

The departmental budget call-backs reconvened on April 23, 2013 at 9:08 a.m., and proceeded as follows:

Department of Public Works – Roads Division

Honorable Gary L. Hooser
Honorable Ross Kagawa (*present at 10:00 a.m.*)
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum

Chair Furfaro: Aloha, good morning. I would like to call back from recess, our ongoing budget items. Today, in particular in the morning, we are dealing with the Department of Public Works, specifically the Roads Division, followed by Kaua'i Humane Society in the afternoon, the Department of Finance on Collections and Merchant Services, and ending the day on the Office of Economic Development. It is the wrap-up on their Capital Improvement Projects (CIP). On that note, is there anyone that would like to speak on this first item today? Mr. Mickens. Welcome.

There being no objections, the rules were suspended to take public testimony.

GLENN MICKENS: Thank you, Jay. I have passed out or the Clerk has passed out my testimony. Let me read it for the viewing public if I may. If you have any questions, I will be happy to try and answer them. To start my testimony, let me give you a quote from the Reason Foundation of 09-02-10 "Hawai'i roads, among Nation's worst. Hawai'i ranks forty-seven (47) out of fifty (50) States for State highway performance in cost effectiveness." I believe that Ken Stokes went even further in saying that Kaua'i had the worst roads in State, both County roads and State highways. With these facts being stated, I believe that Larry Dill and Ray McCormick will do everything in their power to correct the mess that has accumulated for so many years and are heading in the right direction. One continually hears that we should not look back at past mistakes, but to look at today and the future. Even with my optimism now, I cannot erase the eighteen (18) years I have pounded away at our roads problems with no Councilmembers or anyone from the Administration willing to address my concerns. Only our new Auditor Ernie Pasion took my concerns seriously along with hundreds of pages of factual material I compiled over the years. He did an outstanding audit of our roads. I find it interesting that neither this fine audit or others that he has done have not come before the Council for discussion. I urge you to put them on the agenda. His recommendations for bringing our road conditions up to acceptable standards are well documented and all the more reason we have to look at past methodology to correct the mistakes that were made. We have accumulated eight million eight hundred thousand dollars (\$8,800,000) in our Roads Resurfacing Fund since we have done no paving in three (3) years. The Council passes a Resurfacing Budget each year, prior to 2009 the job was bid on and completed by a local tractor. So, why the Method of Operation (MO) has changed and by whom is a mystery. All data shows that by not doing consistent maintenance, as not doing yearly resurfacing, the cost of doing repair work to our roads will greatly increase. Again, this three (3) years of non-paving was very wrong. Also, statistics I have shown where faulty pothole repair, dumping old air conditioning (AC) mix into the hole which is all we do causes the water to reenter the faulty repair,

deteriorates the subsurface which makes final road repair even more costly when it is done. Plus by not properly cutting out a section of the pothole, as Code requires putting in a new sub-base if necessary, installing hot AC mix and compacting it, we leave the cold AC higher than the original road which takes its toll as you all know driving over these potholes. I have some series questions to ask about the MicroPaver system that Larry is proposing to use. For newly paved road this system sounds great and will obviously work. But for thirty (30) and forty (40) year old roads which we have, I cannot see it working. Any computer program is only as good as the information put into it and cannot solve any problem by itself.

Chair Furfaro:

That is your first three (3) minutes.

Mr. Mickens: Thank you, Jay. Where will the road by road, mile by mile data come from containing the condition of the base, the shoulders, the top, the width, the thickness, and the last time it was resurfaced? The time, manpower, and work drilling cores for data that no one has involved to get the information needed for the recruiter, would be prohibitive. Thus, I would say that buying such a system for what we need and training the people to use it would be a waste of money. On June 1, 2011 Chair Furfaro sent a series of questions to Larry Dill and to the Mayor, questions I has asked for a long time. I sincerely appreciate him doing this. But I still have questions to Larry's answers, his second one. Who is responsible for compiling and maintaining the data regarding paving and repaving our records? Answer, the Roads Maintenance Division of the Department of Public Works. Question, is this data for three hundred (300) miles of our roads available to be used now and where is it? Three (3), questions why we are using one ton of AC to pave ninety-five (95) square feet instead of one ton to pave one hundred eight (108) square feet to give a final lift of one and a half (1½) inches as the paving calculator indicates? Answer, basically says that one ton to pave one hundred eighty (180) square feet is correct and after long years of arguing this point, I congratulate Larry for adhering to the right method as indicated by our late bid. However, statistics seem to indicate that a final one and a half (1½) inch lift is too thin for heavy traffic and trucks and needs to be two and a half (2½) to three (3) inches thick. I really hope that Larry looks into that. I do think that one and a half (1½) inch overlay, I think it is too thin for our roads. Well, driveways are even two (2) inches thick. I cannot see that. Six (6), will the shoulders of all repaved roads be back filled to prevent accidents and to keep edges from cracking? Yes. That is the answer. Question, we have roads like Kainaholo that was resurfaced about eight (8) years ago and many edges have never been leveled. So, this is not being done and even where leveling is taking place, the wrong material is being used so that it washes away in heavy rains. You can take a look up there at Olohena Road. On a curve up there, you will see they put rock or gravel and it all washed out in this last rain. So, it is a waste of time and money. But to do it this way, you are either going to put asphalt back in or some kind of compacted material that will not wash out when rains. Seven (7), how are roads pick ford resurfacing? Answer, pavement conditions, volume of traffic, potential liability of deferred grouping of roads. Question, if these criteria are met, I have no problem. I think they are excellent. But as with Keālia Road, it was repaved with very few houses for two hundred eighty-five thousand dollars (\$285,000) and these rules were not followed. The road was resurfaced for a political reason and I want to know who will be overseeing our roads to see this does not happen? Take the politics out of. Up in Waipouli Road, it is thirteen (13) feet wide and two (2) vehicles cannot pass each other when in opposite directions without one or both going on the shoulder. There are other thirteen (13) feet wide County roads, that according to the Code book I have, no County road should be less than sixteen (16) feet wide. If nothing, but safety for safety purposes should not the roads be brought up to two (2) car usable width? Finally, we find we need to find more funds to properly repave our

roads if Larry and Ed are expected to do their jobs. To use American Association of State Highway and Transportation Officials (AASHTO) standards, it will increase our cost upfront considerably which means that under current budget conditions, we will only be able to pave fewer miles of roads. The cost will probably be anywhere from three hundred fifty thousand dollars (\$350,000) to four hundred thousand dollars (\$400,000) a mile instead of about – Larry can correct me on these, instead of roughly, I think it is two hundred fifty thousand dollars (\$250,000) that it is now. We are on a twenty (20) to thirty (30) year repaving schedule for our roads and this is just not acceptable for the driving public.

Anyway, as you know, I have no dog in this fight. I have been going at it for eighteen (18) years. I am not being paid to sit here and it took me a long time to compile this. I sat the computer yesterday going over this. This is just a few of my many, many papers that I have stacks of. I hope this body can appreciate what I am trying to do. But I am sure the viewing public is asking the same questions. Even our State highways, they put that cement in there, it is all cracking. It is not being properly – I have talked to Ray McCormick and he is saying the same thing. They are not properly fixing the potholes and things in the roads. But obviously, it is up to you folks. I do not know where you are going to get the money for this because we have let it deteriorate for so long that we are going to have come up with some big bucks to let these guy do their job. We are going to be able to do what? Maybe five (5) or six (6) miles of road with a two million dollars (\$2,000,000) to three million dollars (\$3,000,000) budget, three hundred (300) miles of road. Do the figuring. Let us say at four hundred thousand dollars (\$400,000) a mile, that is one hundred twenty million dollars (\$120,000,000). Divide that – we are talking about thirty (30) or forty (40) years to repave our roads. That is just not a feasible situation. Anyway, if you have any questions, I will be happy to try and answer them. If not, I appreciate your time, Jay.

Chair Furfaro: Thank you, for regurgitating this whole process. But we are in Budget Session and budget is about forecasting forward. I think you bring up some very good points about how much we can allocate. But I do also want to confirm you said that the criteria for identifying the roads, you seem to agree that Larry now has a handle on it as wear, tear, exposure, usage, all comes into the calculation.

Mr. Mickens: Right.

Chair Furfaro: So, thank you for acknowledging that. You are right, one hundred five million dollars (\$105,000,000) to do our roads is much more than we have, Glenn. Much more than we have.

Mr. Mickens: Thank you, Jay.

There being no one else to provide testimony, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Questions for Glenn? No? Thank you very much. To Mr. Dill and the Roads Department, you heard some of the questions surfaced in Mr. Micken's piece. If you can touch on some of those questions, it would be very helpful for us. Larry, who am I calling up? Are you coming up, and which members of your team? Larry, before you get started today, I want to acknowledge that we have all gotten copied on some testimony regarding some particular roads in Kilauea. It looked like the letter was addressed to you, talking in terms of Kolo Road and a one intersection there. It sounded,

from the description, that it was something that a little repair and maintenance (R&M) could take care of. But I would like to know that you are either responding to the gentleman and you had copied the Council as well, that would be appreciated.

There being no objections, the rules were suspended.

LARRY DILL, P.E., County Engineer: One (1) of our roads inspectors has been dispatched out to investigate and when he assesses, we will get back, should be this week to the person that made the request. So, we will scope it out and we will keep you informed.

Chair Furfaro: You will keep me informed? Thank you very much. I am going to turn it over to you, Larry. Everything dealing with roads, maintenance, and resurfacing.

