that and ask then for your consideration to release those funds so we may move forward with the environmental impact statement.

Ms. Nakamura: That is the CIP bond funds?

Mr. Mackler: Yes.

Ms. Nakamura: And then you have the hundred, one thousand here.

Mr. Mackler: I am showing some money in the Housing and Community Development Revolving Fund, we have talked to a number of consultants about what the cost might be for an environmental impact statement. The spreads really varies and depends on how many sub-studies you have to complete. So, we do not have an actual number, we just have ballparks estimates. I do want to in addition to the bond money that I mentioned, the two hundred seventy-three thousand dollars approximately still identify some additional funds in the Housing Community Development Revolving Fund Budget for the possibility of using the environmental impact statement if it is needed.

Ms. Nakamura: Okay. Is there a performer for the project?

Mr. Mackler: Not at this time. One of the studies that is ongoing for the site feasibility is cost estimating and that is information that will be conveyed and presented to the Council hopefully in late August.

Ms. Nakamura: Those are my two questions for now.

Chair Furfaro: In the next several months, can you develop some fact sheets on the two projects Kalepa and Paanau? Anything that describes the units, the market we are serving and so forth, so we have a consistent piece and that we have a brochure that is available for new Commissioner's that might come on in Planning, things of that nature, I would like to have... I think Vice Chair Yukimura said it best when there are a lot of people that say they are very happy to be in County housing projects, the reputation is good, the units are... that are coming on line Kalepa and Paanau are new, good facilities... washer, dryer, and so forth... it would be good to have fact sheets for an ongoing process as we add another phase, who did we target, how many units, how are they using the tax credits to fund them? It would be nice to have a couple fact sheets. I may might that long term request to Housing?

Mr. Mackler: We will take care of it.

Mr. Yukimura: On this Lima Ola project in 'Ele'ele, do you have a projected total cost?

Mr. Mackler: No. That is preliminary to give you a number because that is one of the task that is before the consultant that we are contracted with, R (inaudible) Towell, they are working on at the present time. That is information that will be shared with the Council when they complete their preliminary cost estimating.

Ms. Yukimura: Will this include sources of money to build this project?

Mr. Mackler: No it will not. Not at this time. When we first embarked on looking for land to acquire and this was according to a Council resolution that was passed in 2004 at a time when Kaua'i was starting to undergo a real crisis with affordable housing. Some potential funding mechanism or financing mechanism were indicated in the resolution such as tax exempt bonds, revenue bonds, State funding, Federal funding, USDA, RCAC, private lenders, it is really preliminary to know all of the financing mechanisms that would be needed at this point. We are looking at a very long term development for this site, so it is really premature try to lock in any type of financing.

Ms. Yukimura: Why would you spend money on an EIS and offsite infrastructure unless you are sure you know this can be a feasible and successful project?

Mr. Mackler: Well we are very optimistic that even the site itself and the high degree of its development potential given the very low cost for the land acquisition which given the propose density, this parcel is about sixty-two hundred dollars per unit and the fact that it is very close to existing infrastructure, we are looking very favorably on the development potential of this property. We are not yet spending environmental impact statement money but we are proposing to hopefully proceed in that direction and take that step in the next budget year.

Ms. Yukimura: Do you have a strategic plan for the Housing Department that shows that this is the place where housing is needed and where this would be the most leverage use of our limited housing resources?

Mr. Mackler: What we know is that this project is situated in 'Ele'ele, it is a site that can serve potentially a very large amount of this island, a large swath of the employment from Po'ipū to PMRF. We also have a site that is gently sloping, it is under five percent from the highest elevation to the lowest elevation...

Ms. Yukimura: Gary, I know that it is true but I am talking about... what if you had properties to develop in Po'ipū that would provide for the Po'ipū employees, that could be built faster and cheaper. Have you done that analysis? Because otherwise it is a commuter site. Have you done this analysis that really shows you? Otherwise this project will draw a lot of the housing money like H3 did for highways and without you being really clear about where the needs are and where the best sites and the easiest to develop sites are, have you done the analysis?

Mr. Mackler: Councilmember, the resolution that was previously passed by the Council in partnership with the Administration was to acquire land and to bank it if necessary. The County owns this site, we hold fee simple title...

Ms. Yukimura: But you are not answering my question.

Mr. Mackler: Because it is not something... if you understand the random nature of having opportunities to acquire land on this island...

Ms. Yukimura: But we have...

Chair Furfaro: Okay, I am going to intercede here.

Mr. Mackler: Thank you.

Chair Furfaro: If you want this item to be in your Housing Committee, I would be more than glad to entertain it.

Ms. Yukimura: Mr. Chair.

Chair Furfaro: If you want to... we owned the land as explained... they have studies to be done and I am not prepared to get feedback from you of why it needs to be discussed now. The fact of the matter, this is a budget discussion. I think your points should be made in your own Committee.

Ms. Yukimura: Mr. Chair, I am asking about these budget items and I am also asking...

Chair Furfaro: I did not hear that. JoAnn, what I heard was this feasibility about travel and the density is too far from Po'ipū and those are discussion items for your Committee.