Mr. Dill: Okay. Good morning, again. We did send a response over to Council. So, I hope that you received that response, specifically response to the April 1st Departmental Budget Reviews. The date of our memo was April 15th and response was to question number four (4). Generally speaking, and speaking to that, first I guess to address Mr. Mickens points. He brought up a lot of points. But generally speaking, we are taking as we said many times at, more of a lifecycle cost look at the roadways because we think that that will in the long run save our taxpayers money. It will do a better job of keeping our roads in better condition and that involves inspecting our roads to make sure that we are aware of repairs that need to be done before we simply go ahead and add a layer of asphalt on top. We have spoken before to Council about MicroPaver and what we hope to achieve using MicroPaver by really implementing an Asset Management Program to manage our roadways and to schedule work that needs to be done. As was touched on by Mr. Mickens, in order to have a decent Asset Management Program we need a good inventory and assessment of our roads. So, we have accomplished, through a contracted consultant or contractor, an inspection of all three hundred (300) miles of our County roads with indication of areas of those roads and the condition in areas that need to be repaired and levels of damage that they are currently in to begin to populate this database for us. So, this is pretty much the first step in doing all of that. What came over to Council was, and I just printed out the first page. It is a seventy-three (73) page list that shows all three hundred (300) miles of County roads, the segment of the road, the length of the road, the width of the road, and the pavement condition index which generally takes a summary of inspections. There are several backup pieces of data that go into this in order for to us apply a pavement condition index to this road. It basically tells us the range of condition it is in from good to bad. I believe we also provided the Council this pavement condition index page which kind of gives you a range of all these different descriptions. There are several different pieces of data that go into the background of this, which I do not think we provided you all the detail background. But it results in the pavement condition index for this section of road which will allow us to prioritize roads that we want to include in whatever island-wide resurfacing that we do.

Chair Furfaro: Excuse me, Larry. Can you give us a brief description of the weighted value on the indices?

Mr. Dill: Sure. Generally speaking, or not generally, but in detail, the program quantifies different criteria. There is transverse cracking which is cracking perpendicular to the roadway direction of traffic, fatigue or alligator cracking which shows a particular area that is beginning to fail, longitudinal cracking, cracking that

is experienced in the direction of travel, patching and potholes that exist or the needs to be done in that area / that has happened in that areas, and edge cracking. Often time, the edge of the traveled roadway will begin to fail. It takes all those criteria and they are rated from low, medium, and high. There is a specific criteria to quantify that for our inspectors to make sure that one (1), as we train our inspectors to do this work, they can do it consistently according to a model that we are doing consistently across all our roadways. Those inspection numbers that go into a matrix and that is based on the extent of the segment of failure and the severity of the distress, come up with a number, and all that rolls into a score which becomes – that are scored between zero (0) and one hundred (100), zero (0) being the worst and one hundred (100) being the best. If you look at the sheet with the list of roads. The PCI is the Pavement Condition Index. The higher the PCI, the better the road shape is and the lower the worst condition it is. So, that gives you a real quick look at, based on a lot of data that we put into the system, a real quick look at the current condition of the road and how it will be prioritized for Island Wide Resurfacing Program.

Chair Furfaro: Real quick description again? For the alligator cracking, of those four (4) categories that you described for us, which is the most severe? Is it when water leaks down and contaminates the base through alligator cracking or is it the one that is chipping away at the parameters of the road? Which do we understand which might cause the most damage?

Mr. Dill: Actually, I do not know the details of which would be prioritized as worst. But all of them play a part in determining the Pavement Condition Index. In this it shows, it depends because sometimes alligator cracking may be existing, but it will be a low extent. But edge cracking may existing, but to a high extent. So, in that particular case for that road, the edge cracking would be more. As you know, water getting into the roadway is a large problem we have with the amount of rain we have on Kaua'i. So, a lot of issues or challenges we have related to inadequate drainage and so that is something that we need to address while we also take care of our roads.

Chair Furfaro: That and contaminated core base.

Mr. Dill: Well, contaminated?

Chair Furfaro: With water?

Mr. Dill: Yes, that is correct. When water gets into the base, right.

Chair Furfaro: Thank you for that.

Mr. Dill: You are welcome. Lastly, we provided the Council with the pavement maintenance cost, some unit cost. Now, these costs, you can see the categories are from low maintenance due to a crack seal, patching, slurry seal, and overlay while reconstruction. We have these costs established into a unit cost. Then we can apply the use of the various areas and come up with some estimates. We are in the beginning of this process now, to try and apply costs to these. We, like Mr. Mickens pointed out, are very concerned about our resources and applying the resources judiciously. So, with the MicroPaver program, we will be able to take all this data then and be able to – our goal at the end of the day is to come up with a program where we can resurface our roads every (x) number of years. Some of our roads, when you resurface, they should last ten (10) years. But we have roads that survive much longer because the conditions are better. The

base core is better, the drainage is better, they are not subject to some of these things that attack them. But some of the roads we have more challenges. So, in addition to the paving, we would want to do some drainage improvements perhaps, in order to help those roadways. We are also looking – you can see on the list we have things like slurry sealing. We are talking about what we can do to start doing some slurry sealing on our road which would be a way to extend the life of our roads without having to go with a complete resurfacing project. If the road is in good shape, it has begun to lose some fines or something is on the surface. A slurry seal may be a relatively inexpensive way of achieving a longer life span of the road without having to go with the full cost of overlaying that road. But all of that information has to be put into MicroPaver and then analyzed and be able to use MicroPaver to do this for us. We have also begun more and more, and Mr. Mickens mentioned this as well, we have done more core sampling. The roads we are doing with the Island Wide Resurfacing we have found a lot of variation as to what exists in the base cores. That is because the roads were built by different entities, some by the County, some by the State, some about private entities, and some by plantations and they all served various levels of service. When it comes to resurfacing it, it brings up different challenges for us. We are employing core sampling now when we go out to certain areas to determine what exactly is out there in the road and to help us to better know what needs to be done in moving forward. We are getting towards the tail end of getting a lot of raw data in, three hundred (300) miles of road worth raw data has taken a while. But it can be very helpful for us in moving forward. Now, we are going to be applying that into MicroPaver and using that to manage our Island Wide Resurfacing. That is an overview, I think, and I would be happy to take any questions. I also want to recognize our Roads Division has been spearheading this. This is really a change in the way we do business and we really feel it is going to be a benefit to the County, our citizens, and our taxpayers.

Chair Furfaro: Let me get some quick clarity. It is now the Department of Public Works, Roads Division's desire to accumulate the money that we budgeted each year to what will be maybe a three (3) year project of resurfacing?

Mr. Dill: Generally speaking, well to back up a step. As you are aware, the audit that came out. One of the things that came out of it was an indication that Island Wide Resurfacing should be budgeted as part of the Operating Budget as opposed to CIP because it is a maintenance effort.

Chair Furfaro: Larry, I had that argument when they did it for the whole time I have been on the Council. I got that.

Mr. Dill: Okay. That being the case, well that is part of the picture. What we also found, as was brought up earlier by Mr. Mickens, is that Island Wide Resurfacing was not done for a few years. But the County kept telling the Council continue to appropriate moneys towards that effort. When we did put an Island Wide Resurfacing contract recently, we had more money in the pot and having more money in the pot, we were able to get a better "bang for our buck," a better unit price for our construction.

Chair Furfaro: Stop right there, which is the second part of my question. Are we doing it every three (3) years in your plan and by doing it bulk, what percentage of expanded coverage will we get by getting a better price? Will it increase our paving by fifteen percent (15%) in the years that we pave, ten percent (10%)? Do you have an idea?

Mr. Dill: I do not have a percentage. I can go back and see what that might be.

Chair Furfaro: I think you better get that if you folks are selling us this idea. I mean, if you do not know what we are going to benefit from delaying paving, you are trying to tell us that we can get a better price from the bids because they are going to be here doing more work, they can ship better equipment here, are we going to get ten percent (10%), fifteen percent (15%) more out of it? But to hear we are not sure, I kind of...

Mr. Dill: I hear your question. I know we are getting a better deal. I cannot say the exact percentage. But let me go back and I will research that for you.

Chair Furfaro: It would be good to inform us so that we can assure Mr. Mickens that we are not paving this year because we expect to get more mileage, more coverage. I think that is an important piece for us to have. How long do you think it will take us? Will you respond to us in the week?

Mr. Dill: Yes.

Chair Furfaro: Thank you. Okay, may we entertain any questions right now?

Mr. Dill: Sure.

Chair Furfaro: Members? Mr. Hooser.

Mr. Hooser: One of the things that was just passed out was some of the questions and answers. One of the items is the Global Positioning System (GPS) Fueling System. Fuel Management System that you are currently procuring, it does not offer GPS. So, it is a cost estimate of that. In round numbers, the estimate is one hundred twenty thousand dollars (\$120,000) for the equipment and one hundred forty-four thousand dollars (\$144,000) a year is your estimate. This would install GPS, I believe, on every County car and monitor where those cars drive on a permanent record electronically? Is that a correct description of what this would do?

Mr. Dill: That is correct.

Mr. Hooser: Okay. When you got the estimate, was this what I call, a “quick and dirty” estimate? You kind of Google around and talk to somebody and get approximates. It is not a formal?

Mr. Dill: It is not a formal bid. But it is after discussions with vendors.

Mr. Hooser: Is this something that there were funds available? I understand it is an ongoing cost of one hundred forty-four thousand dollars (\$144,000) a year. Have you given any thought to what that might save the County in terms of fuel, or service on the cars, or making sure that the car is not abused and that kind of thing?

Mr. Dill: We have certainly given thought to that. We have been focused on getting Fuel Master implemented with the current budget and getting that implemented. We have not focused on getting GPS. It was not as high a priority item for us. So, we may consider that as a future effort. We have not gotten it budgeted in Fiscal Year 2014, but perhaps 2015.

Mr. Hooser: If this was funded in 2014, just a hypothetical question, would you be able to implement it?

Mr. Dill: I cannot answer that question one hundred percent (100%) right now. We are concerned there may be Union implications as well and so we would have to address with them before we would be able to implement it.

Mr. Hooser: So, there might be something in the Union contract that prohibits GPS on cars?

Mr. Dill: A privacy thing.

Mr. Hooser: Okay.

Mr. Dill: I would have to defer to the Attorneys on that issue.