Ms. Yukimura: Mr. Chair, I am asking about why would we spend money on an EIS project before we actually show that this would be... this project is the best project to do right now.

Chair Furfaro: Fine, we can limit it to that question. Can you please answer Vice Chair?

Mr. Mackler: Well first of all, we have not yet spend any money for a environmental impact statement.

Ms. Yukimura: But you are proposing to spend it in this budget?

Mr. Mackler: Yes we are. What I would ask this Council to do is listen to the presentation and receive the information from our consultant in August and if at that time you do not feel it is prudent to proceed to spending the money on an environmental statement, we can have that conversation.

Ms. Yukimura: I have a follow up question but if Mr. Rapozo wants to ask a question first, that is fine.

Chair Furfaro: I want to clarify that answer. The consultant will be here in August?

Mr. Mackler: Yes.

Chair Furfaro: And he will be making a presentation and we can digest that question then?

Mr. Mackler: Yes.

Mr. Rapozo: Didn't the Administration make a presentation to this Council at one point regarding that parcel with various options as far as traffic, over passes and so forth... didn't we have a discussion?

Mr. Mackler: Your memory is still there. We actually met with Councilmembers individually. The consultant came over and you may not have a direct face to face meeting. I know there was one done through a teleconference but it did... those meetings were held with members of the Council to present different alternatives that were designs by Kimura International.

Mr. Rapozo: Right and this Council supported the purchase of that parcel.

Mr. Mackler: Yes it did. We would not have brought without your appropriation.

Mr. Rapozo: Exactly for the one reason... wasn't to build a amusement park or... it was to build affordable housing. This Council supported that idea.

Mr. Mackler: Correct.

Mr. Rapozo: So, I just wanted to make that point because I can appreciate Councilmember Yukimura's concerns but we are a little late for that. We bought the land and I just want to move on.

Ms. Yukimura: If we have this in August, I will still ask you the question, has this project been selected out of a strategic planning process that has looked at all our needs and identified what are the best ways to meet those needs given the limited resources we have? The reason I am asking this is because I am interested in funding a strategic planning process by the Housing Department because you are not able to answer that question. That is the first step, you decide first if you want to build a titanic before you decide what color chairs you are going to have on it. What are the needs of this island in terms of number of affordable units, income levels that need it the most, where they should be on the island in terms of smart growth issues of jobs and location and then where do you have properties or potentials to develop and which ones can you develop in the most economical way? To me, that is the analysis that has to be done and if you could answer my question yes, we have done a strategic planning process, we know that this is where the housing needs are, these are the categories of need and this is the project that is going to develop it and this is the time table, that is one thing but I have not heard any answers on that.

Mr. Mackler: Well I think at this point, I will defer in answering that question until our consultant can come and present more information and will entertain those questions. If you would like to send them over prior to then, that is fine but we will entertain those questions when that time comes.

Ms. Yukimura: Except that your consultant was not hired to answer those questions.

Chair Furfaro: Well, let us follow up in August and I think the point is made, designing a big luxury liner for the purposes of crossing the Atlantic is an objective cause. What color the chair's are, is subjective. Let us know that we expect a presentation in August.

Mr. Bynum: The consultants are RM Towell?

Mr. Mackler: It is.

Mr. Bynum: And Kimura was kind of a side project related?

Mr. Mackler: No, actually they are a sub-consultant under the Towell contract.

Mr. Bynum: Was there a community (inaudible) prevention to work funds that were involved in that as well?

Mr. Mackler: Yes, along the way. It was not originally contemplated but along the way there was a grant that became available to the County through the Department of Health putting prevention to work. Part of those funds were utilized through the RM Towel contract to incorporate the concepts of that grant program into the sites itself and you will see...

Mr. Bynum: But what we have presented from Kimura was pretty much conceptual.

Mr. Mackler: Yes.

Mr. Bynum: I have some questions that I do not need answered now about this project but I want staff to... I was more concerned about what I found in my mind and this is not a blaming statement, it could be my fault. After the fact, the contract restrictions on that land acquisition, for instance, the one that was a big surprise to me is we are not allowed to develop any kind of commercial on that seventy-five acre parcel and that commercial will be developed in that area by the land seller. The land came with some strings attached or some restrictions on its use and I would like to have an overview and I do not mean now of what those land restrictions are for the County. For instance, if we should choose to say that we are going to develop thirty-four acres but we want to sell the other to a private developer or anybody, can we do that? And I do not need an answer now unless you have it right off the bat.

Mr. Mackler: The answer is that there is a deed restriction on that site which restricts the use of the site for residential purposes for affordable housing as defined by the County's ordinance 860 which is for families or households at or below one hundred and forty percent of the median income.

Mr. Bynum: But it does not require that the County develop every portion of it?

Mr. Mackler: Absolutely not, in fact the idea of developing future housing, affordable housing on the Lima Ola parcel is do so in partnership with private developers or private non-profits.

Mr. Bynum: Like Habitat or it could be...

Mr. Mackler: Housing development corporation, there is specific housing assistance corporation, there is EAH, there is self-help housing corporation, there is a whole host of non-profits.

Mr. Bynum: Or it could be a private developer who has a housing requirement.

Mr. Mackler: Yes, that is a possibility as well.

Mr. Bynum: This does not mean because this is a big parcel, it is seventy-five acres. It does not mean that we are going to put all of our housing development eggs in that basket over the next twenty years, does it?

Mr. Mackler: No. That is correct and we are not putting all of our eggs in one basket. We never viewed this site as a place where we would want to do it.

Chair Furfaro: Before we go any further, we are talking about this project. I heard Mr. Bynum wanting to have some agenda time to talk about the deed restrictions that might be in the land and we can do that a lot earlier in a Committee meeting. If you would like to write that up, I would be glad to put it on the agenda.

Mr. Bynum: I will be done in about thirty seconds.

Chair Furfaro: I just want to make sure they kind of understand where we going.

Mr. Bynum: I just wanted to put those in context because I think Councilmember Yukimura questions are related to the budget because it is in the budget. We are talking about spending money in this fiscal year to further this project, so I think her questions are appropriate and we should have a broader discussion because I have those kinds of questions that I just outlined for you.

Chair Furfaro: Okay, I want to clarify myself again, I did not disagree with some of her questions were germane to the budget, let us make sure we understand.

Mr. Bynum: Because I have a little different take on this then Councilmember Yukimura. I share some of her concerns but I also understand we own seventy-five acres in 'Ele'ele and there is some real attractive things about that as you mentioned.

Chair Furfaro: Mr. Bynum, I am going to leave the wording of what you want on the agenda regarding the deed restrictions at your discretion and we will put it on as a Committee item. Is there any other members that have any more questions, because we are now almost an hour pass the Council presentation, is there anyone else that has any questions?

Ms. Yukimura: I want to request as part of our budget inquiry a copy of that deed.

Mr. Mackler: Sure.

Ms. Yukimura: And then also on page twelve of your supplement, Hanamā'ulu transitional a hundred fifty thousand where it is a total of six hundred thousand, what is that about?

Mr. Mackler: Actually, this is kind of a running record of projects and activities that we have funded through the HOME program. It actually needs to be updated because the Hanamā'ulu transitional, it was only two year of funding, it is a total of three hundred thousand dollars. Actually with 09 and 2010 we are proposing to use those funds for the acquisition of a property in Kapa'a which would also be utilized or purchased by Kaua'i Economic Opportunity to be utilized as part of their transitional housing program. Again, we want to try to provide as much

inventory we can to help serve homeless that are going through the transition into permanent housing and these homes both the Hanamā'ulu and the Kapa'a home will allow KEO to have larger homes to serve larger families that are transitioning.

Ms. Yukimura: What exactly is the amount that you are requesting or this is not something that we are approving?

Mr. Mackler: I am sorry. What was your question?

Ms. Yukimura: This is not part of the budget that we are approving?

Mr. Mackler: No. Actually were approved by pass Council resolutions.

Ms. Yukimura: Okay but it still needs to be updated because it is not about Hanamā'ulu transitional?

Mr. Mackler: No, and I will make that correction on that for you.

Chair Furfaro: Mr. Jimenez, there will be a series of questions that will be coming over to you. I do not think any of them were very challenging based on your presentation. We would appreciate a forty-eight hour turn around or if you are not able to turn it around a specific question, identify the question by number and say additional time requested but for the service pieces, as quickly as possible.

The budget review was recessed at 4:21 p.m.

The departmental budget review reconvened on April 17, 2012 at 4:22 p.m., and proceeded as follows:

Excused: Councilmember Chang (*excused at 4:58 p.m.*)  
Councilmember Rapozo (*excused at 4:56 p.m.*)  
Councilmember Yukimura (*excused at 4:45 p.m.*)

OFFICE OF THE COUNTY CLERK:

RICKY WATANABE, County Clerk: This year we have a PowerPoint. This is regarding our County Clerk's Office budget which also includes the Council's budget. I would like to give an overview of our total Clerk's Office budget. Our mission is to serve the Kaua'i County Council in its legislative function and to carryout voter registration and Elections related responsibilities. To provide countywide form and bulk printing services and to service public request for information and documents relating to the Legislative branch. The Office of the County Clerk consists of two Divisions, the Council Services Division and the Elections Division. We have four full time positions in the Elections Division and twenty-two full time staff positions in Council Services of which one is vacant due to personnel reasons. Our total Office proposes budget for FY 2013 reflects an increase of fourteen percent over the current fiscal year from three point nine million to four point four. This is the total County Clerk's budget, not both Divisions. This is mainly attributable to operations necessary to conduct the upcoming elections and the cost of salaries and benefits and first time electricity for the Historic County Building which was previously housed in the Building Division. We have budgeted a hundred fifty thousand for electricity for this upcoming fiscal year.

Chair Furfaro: That new amount is represented in the fourteen percent?