Mr. Hooser: When you would be able to determine that?

Mr. Dill: Well, we have not looked into that yet because I said we were not doing Fiscal Year 2014. Right now, if we implement GPS we would consider it for Fiscal Year 2015. I do not even have it scheduled to look into it.

Mr. Hooser: Right. It is clearly an issue that is important to the community in terms abuse or possible abuse or misuse of gasoline and County cars. It seems like it would be fairly easy to determine whether or not it violates the Union contract. I mean, it is a written contract. Do you have a copy of the contract? Can I look at the contract?

Mr. Dill: Oh, certainly.

Mr. Hooser: Maybe I can figure it out or we can ask cannot the County Attorney to do that. So, assuming that it is not in violation of a Union contract, would the Department be able to implement this type of thing if we were funding it?

Mr. Dill: Since we are talking about the installation of these units on four hundred (400) vehicles, I do not know what the effort is required from a time constraint to install those. I would be guessing. My guess would be that we could. But I would have to confirm that.

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

Chair Furfaro: Questions? JoAnn, you have the floor.

Ms. Yukimura: Yes. Thank you very much for submittal of this information. It is far more concrete, pardon the pun, than I have ever seen before and

indicates to me that we are on our way to a lot more objective system of analyzing, assessing, and then repairing our roads. This list of seventy-three (73) pages County of Kaua'i road pavement condition, this was done by a contractor you said?

Mr. Dill: That is correct.

Ms. Yukimura: That is very good, too. How does this information fit in with your proposed budget for this year?

Mr. Dill: MicroPaver is still – we have all the raw data now or majority of the raw data, probably all the raw data I should say. MicroPaver is not fully implemented yet. So, this information for our current year is not being used or it is not implemented yet because they are still in the process of getting MicroPaver up and running. Now that we have the data, we have to populate it appropriately and we have another consultant helping us do that, to make sure it is done correctly.

Ms. Yukimura: We have a certain amount in the budget for repaving of roads.

Mr. Dill: Right.

Ms. Yukimura: What is it? How much is it, I am sorry?

Mr. Dill: An additional one million two hundred thousand dollars (\$1,200,000) this u year.

Ms. Yukimura: The plan right now is to accumulate that so that with next year's allocation you would be able to go out for a repaving contract, Fiscal Year 2015?

Mr. Dill: 2015.

Ms. Yukimura: Well, we are doing Fiscal Year 2014's budget, so right. It would be for Fiscal Year 2015 that you would do the actual repaving?

Mr. Dill: Correct.

Ms. Yukimura: You are looking at about doubling?

Mr. Dill: Assuming we do the same.

Ms. Yukimura: Say two million five hundred thousand dollars (\$2,500,000). With this information – so you sort of tested this or are you still in the process of testing how accurate this information is? I mean, I checked a couple of roads I know and it seems accurate. Zero (0) year life on one of the roads I was looking at. I guess I am not clear why you could not use a computer to put together all of the zero (0) year life roads, find out how many miles that is, and say we need to develop a program to start there. I mean, I realize the dilemma because maybe you want to use all the money to repave those roads that you can preventatively maintain, that will save them from getting into a zero (0) year life left. I guess I am asking, and it is because I do not understand, I am sure. Why could you not use this information and develop a repaving program right now?

Mr. Dill: No, I agree. When I saw all of those remaining surface life roads were zero (0), it is very tempting to say there is our Island Wide Resurfacing list for this year or as much it as we can do. We are having that discussion. I am reluctant to make a knee-jerk response to the raw data that we received.

Ms. Yukimura: Yes.

Mr. Dill: So, we wanting to wait another six (6) to eight (8) months until we got MicroPaver populated, I think is worth it for us to make sure we do this more coherently and logically.

Ms. Yukimura: That is a good answer to me. I do not like to rush into things and then have to make a lot of expensive corrections later to the process. I see that this data is of December 2012, basically you just got it.

Mr. Dill: Correct.

Ms. Yukimura: Is it not possible though that when you do develop a rational road repaving program, the cost will be far more than the one million two hundred thousand dollars (\$1,200,000) a year that we are presently calibrating, so to speak?

Mr. Dill: Very possible.

Ms. Yukimura: When do you think you will have a proposed repaving program long-term repaving program, in another six (6) to eight (8) months?

Ms. Yukimura: We have our consultant on board and he is scheduled to come to us by December to help us to get MicroPaver populated and up stood up and up and running. It would be early next calendar year. January, first quarter next year.

Ms. Yukimura: So, in time for next year's budget possibly?

Mr. Dill: Yes.

Ms. Yukimura: And next year's budget would be the beginning of a maybe ten (10) year plan to get our roads up to speed?

Mr. Dill: Well, the beginning of a plan. I do not know if it will be a ten (10) year plan.

Ms. Yukimura: Yes, you cannot tell. Okay, thank you.

Ms. Nakamura: Thank you for your presentation and for this good information which is really the inventory of all of the roads on Kaua'i. Does it include all the County owned roads?

Mr. Dill: Yes. Caveat, does not include roads in limbo. There are about, I think, there are forty-two (42) miles we estimated roads in limbo on Kaua'i. Sorry, forty-two and a half (42½). I am corrected by my Deputy County Engineer.

Ms. Nakamura: Thank you for being precise. I wanted to ask you, so now that we had a consultant that came up with this data. The MicroPaver program data will give us what additional information?

LYLE TABATA, Deputy County Engineer: I can help. As I mentioned in the last session, this is the raw data from which when our contractor went out to gather the data. They used approximately fifteen (15) different criteria to create what you received and from that criteria, after we learned how to use the software as Larry mentioned, training should start in August. We will be able to then drill down more specifically to the needs of each extended road. What you see, that is zero (0) life, that is just a rounded up figure. However, on each road there are sectors that are still probably viable and not one hundred percent (100%). If I was to put a rounded up figure like say road reconstruction to the entire road, that would give us a very conservative number rather than more accurate. So, what we hope to get from the software is the drilling down of only the specific areas that really required for reconstruction versus in general, it is rolled up right now, zero (0) year life. If you just attach the reconstruction cost for the entire length, we will probably overspend. It will help us drill down exactly where the real needs are.

Ms. Nakamura: So, a portion of one road may have a section that would be reconstructed and another section?

Mr. Tabata: Maybe just overlay and so forth. So, that is what we hope to get from the training and really allow us to drill down. We can take this data and we have run it and created models in excel to help us. But the numbers are staggering. We need to learn how to use the software as it was intended to help us drill down.

Mr. Dill: If I may add. MicroPaver, as Lyle said, will come up with recommendation for road. It may be reconstruct from this station to that station and patch a pothole over here and then slurry seal the whole thing. But it is a wide variety of combinations that could come up with recommendations for roads which is why we do not necessarily just start right now with the raw data that we have because it will come up with recommendations for what sort of work needs to be done. I will mention that we are close to getting a pothole patcher. Whereas in the past, I think coal patching was as mentioned, more of less our standard practice. Now we will be able to do hot mix after prepping the pothole appropriately so our potholes will be more effective as well.

Ms. Nakamura: I think you can, with this data, I am sure it is pretty easy to get some big picture estimates.

Mr. Tabata: Yes, we have. A little bit more detail, to answer Mr. Micken's comments that this is the surface data. As Larry mentioned earlier, and Ed just reminded us, we also have to bring in our core sampling data so we know what the underlay looks like and that gets fed in also to help us to have a full picture of the entire section of road, especially where reconstruction is recommended.

Ms. Nakamura: Right. I guess the question then becomes, back to Councilmember Yukimura's point, about what are the big picture implications of this study? Right now we are kind of working backwards. We are saying this is the fixed amount that we set aside for roadway resurfacing. But I think what we need to do is balance that with the results of your analysis and the timelines for when you really have to decrease these issues. I think that is the trade off part that needs to happen at some point

before next year's budget. I am hoping by the end of the year we might have that kind of analysis. I am not sure if that is realistic.

Mr. Dill: That is the plan.

Ms. Nakamura: That sound good. Thank you.

Chair Furfaro: Larry, in this evaluation, you and I both have had pretty extensive experience with slurry seal. It is all through your community association. I have used it in hotels, driveways, parking lots, and so forth. When you are drilling down on these costs and before it is a number that we cannot realistically address without maybe borrowing some money, are you also evaluating what savings we will get from slurry seal work?

Mr. Dill: Yes.

Chair Furfaro: That will be in the program?

Mr. Dill: Yes.

Chair Furfaro: So, money that might have been directed towards long-term fixes may come from some short-term just improving the standards by slurry seal?

Mr. Dill: Yes.

Chair Furfaro: Okay, so that will all one in one picture. Thank you very much, thank you. Other questions? JoAnn, you have the floor again.

Ms. Yukimura: How many new roads a year do we add to our inventory?

Mr. Tabata: We have not had many recently. The last recap that we did two (2) years ago was just short of half a mile. We mentioned this, we have three hundred (300) miles, but it is actually three hundred point four (300.4), to be exact.

Chair Furfaro: Engineers are like that JoAnn, to be exact.

Ms. Yukimura: I know. I was going to use word, but I will not. Are we reassured that the new roads that are coming on, and we go in cycles in terms of development, so we could come across a time soon where it revs up again. Are we sure that the new roads are properly built so that we are starting with really good roads?

Mr. Dill: Yes. Generally speaking, if a developer builds a subdivision, those are all engineered and construction drawings submitted to the Department of Public Works. Our Engineering Division reviews and approves those to make sure they meet current specifications, criteria, and standards. Then when the roadways get built, we have our inspectors out there. So, we watch what they do.

Ms. Yukimura: The beginning part is taken care of and now if we can get all of our roads upgraded, then we should look forward to a good road system in the long run.

Mr. Dill: In the long run, that is correct. I will add another thing that occurs to me that Mr. Mickens brought up is we have many substandard County roads for a million and one different reasons.

Ms. Yukimura: Right.