Mr. Watanabe: Yes, sir. Also in looking at our current budget in County Services after the lapse of seventy-nine percent of the current fiscal year, we have expended approximately seventy percent of our budget with the exception of salaries which has a lag time and in checking last time with Finance last week, it seems like one pay period lag time on salaries. Given this, we anticipate ending the current fiscal year for the Council Services at the high ninety percent expenditure range. In Elections, we completed seventy-nine percent of the fiscal year; we have expended approximately forty percent. This will soon change as we are now stepping up our work in preparing for the upcoming primary elections which has moved up a month and also we are awarding the contract for the signature management system. Given those two items, I believe that we will finish the fiscal year for Elections in the lower ninety percent range in expenditures. I would also like to report that while we had many challenges this year; we have endeavored to accomplish many of these challenges such as relocation back to the Historic County Building. We are pursuing training for staff, unanticipated events such as hosting the WIR board meeting, we have completed placing agenda packages on Granicus website, we have embarked on a departmental dress code policy for staff, we have completed our Records scanning project, and we are just ready to complete our major furniture contract, which I think will be done next week. We are going out to bid on codification which we have a great lag period. We are faced and went through three reapportionment legal challenges for Elections. We are getting the RFP ready for the signature management system for Elections and running the upcoming General, Primary Elections is the pending item. At this time, I would like to turn the presentation over to Lyndon Yoshioka, who is our Elections Administrator to review the Elections Division budget and after he is done, our Deputy Clerk will present the Council Services budget.

Chair Furfaro: Lyndon, before you start. Ricky, I want to make sure I understand we have now documented all the purchase orders on the FF&E, furniture, fixtures and equipment that were purchased and scheduled to be in the building and we have actually done a reference check, right?

Mr. Watanabe: Yes. We have several pending such as the replacement of the Council table coming in scheduled for next week and all of those items.

Chair Furfaro: Thank you.

LYNDON YOSHIOKA, Elections Administrator: Good afternoon, Councilmembers. Our mission at the Elections Division is to provide open, accessible, fair, and secure election services for the residents of the County of Kaua'i and State of Hawai'i; and to provide County Agencies with quality document reproduction services in an expeditious manner.

Our goals and objectives, to conduct elections in accordance with Federal, State, and County laws. Establish and implement uniform policies and procedures which maximize voter accessibility to voting services while ensuring the integrity of the electoral process. Secure election records and voter data. Continually evaluate operations to ensure that resources are properly allocated and the services provided are commensurate with the needs of the populations we service. We provide quality document reproduction services to county agencies in a timely and cost-effective manner.

For the fiscal year 2012, to say that this year is a challenge is an understatement. We have been faced with two lawsuits so far. The first two of which invalidated the initial reapportionment plan adopted in September. The plan was finally submitted to the Leg March of 2012, three months late and then recently on the sixth, we were facing another Federal lawsuit which is attempting to basically stop us from conducting the Elections utilizing the recently adopted plan. These three lawsuits combined with the earlier primary election will significantly reduce the timeline that we have to prepare for the elections so it will be a huge challenge. As of today, we have only hundred sixteen calendar days left, eighty business days until the Primary Election and within that period of time we will be in addition to daily responsibilities having to accomplish a wide variety of Elections specific task in ballot operation, precinct operations, non-precinct voting operations, counting center operations, control center operations and election support operations. If the most recent lawsuit is successful, we would likely have to modify the upcoming Elections quite drastically, and they may not resemble what we may be accustomed to seeing and that is just part of the drawback of having everything delayed thus far.

Chair Furfaro: Excuse me; are you implying that the Elections might go in two parts? The County Elections and the Federal Elections at a later date if they do not resolve the State pieces?

Mr. Yoshioka: We have never gotten into that level of discussion but I believe all options are on the table at this point. It is pretty scary things to consider honestly.

Chair Furfaro: Okay.

Mr. Yoshioka: For the 2012 Legislative Package, we monitored twelve bills. To date we have submitted twenty-three pieces of testimony... twenty-three occasions, we have submitted testimony. The status as of yesterday, the Governor did sign HB 2437 which provides an emergency appropriation to the Office of Elections. We also transmitted to the Governor 2181 which is moving the deadline for the Office of Hawaiian Affairs filing nominations papers. There are notice of different disagreements for HB 461, 1754, 1755 and 2251 apparently there were amendments to the bill which were not agreeable in both houses so they need to meet in conference. The rest of the bills were either deferred or missed the deadlines in order to move forward during this current session.

The signature management system is something that we are all excited about. Absentee mail voting is convenient and accessible for voters but it is labor intensive for our staff and what we are trying to do... excuse me, the past two elections, the average number of ballots cast was thirty-one point nine percent of people have voted by absentee mail, on average. So what we are trying to do is establish a contract with a vendor to allow us to develop a signature management system which will expedite the verification of signatures on absentee mail ballots which presently is the most time consuming and labor intensive phase of the process. We issued the RFP on the 13 of March; the deadline is 2:00 p.m., on the 24<sup>th</sup> of April which is next week. Our fully functional system should be completed by late June or early July of this year and we are looking forward of having that as part of our operations.

Vote file maintenance is something that we continually do data from various sources is used to identify and extract non-eligible individuals from the voter rolls of course pursuant to Federal and State law. We also receive reports from the Department of Health and State Judiciary who report decease voters and voters who are incarcerated due to felony convictions. Some jurisdictions also directly report new registrants who are former residents of the State of Hawai'i. Likewise, if a voter confirms being registered in a previous jurisdiction prior to registering to vote in Hawai'i, we transmit the names of those individuals to the appropriate jurisdiction so they can be removed from the voter rolls.

On election years, we also identify voters with outdated addresses by conducting direct mailing to voters and bumping the voter files against the U.S. Postal Service's National Change of Address (NCOA) file. To date, we have identified approximately two thousand voters who are required by law to reaffirm their eligibility prior to being allowed to vote and removed approximately three hundred and fifty-six ineligible voters from the voter rolls.

Early voting will be impacted by a change in the voting system which will increase the number of ballot types from three to seventeen. A ballot type can be considered a style of ballot which is unique to a district precinct. To accommodate these additional ballot types, we will increase early voting staffing from six to eight individuals. Three of the eight people will be used to issue ballots and each will be responsible for between five to seven ballot types. As a point of reference in pass Elections, a single staff person issues all three ballot types.

Chair Furfaro: Have we identified all of those potential employees that would come back to fill those positions that you need under temporary basis?

Mr. Yoshioka: Yes, we have.

Chair Furfaro: They have all been identified, okay.

Mr. Yoshioka: For fiscal year 2013, the biggest challenge we have is the upcoming elections. Our primary goal is to always provide the best possible service given available resources; however, we are quickly running out of our most valuable resources that is time, you cannot buy time and we were quite concerned about that. The types and levels of service we can reasonable provide can only be determined once all the lawsuits are settled and then we are free to resume preparing for the elections. I might note that we have not been ordered to stop work so we are proceeding until such times that we are ordered by the Courts to stop however, it would be fair to say that the longer we are prohibited from working, the more adverse the impacts will be to services. We are also looking at doing a microfilming project; we do this periodically to archive our records. Once the election work has closed out sometime in January 2013, we will take a closer look at how much it might cost to microfilm all of our documents. We currently have about sixty-five thousand images, we anticipate that probably going up another fifteen thousand and at that point we will try to get a feel for how much it might cost and we may be coming back to our budget supplement

sometime in May. Succession plan, we currently do not have a succession plan in place for the four full time employees but we do understand the importance of having something in place to pass on institutional knowledge and expertise to the next generation of election professionals, we will be looking at that as well following the 2012 elections and recommend if necessary personnel actions to ensure that there is a (inaudible) transition in the event vacancies occur. We do not anticipate any retirements or departures in the next two or three years however, if we win the lottery then all bets are off and we have no concerns with the proposed budget proviso relating to training. We do not have any vacant positions as of this point. That is the end of our portion of the presentation.

Chair Furfaro: May I say an excellent presentation too but we are going right to Jade because we have three members leaving by 5:00, two members by 5:00 and one member at 4:45, so Jade if we can just roll into your presentation.

JADE FOUNTAIN-TANIGAWA, Deputy County Clerk: If you noticed we have changed our mission statement for Council Services a little bit this year and it is to serve the Kaua'i County Council in its legislative function and to provide service to the community efficiently, accurately and I want to stress with respect. There was a big issue when we were talking amongst ourselves and various staff members and that was real important to us to put in.

Goals and objectives for Council Services, the first one and if you would like me to just answer questions, I would be glad to do that, I know time is short.

Chair Furfaro: Let us go through the presentation.

Ms. Tanigawa: To recognize that all members of our staff are valued and that the contributions that they each make, strengthen our organization and help to carry out our mission of public service. Also, it is to treat everyone that comes into contact with the Council Services Division with respect, recognizing that importance of providing exceptional customer service. To provide staff and support services to the Kaua'i County Council and the general public in the preparation of Council and Committee Meetings, efficiently and accurately, and to perform the necessary follow up work as requested. Provide information and related documents on legislative and/or county matters when requested by the public. If information cannot be delivered within the time frame requested, a response to the request shall be provided within one week.

The next slide is just a comparison from last year's budget Fiscal Year 2012 to this current budget. There is a difference of approximately four hundred thousand seven hundred sixteen dollar and an increase of about twelve point three percent which is stated there attributed to wages, benefits, operations, utilities, equipment leases. This year, we have really taken the opportunity to embark on establishing goals for the various sections in our department and are reflected on pages six through nine of the presentation. What we wanted to do is establish measurable goals, everybody can see them; know what is expected of them and hopefully it will work to provide at least better service for the members and the public. I am happy to say that we are currently fully staffed. We have started the implementation of standardize work deliverables that was also something that we talked about. I am sure both Council Chair and Councilmember Bynum is very happy to hear with Aida Okasaki, with her hard work and with the assistance of IT, web posting is now available of all agendas and attachments, in addition to Council minutes. A big thank you to Aida there, she really took the lead on that.