Mr. Dill: Roads that we more or less inherited from some former owner.

Ms. Yukimura: Or some that were not properly inspected at time of construction.

Mr. Dill: That too, yes. But bringing roads up to County standards, I do not want to say is impossible in some conditions, but very challenging. For some of those small roads, that is where the cost effectiveness becomes a challenge. When you have a narrow road that is a thirteen (13) foot width and was brought up at our minimum standard is sixteen (16) feet, well, we rarely allow a sixteen (16) foot wide pavement of County roads. But that is our minimum standard. But to bring all of those roads up to County standards would be a costly venture.

Ms. Yukimura: And for some of them that are very infrequently ridden upon or whatever, it seems to work.

Mr. Dill: Yes.

Ms. Yukimura: Where there is a lot of growth and a lot of traffic, that becomes a problem, I would guess.

Mr. Dill: I agree. So, whereas we are talking about bringing roads up to County standards, that is the usual criteria. But there are always exceptions to that rule.

Ms. Yukimura: I am thinking that our main immediate goal, though it may happen only ten (10) years or fifteen (15) years, would be to bring the pavement up to standard. Is that not basically the goal of this repaving program?

Mr. Dill: Yes, it is to bring the structural pavement to a serviceable condition, yes.

Ms. Yukimura: Right, which includes the undergirding – I mean that is the reconstruction part is it?

Mr. Dill: Correct, yes.

Ms. Yukimura: Or the base of it?

Mr. Dill: Base course, yes.

Ms. Yukimura: We have a clear goal, which is to get the pavement on County roads in shape. Then we could go to a – I mean that may take all of our time and then to keep it constantly over time. So, that means executing a complete preventative maintenance program on going.

Mr. Dill: Yes.

Ms. Yukimura: Well, I want to say that this submittal represents huge strides between last year and this year. I am very much encouraged that we are on the right track. Do you know whether O‘ahu, which is going through a real re-evaluation of their roads, are they using the system we are using? When I read about them, they were doing some kind of filming of roads. Are we also taking pictures or this MicroPaver system is an inspection, recording system?

EDMOND P.K. RENAUD, Chief of Field Operations & Maintenance: I was in a two (2) day workshop this past week and I did have conversations with the different City and County representatives and the Department of Transportation (DOT) people and other Counties. I also talked to the Dr. Asia, he is the lead specialist that is working with them. I talked to the doctor and I said what is the problem out there with the City and County? He came back to me and he said, they do not have the accurate conditions of the roads. So, it has taking them much longer, also DOT. I said, well we are one step ahead by communicating by you and looking at our records, we are ready for you and that is the biggest problem they have there. I talked to the Superintendent for City and County and he said their roads are in very bad shape. On Saturday I want riding with them and if you look at our roads, our roads are in super condition except, I am going use an example, Maluhia entrance up Maluhia Road, their roads are much worse than that. On this island, I would say that is our worst, on Pe‘e Road, that one section when you enter Maluhia. Our other roads just need repairing with the alligators and whatnot. But compared to O‘ahu, it is going to cost a lot of money.

Ms. Yukimura: As someone who lived there from 1998 to 2002, I am clear that the roads are far worse on O‘ahu than on Kaua‘i. It is my sense, and you somewhat confirmed that, is that Kaua‘i is leading the way now in terms of a proper road maintenance system. I see Glenn shaking his head. I know his standards are high. But, in fact, this represents us going in the direction that I think Mr. Mickens has been encouraging using to do. I think laying a good database is very, very key to a good program reconstruction/repaving program. Thank you very much for your work on this. I cannot say I look forward to the proposed program next year because I think it is going to be a huge bill. But I am satisfied at least, that we will be using our money well. It will be a fair system that is what our taxpayers deserve. Thank you.

Chair Furfaro: I am going to go back a little bit here, Larry. We are talking about standard County roads, especially as it relates to some of these Condominium Property Regime (CPR) subdivisions, that at some point these thirteen (13) foot roads are then conveyed to us. They might have happened in many of the rural areas and so forth. But is that burden to bring it up now to a County standard? Is that totally the burden of the Counties and if so, why would we not we have received the sixteen (16) foot road to begin with? You and I, up in Po‘uku, were familiar with Kapaka, thirteen (13) feet, never can two (2) cars travel on that road, especially when they go up *mauka*. The main road was conveyed to us, the interior roads were not. So, is that now our burden?

Mr. Dill: Generally speaking, our criteria is if someone wishes to convey a roadway to us, our requirement is that they bring the road to County standard before we will accept it. So, that is generally the criteria. So, that would not be our burden.

Chair Furfaro: But in this particular case, I do not think the Po'uku Road going *mauka*, I think we have accepted it. I do not think it is at County standard and therefore, one of the anterior roads have come before us and we have refused it. What is the condition to accept a road that is substandard in width at any particular time? What would be the exceptions if any, I guess?

Mr. Dill: That is difficult to answer because there are no written criteria to what the exceptions are. We would have to receive an application from someone wishing to convey a road to us and they would have to make their case to us. But generally speaking, our criteria is it meets County standards and they would have to justify anything short of that.

Chair Furfaro: They do not have to testify?

Mr. Dill: They would have to justify.

Chair Furfaro: They would have to?

Mr. Dill: Yes.

Chair Furfaro: Okay, thank you. Other questions? Vice Chair?

Ms. Nakamura: Just relating to personnel in the Roads Division, you have just about one hundred (100) personnel?

Mr. Renaud: Eighty (80).

Ms. Nakamura: We have been focusing a lot on the contract and the intent to do it every two (2) or three (3) years. Then you have your existing staff and what is your goal for during a typical year in terms of how many roads get paved by that staff?

Mr. Dill: We do not do paving in-house. We do pothole repair and I just touched on it briefly earlier, that we are looking at upgrading our methodology for doing the pothole repairs so we get a better product. That is what we do in-house. We do minor, roadway swale fixes where we have drainage problems. So, we reconstruct swales to improve drainage along the roads. But we do not do any paving. We are having a discussion in-house when we talked about slurry sealing. There are different types of sealing, seal coats, chip seals, slurry sealing, and we have been having a discussion as to whether it would be appropriate for us to create Slurry Seal Team in-house and we may be able to achieve more efficiencies by doing it in-house rather than contracting that out. But that is still a discussion item at moment.

Ms. Nakamura: I am just wondering how do you measure the success of the crews that are doing the work of fixing potholes and swales and so forth?

Mr. Dill: Well, we will be able to measure it with MicroPaver because part of the goal is to have our District Road Overseer (DRO) be the folks that assume because as was noted, this inspection was done December 2012. But it will have to be kept up-to-date on a regular basis. So, we are talking about what would be the frequency of inspections, who would do the inspections, etcetera? By continually doing that, we will be able to see how effective our programs are for maintaining our road. It

would be a check and balance. We will have the proposal, we will do the work, and then we will follow-up to see how effective it has been.

Ms. Nakamura: Do you see the need to have different job descriptions or do you need to change what things people do in your Division in order to accomplish?

Mr. Dill: Yes, and that has already begun. Ed has been thinking hard about the Roads reorganization that is currently being implemented. For instance, we are creating a Bridge Maintenance Crew. We will have certain specialties that are defined within those position descriptions that that crew is responsible for maintenance on those bridges. Prior to that, I believe in Public Works, the only folks who were designated and in their description had concrete work, was in the Building Division. So, we relied and received support from the Building Division to do building maintenance activities. But we have made those changes to initiate that so we can begin that work ourselves. Of course, if we move in the direction of doing slurry seal in-house, we will have to address those things as well.

Ms. Nakamura: Thank you very much.

Chair Furfaro: Just a follow-up question, JoAnn. So, building and repair is currently doing bridges, but your people will be shifting that way. What happens to the bridge portion that building and repair was doing?

Mr. Dill: Well, I am not sure I follow the question. But Building Division has plenty of work to do in other maintenance.

Chair Furfaro: Oh, that is your answer then.

Mr. Dill: Yes.

Chair Furfaro: They have plenty of work to do?

Mr. Dill: Yes, plenty of work to do.

Chair Furfaro: Now, did you follow my question though?

Mr. Dill: Oh, yes.

Chair Furfaro: If you are taking the road guys and having them focus on – I look forward you to developing with the Divisions under you on repair & maintenance, some routine of checklists so that we do not fall so far behind with items including parks because building repair can now address it. JoAnn you have the floor.

Ms. Yukimura: Thank you. I think we covered this in the last session on Roads. But you have also achieved in making the Highways Division pretty much self-sufficient based on the Highway Fund. Is that right? You are not getting any General Fund subsidy for your Roads and Highway Crews?

Mr. Dill: That is correct, yes.

Ms. Yukimura: To me, that is also a very good achievement that the roads are, at least right now, sort of paying for itself although we still have to see what the program is that will be proposed. But that is very good. Thank you.

Chair Furfaro: Just a short program note. We would like to make note that Mr. Kagawa had indicated that he would be excused until 10:00 a.m. Let the record show he is now in attendance and Mr. Bynum has been extended to be absent the entire day. Thank you. Welcome, Mr. Kagawa.

Mr. Kagawa: Thank you.

Chair Furfaro: Further questions for roads? If not, I am going to thank you and give us an opportunity to study your pieces and we will let you folks go. We are going to go into a fifty-five (55) minute recess. We are back at 11:00 a.m. with the Kaua'i Humane Society. Thank you.

There being no objections, the Committee recessed at 10:06 a.m.

The departmental budget call-backs reconvened on April 23, 2013 at 11:05 a.m., and proceeded as follows:

Kaua'i Humane Society

Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum

Chair Furfaro: We are back from our recess. We will be starting with the Kaua'i Humane Society (KHS) until 12:30 today. This is a re-call, call-back, and I would like to first see, it is 11:05 a.m. Is there anyone in the audience that would like to testify? Please come right up. There is a little blue switch on the end of the microphone, if you press down, and you start by introducing yourself. I will give you six (6) minutes, at three (3) minutes I will tell you are halfway there.