Chair Furfaro: Thank you, Aida.

Ms. Tanigawa: We are successful with the relocation to the Historic County Building with minimal business interruptions as Ricky has stated and we have embarked on a more

formalize training program initiative. Eddie, will be explaining our training initiative in a little bit more detail.

EDUARDO TOPENIO, Administrative Assistant to the County Clerk: Good afternoon. In October of 2011 when Ricky Watanabe was appointed Interim and subsequent County Clerk, we embarked on a proactive training initiative for staff to include training at the Kaua'i Community College courses of parliamentary procedures effective meeting management, computer, words and excel. We also participated in the legislative drafting workshop conducted by the Mr. Shawn Nakama from the Hawai'i State Legislature, Legislative Research Bureau which were attended by fourteen of our staff of how to draft proper legislative writing format and write bills using simple language that the public can understand. He provided us with handouts and he indicated that his office is always open for any questions from our staff. We are also in the process of participating in the web base training provided by County of Kaua'i, Risk Management as you are aware of on topics such as Safety Orientation, Managing Stress, Effective Supervision by Supervisors as well as Preventing back injury, so if you have not done yours yet, I am sure you have gotten the reminders. Another workshop training that staff has attended is the Boards and Commissions orientation, we have three staff that attended there. We also attended training on Alcohol and Control Substance testing program, (inaudible) governing with ipad, we also participated in Legislative Web tracking by Scott and Ashley. Hawai'i State digital archives project attended by Lorrie Eto regarding Records. Kaua'i Community College on effective meeting management, and our legal analyst have participated in the Legacy and Land Conservation Commission attended by Ginger and legal analyst Peter Morimoto who attended new partners for Smart Growth workshop. Council Services will continue to schedule and encourage training and have staff participate in workshops pertaining to work. We strongly support our staff to attend training to enhance their knowledge and skill set. To this end we have utilized our staff to be our eyes and ears of any training opportunities that exist. We have for you a handout on the training that our staff has attended so far.

Chair Furfaro: As we noted, the handout is the results of first year of a business training plan?

Mr. Topenio: Yes, sir.

Chair Furfaro: Thank you.

Ms. Tanigawa: Now for upcoming initiatives for Council Services, we will continue the staff training business plan. We are in the development of Council Services media plan which is something we will... it is still in development phase and as it progresses, we will make sure to release that information to you. This is under the direction of the Council Chair and some members that have also expressed interest in that. I am sorry, Councilmember Yukimura has missed this but she will also be happy to hear that codification of the Kaua'i County Code 1987 as amended will be going out for award this current fiscal year.

Chair Furfaro: Jade, I thought we agreed that we were going to put a note on there that it is currently at the County Attorney's Office being reviewed.

Ms. Tanigawa: Yes, I was going to just state that but we will add that in. The contract is expected to be awarded this current fiscal year, it is with the County Attorney's Office right now, the contract for review and recommendation and the end product is up to date, Kaua'i County Code which has not been codified since 2006 and it is also intended to provide access to the code via the internet, so it will be much user friendly. We will under the direction of the Council Chair and our County Clerk continue our succession planning; we are looking about in three year increments as we expect two of our employees to possibly be retiring in three years. As Lyndon discussed, going into the Primary and General Election in providing assistance there.

Chair Furfaro: Jade, I thought we also was going to point out that we usually meet on Thursday's with staff, so if there is any urgent message to be shared with the staff, we do that on Thursday and if you get it to Jade, that is the appropriate time.

Ms. Tanigawa: I apologize in getting the entire packet to you folks earlier, we were kind of working to the last minute to tweet a few things but if you...we have two request or we have request for two positions. One is the Record Management Analyst and that is to support our Record Management Section who is a staff of two who really has been a staff of two for at least twenty-one years. The work has only increased and they do a wonderful job as it is and we have provided supporting justification in your packet with the job description and also the justification sheet for the position. We have also asked for a Legislative Assistant to assist our research section. Interesting enough when putting this report together, a couple Councilmembers tapped me on the shoulder to make sure if it was a typo or not but if you refer to page ten, the detail report. We have gone through and provided some statistics of what we have done so far as far as projects, meetings and all of that and there are two things that I wanted to point out. One since July 1 until just about yesterday counting the days and going back through the meetings, we have had approximately five hundred twenty meeting hours in the Chambers which is quite a bit. I would say a little more than we have had in the past. That was interesting to see on paper. The other thing as new project assignments, this would include everything that has come through my desk whether small or large, complex or simple, we have had three thousand and ninety-five request generated by...

Chair Furfaro: Seven Councilmembers.

Ms. Tanigawa: Thank you.

Chair Furfaro: Let us hear that number again.

Ms. Tanigawa: Three thousand ninety-five.

Chair Furfaro: Three thousand ninety-five requests have been generated by seven Councilmembers.

Ms. Tanigawa: That would average in a full year approximately twelve assignments a day, large or small. It is hard to compare this year to last just because tracking was a little different then but just to note...

Mr. Rapozo: I wanted to add to that three thousand number because the year is not over, that does not include budget and I think just myself, I have generated additional questions going over and got to be typed up and I think that is really what my comment is because I know we have been... or I have been very critical of additional positions on all the departments, because now is not the time to be creating more expense for the County. I want to put something in perspective and this is where I think the people have to understand that the Mayor's Office is an Executive Branch, he has his office and the Council as a Legislative Branch, and we have our side of the street. We have the Council Chair but we have seven members of this Council. Our Council Services staffing is at twenty that is what I count, it is twenty – we may have a vacancy and so and I am not counting Elections because they really do not participate with our function as the Legislative body on the Council side. We have seven individual Councilmembers that have just as aggressive schedule as the Mayor, it is really two different branches of government but we get the same phone calls, we get the same emails, in fact we may get more. If you look at the Mayor's organizational structure, he has a Managing Director, he has an Executive Assistant to the Mayor, he has two Mayor's Administrative Aides, he has an Executive Secretary to the Mayor, he has an Executive Protocol Officer, he also has two PIO's and a Director of Communication and those actually service

pretty much the whole County but directly reporting to the Mayor and at his disposal. I count six – so if you were to multiply six times each Councilmember, we would have forty-two positions to service us the way that the Mayor gets service by his staff. I think that is ridiculous that we should get forty-two people but I do not think it is ridiculous to ask for a Records Management Clerk and another Clerk, so obviously any question that I have I will definitely will convey over. I read all the material I was doing that prior because I knew I had to leave early. I do want to congratulate the turn around, it is different part because of the Chair's change in direction and part in the direction that the change of the management of this office is and I really appreciate what you guys do and obviously you guys work hard. Three thousand, I do not think that is accurate, I think it is a lot more than that I really do because there are many times we do the phone calls... I told Jade earlier even if I call to ask you do whatever it is - make a copy of this and send it over to Planning, that needs to be tracked, that has to be counted, we need to count every single request that we put out so that the public can... but that three thousand, that is twelve a day and some days it is a lot more and I just do not know how you folks do it. Thank you, Mr. Chair, for allowing me the time because I have to depart but we will be back at tomorrow morning.

Mr. Bynum: Thank you for this presentation. I want to point out that I believe that this is the only presentation I see that we had a justification and job description for potential new positions, thank you for that. What a difference a year makes.

Chair Furfaro: You got a mission statement.

Mr. Bynum: Yes. We are fully staff for the first time since I have been here and that includes the positions we added last year. Web posting with attached documents, I cannot tell you how happy I am about that but I am hearing positive things in the community and Aida deserves a special recognition for that. Training that is actually happening, I did at the beginning at the term we did a... what was it called Jade, you staffed it... the Human Resource Sub-Committee that virtually no training had happened here, no money had been expended for training for... I do not know how many years and to see that embraced and happening is very significant. Please continue it and the new hires are all great, so somebody was paying attention and I know it was done by Committee, it was not done by one person. We have a new Clerk, thank you Ricky for going out of this Civil Service bubble and taking the risk to provide the leadership you have and for having the wisdom to select Jade as your Deputy and to restructure in the way that makes Eddie's position clear. The public gets to see the analyst here and some of the clerks but they do not see Lorrie and Nancy who work so hard in the back. Lorrie is in the room. We know about the back log of getting stuff done because we are demanding them this time now and so the historic stuff has not been happening. I do have a question, not just comments. I am thrilled to see an initiative which I have not discussed for a while about codifying and if I understand your comments, you are sending that out to a consultant as like an RFP right which is something that... I know there have been attempts to do it in house but the day to day immediate operations of this place make that not attemptable thing and so I am very happy about that. Is that correct that it is a RFP for a consultant?

Ms. Tanigawa: Yes, that is correct. Under the Chair's direction I think he understood how much we do so it is going out as an RFP, I believe that process has gone through already. The contract for the work is being reviewed by the County Attorney's Office currently, so we are looking forward to awarding by the end of this current fiscal year.

Mr. Bynum: I know that the Council in the past expressed frustration about the turn around with some of our request and we had positions that went unfilled for three years or more because we said we have this frustration here is the position. Since the Chair has been the Chair and with your leadership, that was worked on right away and the volume of request I am sure are astronomical, I have said this before. This is an active Council and there is no secret in the

past there were Councilmembers who saw it more as a part time endeavor and our County has gotten more sophisticated and this group here is putting out a volume of request for work and I am continue to be amazed at the turn around and during this legislative session, I have asked for a number of testimonies to be prepared and it happens. Those things are really time sensitive, it is like the hearing is in three days and it is all happened and I am just am very happy with that. When we get into decision making, I will probably have some input for desires to help us be more efficient and more responsive to community. I do believe with all of my heart that posting those supporting documents is going to help make us more productive because we will not be responding to people at the counter as often. The codifying was a surprise and a very pleasant one.

Chair Furfaro: We had to put another five thousand dollars in to get it done but we are good.

Ms. Nakamura: I have a question relating to the media plan and are there funds in the budget to implement this initiative?