There being no objections, the rules were suspended to take public testimony.

BASIL SCOTT: I am Basil Scott and I have previously submitted written testimony. I am giving this oral testimony to amplify certain points and somewhat extend what I submitted. Also, I have given both this and the previous testimony to the E-mail address. I support the full mission of Kaua'i Humane Society and this includes dogs, cats, horses, and other animals and many citizens feel the same including Veterinarians and many people I have talked to over the past years. However, today I want to focus on cats. In the United States (U.S.) cats represent over fifty percent (50%) of the pet population. It is fifty-two percent (52%) based on a number of data reports that are out there. Based on numbers that were previously submitted in the Kaua'i Humane Society testimony, about the same percentage appears to apply to Kaua'i. So, just over fifty percent (50%). Kaua'i Humane Society ensures that cats are registered, spayed or neutered, and given vaccination shots and the registration consists of the implementation of a chip which guarantees that if an animal is ever lost, they can be returned to rightful owner. These activities guard against diseases. Hook worm and round worm are diseases carried by all animals including cats and they can affect humans as well as other animals.

Now, the activities that KHS performs also helps to control the cat population on Kaua'i. Last year there were over three thousand (3,000) unwanted cats that were euthanized. There is a large problem, I would say, with the cat population. It costs the Kaua'i Humane Society a lot of money to perform these euthanasia services. For every one hundred (100) breeding cats up to one thousand eight hundred (1,800) kittens can be born in one year. This is kind of a geometric population growth and it is just based on the fact that cats tend to have around six (6) kittens per litter. The math is, if you have three (3) litters of six (6) kittens per year, plus the first litter that is born will have enough time to have its own litters of six (6) kittens, you end up with up to thirty-six (36) kittens per pair

of cats. Then, in one hundred (100) cats you have on average fifty (50) pairs and so we have one thousand eight hundred (1,800) cats resulting from one hundred (100) cats. Anything that is done that would reduce the ability of Kaua'i Humane Society to control the cat population could very quickly have a very severe adverse effect on stray cats and other unwanted cats.

Chair Furfaro: Scott, that is your first three (3) minutes.

Mr. Scott: Thank you. You can see that the controls that we have, which is what the Kaua'i Humane Society does, are very important and the controls are that the Kaua'i Humane Society requires that any cat that they give away is spayed and neutered as well as registered. I was concerned when I heard Councilmember Rapozo suggest that we only focus on dogs because I see that this budgetary impact could affect how the cat population is controlled on Kaua'i and this could affect the health and welfare of our County as well as put stress on volunteer organizations, which I represent one of, that helps deal with this problem. I was further concerned about the legal issue that was raised having to do with Hawai'i Revised Statutes (HRS) 143-16. I will close my comments with just a couple of comments on Hawai'i Revised Statutes 143 and all of the paragraphs in there. 143-16 requires that the County contract with Kaua'i Humane Society pursuant to the authorization provided in 143-15. 143-15 provides for the seizure and impounding of all unlicensed dogs and then there are several subclauses, to that 143-15. However, all of Section 143, and this includes 143-15 and 143-16, are modified by the clause of 143-2.5 which reads, 'nothing in this Chapter shall be construed as a limitation on the authority of Counties to regulate including by licensure animals other than dogs. Since it says "including by licensure," that clearly implies that non-licensing regulations also applies. I think it is important for whoever does the legal analysis to deal with the fact that it is not just licensing, but any means of regulation and, to me as a citizen, it would seem that the activities at Kaua'i Humane Society does, which include electronic regulation as well as spaying and neutering to help limit population growth, are important regulatory activities that promote the health and welfare of the entire County of Kaua'i. Thank you very much.

Chair Furfaro: Mr. Scott, first, let me apologize to you. I thought your first name was Scott. Your first name is Basil?

Mr. Scott: That is correct and I always say I have been called much worse, so thank you.

Chair Furfaro: Let me ask you, are you an Attorney?

Mr. Scott: No, sir.

Chair Furfaro: Would you know the HRS that you quoted was passed in 1953 in the Territory of Hawai'i?

Mr. Scott: I know that and I know that the last update of any of these laws is on the order of twenty-five (25) years ago. So, they are quite old.

Chair Furfaro: Thank you very much. Mr. Rapozo, you have a question?

Mr. Rapozo: Thank you, Mr. Chair and thank you Mr. Scott for being here today and your testimony. Did you watch the last presentation? Did you actually watch the presentation on television?

Mr. Scott: Yes, I watched it on the web broadcast.

Mr. Rapozo: Because I did not suggest that we would not fund the cats. I have been getting a lot of hate E-mail and I just want to make sure that the public understands that there is a concern and you bring up 143-2.5, which is clear. The County has the right to regulate every animal, any animal. But there is a State Procurement Code as well. The State law mandates that we contract with the Humane Society to take care of the dogs, that is a given. There is no procurement required. Anything beyond that, yes, we have the right to regulate. We have the right to fund pretty much anything that we want. But we cannot bypass the Procurement Code. That was the gist of my discussion at the last meeting. I do not know how it got misconstrued that the Chair and myself are pushing that we cut funding. What I advised and requested from the Director of Finance was that when we redo the contract, we make sure we do the contract within the compliance of the State Procurement Code. If, in fact, we want to pursue services for other animals that would have to go out through the proper competitive bidding process. That is all I said. But for some reason I am getting all of these E-mails that I hate cats and I am discriminating against cats. I expect that. I get that all the time. You mentioned horses. I am not sure if you spoke to the Executive Director or not, but I can tell you and you can go ask her, as we left that day, I highly suggested to her and to Ms. Elizabeth Fraitis to submit the claim to the County. I believe that the County owes that money because the County required them to house the horses. I am not trying to run away from what we owe. I just want that to be clear. Your E-mail prior to this one, you had stated some things that you would do and that is fine. You have every right to do that. But I would encourage you that if there is a question about the intent of the Council, that you ask because I think that – and I said this at the last meeting, what the Kaua'i Humane Society does is very helpful. But it is getting to the point now that it is getting very expensive and like I asked the Director of Finance, there comes at point, at what point is it better for the taxpayers, is it more effective and efficient to do it in-house? That is not a statement against the Humane Society. It is a statement of fiscal responsibility. There comes a breaking point, we are there, right? That we are struggling for money right now and we want to continue the relationship. But if it gets to the point we cannot afford it then we definitely have to be looking for ways that we can address all the animal needs on the island. I appreciate your input.

Mr. Scott: Could I make a comment?

Chair Furfaro: Go right ahead.

Mr. Scott: I am glad that you are supportive. I do think it is very important and I think one of the points I was trying to make is that it is one of these

“pay me now or pay me later” deals because the population of cats are very fertile as a population. So, if controls are relaxed for even a fairly short time, you can very quickly have a large population growth which then you end up paying more dollars for over a long period of time. I think it is encouraging to know that you are supportive and if changes are being made in the current procedures, it is just important that there is never a time, a six (6) month time or one (1) year time where services decline somewhat because then these very potent population dynamics will take control and we will end up paying more in the long run. That is my opinion.

Mr. Rapozo: Just one (1) last thing.

Chair Furfaro: Go right ahead.

Mr. Rapozo: Last year we funded feral cat funding. I was a huge supporter of that. I think the record is clear and I do not want the record to be distorted. But I think the public also needs to know that if you look at the proposed budget, and these are just a spreadsheet that was compiled of the cuts that are being experienced here on Kaua'i, social cuts. I talked about it involving the Meals on Wheels, almost one hundred thousand dollars (\$100,000) to limit funding for our seniors' meals and we have seventy-five thousand dollars (\$75,000) being reduced for our treatment – Sex Assault Treatment Center and Family Violence Shelter. These are the realities of life Mr. Scott, that we have to deal with here on this table. Seven (7) of us have to figure out where is that balance and I am not saying that cats are less important than humans. But there has to be a balance and that is the struggles that we have to deal with every single day and we deal with many special interest groups out there that are calling for animals or for victims of domestic violence or whatever. There are tons of requests for funding and our funding is being reduced. I just hope you understand our predicament. I wish we could write the check, buddy. Like I said, if we had the money we would write the check. We do not have it and we have to figure out a way to make it happen with the least impact to our taxpayers. Thank you very much. Thank you, Mr. Chair.

Chair Furfaro: You are welcome. Scott, I just want to know – there I go. Basil, I like that herb, especially making a nice mango vinaigrette with a little basil in it and nice pesto as well. I just want to make sure that we are all squared because I got caught up in this piece too and I was not even here. This is a budget session where we talk about numbers. Certain members wanted to talk a little bit more specifically about the cat issue. I want to talk about the numbers. Okay? What is economically feasible for us? You are aware that we put aside thirty thousand dollars (\$30,000) to do a kind of evaluation of the cat issues? Good, you are aware of that. I also wanted to say that I hope you got a response in my E-mail to you.

Mr. Scott: I did, yes. Thank you.

Chair Furfaro: Okay. So, I do not need to cover that anymore? This is a financial budget. We can always put a cat management plan and so forth in a new meeting and so forth. Your comments today were well received. Thank you very much.

Mr. Scott: Thank you.

Chair Furfaro: Anyone else in the audience willing to testify?

Mr. Hooser: I had some questions for Mr. Scott.

Chair Furfaro: One moment, Basil.

Mr. Hooser: I just had a brief follow-up if I could because there was an outpouring of passion, if you would, for cats and animals after our last meeting and I think there was some misinformation. Like the Chair said, it is really about numbers, the conversation and a lot of E-mails that talked about us cutting the Humane Society's budget. "Please do not cut the budget, please do not cut the budget." But I wanted to make sure that you are aware and everyone is aware that the budget that was presented to us in the Mayor's budget was the same or similar, very similar, to last year's. Until today, I do not believe we actually got a budget and the budget request that we did get is, in round numbers, it was six hundred sixty thousand dollars (\$660,000) what we paid last year and it is asking for upwards of over nine hundred ninety thousand dollars (\$990,000) for next year. The Council, it is not a matter of us cutting the Humane Society budget. It is a matter of whether we are able to fund the increases, the significant increases, that no one else is doing? We are being asked to raise property taxes and everything else. But I think that discussion is about needs and wants. I think that is where that discussion got kind of misinterpreted, if you would, because it is a legitimate discussion to say what is our legal requirement? But what I think I am hearing from you, I think what I am hearing from you, correct me if I am wrong. You are saying that controlling the cat population is a need. It is a public health need. It is a community thing – is that?

Mr. Scott: Yes. My opinion is that in terms of the public desire, it is probably equal for cats and dogs. It is about a fifty (50) / fifty (50) split and the people who own a cat or dog or both and the numbers of pets are pretty close to fifty (50) / fifty (50). The desire for the people of Kaua'i, in my opinion, is to see services for both. In terms of need, I believe that allowing for a large population of strays is a public health nuisance and hazard, particularly for hook worm and round worm. It is incumbent, I believe, to make sure that good controls regimes are in place. Based on the numbers, it would seem that we have somewhat effective control regime now. But also that it could be better.

Mr. Hooser: Thank you very much. Thank you, Chair.

Chair Furfaro: Any other questions for Basil? Thank you very much. Joe Rosa, you wanted to testify? You will get two (2) increments of three (3) minutes each for a total of six (6).

JOE ROSA: Good morning members of the Council. Just about maybe two and a half (2½) years ago, I testified about dogs. They say the figure that was given at that time, they said it was about twenty thousand (20,000) dog owners on

Kaua'i. That should be based on three dollars (\$3) per head. It could be self-sufficient for the amount of revenue turned in. But I do not think there is an effort that goes around. When I was growing up as a young boy, the County needs to take time in April or after you had a chance to pay your bike tax, dog tax, car tax, it is supposed to be at the early part of the year. The County would come around, I think it was the Department of Public Works with a pickup truck with cages on them and they would go around looking for stray dogs and even if a kid would cry and cry, because they picked up his dog. They would not give it back to the parents, even if the parents came up with the money to pay for the dog tags. They would have to go down to the old Wailua jail and pick it up over there. They did not have a Humane Society then and you had to come with the money to show that you have the dog tag for the dog before they would release it. Now, with the amount of dogs that was mentioned, as I said two and a half (2½) to three (3) years ago, twenty thousand (20,000). That is a rough figure that was given and I remember it was mentioned time and time again by the Director and by one (1) of the members on our Council. As I say, with that amount of dogs on Kaua'i, they should be self-sufficient. Also, I do not know how you allow animals to go into a store. It is supposed to be a matter of health. I have seen dogs running around in Times and circling and circling. You wonder what they are going to do. If they are going to pee or do whatever they have to do. I notice at times they do not even have a tag. Is that an unlicensed dog or what? Those are kind of things that still go on, that animals are running around without having a license paid for. Who is doing the enforcing? Is the Game Warden supposed to be enforcing that? Who? The Police? Who? The question remains. There is not a sound total proof that these animals are paying their tax so that the revenue can go to the Humane Society for their operations

Chair Furfaro:

First three (3) minutes, Joe.

Mr. Rosa: Thank you, Jay. Secondly, now, they talk about being inhumane when you deal with stray cats by trapping them or poisoning them. But I would like to ask members of the Council and the Humane Society, what is happening to all the green Macaws that used to roost in the trees out front here in the County? I used to pass here in the evenings and you could hear nothing but chatter of those birds. Those homeless people will not sleep on the benches because there is too much poop that those birds would do their thing when they are in the trees. Secondly, I do not see the pigeons at Wal-Mart in the front of the road waiting for a handout. It seems that some people or somebody is poisoning those birds. Come by the County Building some evening and you do not hear the green Macaws that are chattering and everything. They fly in flocks from here in the morning and in the evening coming back from the Hanamā'ulu area. So, something has been done. They talk about doing away with the cats. Well, let us be realistic. If they are going to do it to the birds, which is inhumane, I think it is just as inhumane with the birds as it would be for the cats. Those are the kind of things that I leave with thought for you to think about, to look into and see that I do not see no reason why they cannot go ahead and get rid of some of those cats with destroying the natural wildlife around here. The birds, the pheasants, and quail, and the things I used to see when I was young, we do not have it anymore. But cats are even here at night along my place and my neighbors do not have cats. Those are stay cats that come up from the valley or wherever. So, there is a population of stray cats that is running around. It is high time. Mel, you mentioned it, I would value a human life over a cat or a dog. Those are secondary pets that you get to

accommodate a lonely person that lives alone or something. But I do not value a cat or an animal over a human life. A human life takes years. An animal, you can go to the pet shop and pick it up. A human being is conceived with love and true love. Thank you.

Chair Furfaro: Thank you, Joe. Is there anyone else here who would like to testify on this item? No? Before we get too far in, and I will as the individual from the Humane Society, as we have referenced the HRS a few time. I am going to have it read for the record so that we understand the content which comes from the Territorial Legislature 1953. Could you please read the statement?

YVETTE SAHUT, Legislative Analyst: Hawai'i Revised Statutes Section 143-15. Contracts for seizing and impounding dogs. Any County may contract with any society or organization formed for the prevention of cruelty to animals, or similar dog protective organization, for the seizure and impounding of all unlicensed dogs, and for the maintenance of a shelter or pound for unlicensed dogs, and for lost, strayed, and homeless dogs, and for the destruction or other disposition of seized dogs not redeemed as provided in this Chapter. The County may prescribe in the contract the manner in which the work is to be done by the society or organization and it may also direct the disposition to be made of all dogs seized pursuant to this Chapter.

Further Section 143-16, Contract between County of Kaua'i and Kaua'i Humane Society. Pursuant to the authorization provided in section 143-15 the County Council of the County of Kaua'i shall contract with the Kaua'i Humane Society, an incorporated nonprofit association organized under the laws of the State for the prevention of cruelty to animals, upon the subject matters contained in Section 143-15 and shall appropriate the moneys collected by the Director of Finance of the County of Kaua'i under Section 143-3 for use by the Kaua'i Humane Society. In addition to the matter contained in Section 143-15, the Kaua'i Humane Society may expend funds turned over by the County to construct a dog pound on Kaua'i; provided that the County Council shall first approve the plans for the construction and location of the dog pound.

Chair Furfaro: Thank you very much and if you can make a copy of that available to all the members I would appreciate it, and also for those in the audience and media that we keep referencing this 1953 Legislative Act. Would you see that they have the appropriate copies? Also, a little bit of history going through this is, it is to be noted that specifically an amount was allocated by way of grant from the Council. In 2000 there were some concerns that were brought to the Council regarding accountability for the Kaua'i Humane Society. In addition to the five hundred thousand dollars (\$500,000) that was appropriated then, an additional amount was also allocated for nineteen thousand seven hundred dollars (\$19,700) so that the Kaua'i Humane Society could, in fact, perform their annual audit. Another specified amount was set aside for spray and neutering services. For that period of time, there was still controversy from the Kaua'i Veterinarians who felt there was some competitive profiling here with them having the County earmark the Humane Society for spay and neutering. I would also like to say from that five hundred thousand dollars (\$500,000) allocation to the Kaua'i Humane Society, over the years the amounts have increased to five hundred ninety thousand dollars (\$590,000), six hundred one thousand dollars (\$601,000), six hundred fifty-five thousand dollars (\$655,000), and at present day, the six hundred sixty thousand dollars (\$660,000). That is given in the way of a grant. When it originally started, it was an itemized staffing guide that has now grown to

almost twelve and a half (12½)12.5 full-time equivalents for the Humane Society. I will pass this history out as well so that you have it. On that note, we have friends here from the Humane Society. Please come right up. While you are making your way up, I would like to say to you, that I have gotten through the Administration, your last June 30th ending 2012 audit. I have also gotten an estimated wage and tax benefits schedule. I have also received the last quarterly report that was sent to Wally Rezentes and then today, William, I think you folks passed out two (2) versions of your budget and when we get to that, I will let you go through the narrative to the members. But on that note, I want to recall when I took a break from the last meeting, I wanted to focus on the financial pieces. Thank you very much for responding to that. Thank you very much. Okay, the floor is yours for any type of presentation you are making and these two (2) last financial pieces you tell us which one you want us to follow, depending on the strategy.

PENNY CISATRO, Kaua'i Humane Society Executive Director: The one that would be most helpful to start with initially is the one that has the middle column that says, "dog only expenses." If we are going to focus on just dogs primarily for the moment, that was handed to you this morning. So, the total operating expense for us to provide the same services that we have been providing for just dogs would be seven hundred seven thousand fifty dollars (\$707,050). When we discussed the last time that I was here, I asked if the Council would be interested in looking at a proposal from us to provide recommendation for fees for service. If we do incorporate the fee for service, we estimate that we could bring in approximately one hundred twelve thousand dollars (\$112,000) in revenue to offset that cost to take the cost to do dogs only to the five hundred ninety-five thousand dollars (\$595,000) that the Council has already – that is already available or has been submitted in the budget by the Director of Finance. That enables us to maintain the sixty-five thousand (65,000) that has been granted previously for the Spay/Neuter Assistance Program. We have provided, on request, the cost for us to provide the Animal Control Program as well as what the cost, the net cost, of the County program for dogs is for the Humane Society and that incorporates all of the services that are provided for dogs. In the proposal for the seven hundred seven thousand dollars (\$707,000), that has taken the Full Adoption Program. that will be funded by the Humane Society, that takes the entire Foster Care Program for dogs and that will also be funded by the Humane Society. This is strictly taking in, handling the spray dogs, and at the end of four (4) days, and I will explain where we get the four (4) days, they become the financial responsibility of the Humane Society and are no longer the financial responsibility to the County. In looking at the four (4) days, the mandate is that they need to be held forty-eight (48) hours if they are unlicensed for the owner to come in and claim. So, not counting the day that the animal arrives at shelter because they arrive at various times throughout the day. They will be held two (2) days, the forty-eight (48) hours, and then on the fourth day, they will be dispositional and they would either at that time be euthanized or made available for adoption whereby the cost of the animal becomes the Humane Society's responsibility. That is how we arrived at four (4) days.