Ms. Tanigawa: Currently, we have not identified any funding. We are still drafting the proposal and trying to see what the bed fit would be before we propose any funding. Hopefully, should things go well and after review, we meet with the Chair every week, so we kind of like to run things by him and get his input and should things work out and we do some fine tweaking, I would expect the plan at least for your review within the month at the latest.

Ms. Nakamura: Oh okay.

Chair Furfaro: We have been in discussion with Yvette because our key point person, she has a journalisms background and with Jade and others participating, we have really just developed a liaison to the Mayor's Office about printing and releasing and making the media contacts to release our press material. So rather than create a new channel, it is a conduit from Yvette to the media office and the Mayor and then they in turn contact everyone from PBR to the Advertiser to the Garden Island. Jade is correct, we will have something to present to you – more structured in about thirty days.

Ms. Nakamura: I just wanted to echo Councilmember Bynum's comments that we come to these meetings and we have the agenda and all of the background materials but people do not see what is really done behind the scenes and it is really largely due to the staff and through your leadership, so thank you very much for all of the support that we get. I am supportive of the proposal in front of us.

Mr. Kualii'i: I have some specific questions positions for the Elections Clerk. I just want to understand how it is actually going to be done with the elections coming up and in the actual budget, I do not actually see position numbers but maybe you do not need position numbers when it is temporary election clerk. I see the number two temporary election clerk six months but it says seven, twelve to twelve, twelve and then it will end in December?

Mr. Yoshioka: Yes, we are just hiring based on the workload.

Mr. Kualii'i: So there is two at six months, two at five months and three temp clerks at one month?

Mr. Yoshioka: Correct.

Mr. Kualii'i: You said something about eight early voting staff?

Mr. Yoshioka: All of the people that are currently budgeted, the temps – the two six months temps, the three, five months plus the three, one months. The three, one month actually we hire just for the early voting period by itself, so it is like two weeks for the primary, two weeks for the General.

Mr. Kualii'i: So it is three plus the other five that is how you get your eight?

Mr. Yoshioka: Correct.

Mr. Kualii'i: And the Department of Personnel Services, in their vacancy report they list three actual positions with positions numbers and I do not know if that is out dated and it needs to be cleared up but they have position 9133, position number 9136 and position 9137 and they are all called election clerk two unclassified SR-10 and they show as 9133 vacant since 12-21-10, 9136 vacant since 6-10-10 and 9137 vacant since 7-1-209. In their status as far as recruitment, they put contract Department handles.

Mr. Yoshioka: Those sound like the temporary hires and what they do is they reuse those numbers when we hire the temp clerks.

Mr. Kualii'i: And therefore, for your use.

Mr. Yoshioka: Yes.

Mr. Kualii'i: And then the dollars in this budget on the three amounts is what you need for the six months for the five months?

Mr. Yoshioka: Yes.

Mr. Kualii'i: Okay. I just wanted to say too that as far as Council Services and I have said it since day one is that I definitely could not do my job without all the support that I receive from staff throughout the organization from the... and I just cannot thank you enough. I know that most of you are doing the job for two people and I know how hard you work and we just really appreciate that and I think as we move forward, Mel, made a very good illustration on how we should honestly be thinking about making sure that you have the support you have because that means that we have the support that we have and we can service the citizens better.

Chair Furfaro: On that note, I want to be able to say to all of you on the staff that is here or not here, we made big stride from the last sixteen months. We have new policy statements that are in place, we have systems that allow request to come in on different items that we sign off, they also allow me some think time as to when we put items on the agenda that no Councilmembers are bumping heads on the same item with another Councilmember who has filled out a request that we time stamp them and there is a lot of small pieces going on like that that we cover on Thursdays and we will be back into that routine next week. Members, if you have suggestions for procedures or policy, we will be glad to entertain them just see that they get to Ricky and Jade and we will have open discussion at those meetings. It is cross training that is going on that is going to give us the kind of continuity so when we get off of the Council from our term limits or however, you can be assured that we are working for some continuity on records, procedures and policies and just making improvements every day on how we do our business and it is greatly appreciated.

Mr. Watanabe: Chair, I would like to mention our new subsection downstairs our secretarial assistance, they have really provided major contributions to our operations, they

have helped us to have our clerical focus on the meetings and the minutes and those types of items while they take care of all the arrangements and stuff. It has helped operations in totality.

Chair Furfaro: We are all learning how to be travel agents on booking reservations and so forth and using the p cards. They have given great support to Nancy. We have made a lot of operational changes and it is thanks to all of those on the team. I think we can close the budget session for Council Services and Elections.

Ms. Tanigawa: I just wanted to take this time to thank all of you for your support and I really wanted to thank the staff, they never get thanked enough for all they do and it is very much appreciated. Everyone contributes and as part of this... the statement that we read, everyone is really valued and everyone at the table want them to realize that and know that it is now a team effort in all that we do.

Chair Furfaro: You folks should be thanked for coming up with that new mission and value statement. Thank you for putting that together. We will look forward for just consistently making improvements.

The budget review was recessed at 5:07 p.m.