The spaying and neutering and any preparation of the animal for adoption becomes the cost of the Humane Society and is not a cost County. So, that would include the spaying and neutering of the animal, the heartworm testing of the animal, and micro chipping confidant animal. The Humane Society is only looking at the Stray Dog Program

for four (4) days. If an animal comes in and it is wearing identification we are required by Ordinance or by State Statute to hold the animal for nine (9) days and make attempts to contact the owner. Given the volume of animals that come in that are held past the four (4) days, it is hard to say what that percentage is going to be. It is also difficult to say what percentage are going to be part of a cruelty case and be held for an extended period of time. But we have focused on holding for four (4) days and that is what we are charging the County. That is the presentation for the Dog Program. Do you have any questions on the Dog Program?

Chair Furfaro: Questions for the Dog Program? Vice Chair and then Mr. Rapozo.

Ms. Nakamura: Thank you very much for a concise presentation. I wanted to ask, what is the current...

Ms. Cistaro: I am sorry.

Ms. Nakamura: What is the current disposition date right now? What is the past practice?

Ms. Cistaro: Past practice is about five (5) to seven (7) days, so that would be decreasing. We do allow for whom found a stray animal at the end of the forty-eight (48) hours or seventy-two (72) hours, if they are interested in adopting that animal, to adopt that animal. But it averages between five (5) and seven (7).

Ms. Nakamura: What was the forty-eight (48) hour milestone? What occurs at that time?

Ms. Cistaro: That is outlined in the State statute that they are held for forty-eight (48) hours as a stray for the owner to come in and redeem, unless it is wearing identification and then it stipulates that the animal has to be held for nine (9) days. If it is licensed or has a microchip, that we can trace an owner and we are required to take reasonable means to contact the owner and we send a letter and phone call. It depends on what method we have.

Chair Furfaro: Mr. Rapozo and then Mr. Kagawa.

Mr. Rapozo: Thank you, Mr. Chair. Thank you for being here today. On your middle column "dog only expenses", the projection, the salary is three hundred eighty-five thousand dollars (\$385,000). How many employee areas dedicated to the Dog Program?

Ms. Cistaro: Four (4).

Mr. Rapozo: This is not benefits? This is just wages? It comes out to thirty-two thousand one hundred fifty dollars (\$32,150) a month?

Ms. Cistaro: And that is the Animal Care Staff, the Customer Service Staff that are taking all of the phone calls, dispatching the Officers, doing the License Program, the Lost and Found Program and Redemption Program of those strays. Then there are the Animal Control Officers and then there are Veterinarian Technicians. There is a break down in your packet of the staffing that goes along with that. Did you have that?

Mr. Rapozo: The question that I asked for many years is to see a breakdown of...

Ms. Cistaro: We have that information.

Mr. Rapozo: Okay. well, I did not get it.

Ms. Cistaro: Sorry.

Mr. Rapozo: I just got it so I am looking at it now. It is showing eleven (11) full-time equivalents. So, is it a percentage?

Ms. Cistaro: Yes it is.

Mr. Rapozo: Do you have the percentage?

Ms. Cistaro: It is next to the title where it says full-time equivalent. If you go down to the bottom – well, attached to each name is what percentage is assigned to the program and there is also one for the Humane Society that I am not sure is in front of you.

Mr. Rapozo: If I read this correctly, the four (4) Animal Care Taker Technicians, they are fully funded by the County money?

Ms. Cistaro: Yes, sir.

Mr. Rapozo: And they do not participate in any other work for the Humane Society, just County work?

Ms. Cistaro: Correct. Then the Humane Society has five and a half (5½) full-time Animal Care Technicians for their function.

Mr. Rapozo: I think, Mr. Chair, this is where you talked before over the years where it has grown. When the original contract, I believe, was created was for the Humane Society to do what traditionally was done by the County. Obviously, the scope has grown. I mean they have got a great facility, and receptionist, and the County never provided those things in the past. It is a good thing. But it costs money. I think that explains the increases in the costs. So, your Administration, this is broken down, again, twenty-eight percent (28%) of your salary is paid for by the County money? That is how I am reading it correctly?

Ms. Cistaro: Yes, sir.

Mr. Rapozo: Okay. Thank you very much. Thank you for getting this. This may be six (6) years since I tried. I appreciate it.

Ms. Cistaro: Did you want a copy of the Humane Society's break down of their staffing because the Humane Society is maintaining 24.39 employees in addition to the amount that the County is funding.

Mr. Rapozo: That would help.

Ms. Cistaro: We do have a variety of other programs that the County will not have any participation in financially. However, the County will benefit from those programs.

Mr. Rapozo: Thank you.

Chair Furfaro: Mr. Kagawa, you have the floor.

Mr. Kagawa: Thank you. I am a dog lover. I have a dog in my family for basically all of my life. In fact, my wife is begging me to pick up a dog that she currently likes.

Ms. Cistaro: Well, we can help you with that.

Mr. Kagawa: I think she knows which one and it is to be a playmate because I think my dog is quite lonely.

Ms. Cistaro: We can help you with that.

Mr. Kagawa: So, it is hard not to be nice to you. I have a question about how many dogs, and I was looking at this figure, how many dogs do we see a day that come in, strays?

Ms. Cistaro: It is difficult to average because one day you can get three (3) different litters of puppies and get twenty (20) puppies and then the next day you have two (2). It varies. We average, seasonally, Spring and Summer are much busier than the Fall and the Winter. We can average having in the shelter at any given time, for just stray animals, twenty-five (25), fifteen (15), twenty-five (25), thirty (30).

Mr. Kagawa: Well, do we also receive a lot of unwanted puppies? Maybe they are not purebred, like *poi* dogs. Do we have a lot of those that say we cannot find homes for them and they bring a lot of them in?

Ms. Cistaro: When we look at the first nine (9) months of this year, sixty-nine percent (69%) of the animals coming in are stray with the thirty-one

percent (31%) being owner surrendered. It is a higher population of strays than owner surrendered animals. But yes there are...

Mr. Kagawa: The strays are brought in by just the public?

Ms. Cistaro: The public finds them. Actually a lot of tourists find the strays and bring them in. But the Officers pick up stray dogs in the field as well. It is a mix of...

Mr. Kagawa: The Officers are notified by people in the community that call you?

Ms. Cistaro: Typically, we get a phone call and it is answered by the Customer Service Staff and then they dispatch the Officer while they are out in the field.

Mr. Kagawa: When you get a stray or any dog turned in, your policy is to keep the dog for how many days?

Ms. Cistaro: On average we are holding the strays about five (5) days.

Mr. Kagawa: What happens after five (5) days?

Ms. Cistaro: A determination is made of whether or not we are going to make the animal available for adoption or euthanize the animal.

Mr. Kagawa: I mean, it is pretty sad that it can only be for that short of time. But I guess it is a reality of finances.

Ms. Cistaro: Well, actually in looking at our statistics, on average a stray animal is picked up within three point seven (3.7) days. It actually is a very good timeframe.

Mr. Kagawa: I do not dispute the numbers. I mean, it seems like a lot of employees to allocate to a dog. But when I see the seven hundred and seven thousand dollars (\$707,000), I think about just caring for my own dog and it is quite expensive.

Ms. Cistaro: If we are there seven (7) days a week and so it averages that it is three (3) employees a day from 6:00 a.m. until about 6:00 p.m. So, that works out to be four (4) employees caring for the animals during the week.

Mr. Kagawa: Just another comment. I really appreciated the audited financial statements. It provides us and we know these numbers are accurate and overall the facility. I grew up in Hanapēpē, the Heights, and it is really close to the Salt Pond Humane Society and you have come such a long way and very positive and there is

the animal park. I just want to commend you folks. You have really come a long way. I only hope that we can get more private donations because there is a lot of hotels that are doing great in Po'ipū and I just wish that they would open their hearts up a little bit and try and help out our animal population.

Ms. Cistaro: Have you noticed that we were in the National news? We were in the Washington Post and an associated press took it National on the program transferring animals out of Kaua'i to Oakland, California. But a lot of it is utilizing the tourists for them to transport animals back to the mainland when they are going home. We are tapping into the tourist trade to help us.

Mr. Kagawa: Thank you. At a minimum, I want to make sure that we comply with our law. If we look at the seven hundred seven thousand fifty dollars (\$707,050), that would be your figure to comply with the HRS?

Ms. Cistaro: Yes. But we are also recommending to the Council that we increase licensing fees and we implement a fee for service. Currently, if someone loses their dog, lets their dog run loose, whatever happens and we get their animal in, they are not required to pay to get the animal back. In essence, the County is funding irresponsible pet ownership by letting them come to the shelter sometime two (2), three (3), and sometimes four (4) times to get their dog that you have running loose. What we are asking or recommending is that there be a fee for the shelter to cover the cost of caring for their animal for them.

Mr. Kagawa: That sounds like a fair plan.

Ms. Cistaro: We have been discussing it with Amy about looking at the Ordinances. In doing that, we projected in the first year that we would be able to bring in least one hundred twelve thousand dollars (\$112,000) to offset the cost of the contract to take it, for dog only, to that five hundred ninety-five thousand dollars (\$595,000) and maintain the Spay/Neuter Assistance Program.

Mr. Kagawa: Well, we are in a tight spot. We will do what we can. Like I said, I am confident that the private sector can continue to pick up the rest of the share. I think if it would be ideal if we could pick up the whole thing. But obviously, we are not in a position this year. Thank you. Thank you, Mr. Chair.

Chair Furfaro: William, let me ask a real quick question of you. The audit you provided to us, is this really a statement of financial activities? It is not a full blown audit?

WILLIAM EARNSHAW, Kaua'i Humane Society Business Manager: Are you speaking of the audited report?

Chair Furfaro: The report we got from CW & Associates.

Mr. Earnshaw: Correct. That is what we receive from CW & Associates after they performed out audit. They perform an audit on an annual basis.

Chair Furfaro: But it is really a report on relative statement of activities versus an audit. But thank you very much, it is very helpful. Mr. Hooser, did you have a question?

Mr. Hooser: Yes, thank you. Just trying to get clear. There is a lot of moving parts here to the budget. I understand that we asked for the dog information to be separate.

Ms. Cistaro: Yes. There is cat information that I am prepared to discuss as well.

Mr. Hooser: In the budget you are operating on now, with the County funds, it was at six hundred sixty thousand dollars (\$660,000), is that correct?

Ms. Cistaro: Yes, five hundred ninety-five thousand dollars (\$595,000) for the Animal Control Program and sixty-five thousand dollars (\$65,000) for the Spay/Neuter Program.

Mr. Hooser: Was there any differentiation between cats and dogs in that budget?

Ms. Cistaro: No, because of the way that the contract is written. For the contract that we are currently in, it stipulates that we are to handle other animals, other small animals. That incorporated cats into that contract. The cost of our contract this year or the cost of the program this year was much more expensive than the five hundred ninety-five thousand dollars (\$595,000).

Mr. Hooser: The year we are in now, the County funded six hundred sixty thousand dollars (\$660,000).

Ms. Cistaro: Correct.

Mr. Hooser: Okay, and that was for everything?

Ms. Cistaro: Yes.

Mr. Hooser: The budget that the Mayor sent over for the upcoming year, was at five hundred ninety-five thousand dollars (\$595,000), six hundred sixty thousand dollars (\$660,000)? I think that was six hundred sixty thousand dollars (\$660,000), the same you got last year?

Ms. Cistaro: Yes. Yes.

Mr. Hooser: Now, you are saying just for dogs.

Ms. Cistaro: Just for dogs.

Mr. Hooser: It is seven hundred seven thousand dollars (\$707,000), plus you want to be able to charge money for the services that you described and then there are cats coming in a few minutes on top of this.

Ms. Cistaro: Yes.

Mr. Hooser: We are really looking at over nine hundred thousand dollars (\$900,000)?

Ms. Cistaro: Yes.

Mr. Hooser: Plus you want to charge for services? Yes?

Ms. Cistaro: Yes.

Mr. Hooser: When last year for the same thing, we spent six hundred sixty thousand dollars (\$660,000)?

Ms. Cistaro: You spent six hundred sixty thousand dollars (\$660,000). We did not.

Mr. Hooser: Right. Why the disparity? Every other Department that has come in is getting less money and we are asking everyone to cut their services, trim costs, not hire people, not buy cars, and other things. This looks like it is a huge increase. So, why? Is there unexpected expenses? Is there some new information that caused the expenses of the Humane Society to go up from that three hundred thousand dollar (\$300,000) figure? Why are you now asking the County to, in round numbers, come up with another three hundred thousand dollars (\$300,000) or so?

Ms. Cistaro: Well, first off, we are not a Department of the County. We are an independent contractor. We are not asked to cut services, cut staff, or cut programs. You are contracting with us to provide a service. The contract that the Humane Society is currently in with the County, asks for us to provide services not only dogs, but to all small animals. That includes cats. It is my understanding that the Humane Society has not been given an increase in the contract amount since 2009. I have been here maybe five (5), six (6) weeks so I am making some assumptions that expenses have gone up in the last five (5) years here, as they have everywhere else. Workers Compensation, health insurance for employees, those kind of things have gone up. The other point is that for years and years the Humane Society has picked up what the County has not paid for. To the point where the Humane Society no longer has reserves. So, even if we wanted to fund the cats this year as we have been doing in the past, we cannot afford to do so. There really is not an increase in the cost, it is just I am coming to the County and saying we cannot fund the cat portion of the program any longer. That has been in the contract and which is why I approached the County in March about negotiating this contract because we cannot provide the same level of service that we have been in contract

with County to do any longer. We are still going to request that the County fund the cat portion of the program because of health and safety as well as some statutes that do apply to cat because they apply to animals across the board. Then there are just little things like who is going to pick the dead cats up in the street, what would you like the Humane Society to do when there is an injured cat laying in the street, or there is a nuisance with cats at the hotels? So, that is the answer, a long one.

Mr. Hooser: I think I got it. You are basically coming to the Council saying that our funds are not sufficient to cover the cat program.

Ms. Cistaro: Correct. We do not have the funds.

Mr. Hooser: In round numbers the three hundred thousand dollars (\$300,000) annual difference has been funded out of reserves?

Ms. Cistaro: Out of our money.

Mr. Hooser: So, that means that you have had money in the bank or is this is funded out of income that is no longer there because you have been paying this money and it did not happen or did it in one (1) year?

Ms. Cistaro: No, it did not happen in just one (1) year.

Mr. Hooser: So, it has been carried over. It is either income that you had that is not there anymore, or it is from when you had one million dollars (\$1,000,000) in the bank, or you had a lot of money in the bank that you have been spending down over time?

Ms. Cistaro: It is a lot of money in the bank that we have been spending down over time and then using donor money to fund the County program.

Mr. Hooser: I think therein lays the problem for the County in terms of all of a sudden, we are being asked to come up with this money to fund services that we have been getting for a much reduced amount. You do not have to answer that.

Ms. Cistaro: Well, I do want to say that there was a letter addressed to the Council last year that explained the two hundred sixty-five thousand dollar (\$265,000) deficit that the organization had and was putting the County on notice at that time that the Humane Society could no longer continue to do that. So, this should not be a surprise.

Mr. Hooser: It is a surprise to me because I was not here.

Ms. Cistaro: Neither was I.

Mr. Hooser: If you could provide me that letter, that would be great.

Chair Furfaro: I can give you that letter, Gary. We have it on file.

Mr. Hooser: Okay. I think I have a much better understanding now of the situation. It still does not create the money and as you know, the Administration asking us to raise taxes for all of these things and not even considering this extra three hundred thousand dollars (\$300,000). So, that would mean all things being equal, we would raise taxes more or take money away from other areas of County services to satisfy it. Do you have a funding plan to increase funding above and beyond what you are asking? Do you have an emergency fundraising effort, someone going out and beating the bushes and calling donors or planning fundraisers?

Ms. Cistaro: We do. We recently hired a Development Director that will be coming in mid May. We have high hopes for that person. Again, I have been here probably about six (6) weeks. I am looking at what all of our resources are and putting together a Fund Development Plan for the organization because we do, in fact, need to address our financial situation because we have also a piece of this budget that we have to account for as well.

Mr. Hooser: My last question, you understand. I just want to get this out because people are watching. You understand that we are not being asked to cut – we are not considering as we sit here, I do not believe, cutting the Humane Society's budget. That is not something that we talked about. We are talking about whether or not we should increase it. That is the discussion we are having. I think from the public's perspective, I think it is important to get out. We have been getting a lot of things that do not cut the budget, do not cut the budget and we are being asked to consider a dramatic increase in the budget from our perspective anyway.

Ms. Cistaro: Yes, and there will be a change to the contract, which is an agreement between the Humane Society and the County to provide services for small animals, which would include cats. So, there can or could be a dramatic decrease in service depending upon the choice of funding.

Mr. Hooser: I understand. Thank you very much. Thank you, Chair.

Chair Furfaro: Before we go any further, I am going to have records pull up that letter and I have been here consistently for twelve (12) years and there were a couple of things that were responded to with the Administration. For example, the detail that we were required to do by statute for dogs is the four hundred thirty thousand dollars (\$430,000) you have detailed for us in the staffing guides, that you submitted to us and I want to thank you for that. We also added sixty-five thousand dollars (\$65,000) for the spay and neutering. But we ended up getting to six hundred sixty thousand dollars (\$660,000) because we understood that ongoing courtesies you were doing for us with cats and we funded an additional item in Capital Improvement Projects (CIP) for thirty thousand dollars (\$30,000) just focused on cats. I want to make sure that we are all real well informed because nobody made a bad decision because they had too much information.

I am going to get those copies as well. Secondly, I think Mr. Hooser's point is very, very well taken here. We are not starting off by cutting your budget. We are starting off by saying this is the amount that we had funded. Now, the question is we are going through a thing with our reserves as well, right? We want to make sure that you understand the six hundred sixty thousand dollars (\$660,000) committed and, in fact there was a small increase in 2011. You referenced 2008, but 2011 there was a small increase, very small. I believe it was focused on having some extra money for you to do some studies and some solicitation. But I just want to make sure that we have that understood and also on the growth of your revenues, this proposal, if we gave you certain activities, I mean even licensing animals. That could bring you in a substantial amount of money. Do you have any idea of what amount you might have put in a *pro forma* like that?

Ms. Cistaro: We are projecting – I have to put my glasses on.

Chair Furfaro: I have the same thing.

Ms. Cistaro: We are projecting, if we take over the licensing.

Chair Furfaro: Let us say we give you the licensing.

Ms. Cistaro: And we were able to increase the cost of a license, we are projecting that we could bring in approximately eighty-one thousand two hundred fifty dollars (\$81,250) and that is us taking over ,managing the entire program and taking it from the County.

Chair Furfaro: Take on that responsibility for animal licensing for the County.

Ms. Cistaro: We would take on the full cost and that expense is included in the contract moneys in the proposal that we would be administering the entire Licensing Program.

Chair Furfaro: So, that is plus eighty-one thousand dollars (\$81,000) just for discussion here.

Ms. Cistaro: Well, that is part of the one hundred twelve thousand dollars (\$112,000).

Chair Furfaro: Yes, I understood that.

Ms. Cistaro: Okay.

Chair Furfaro: That is in there. That would be a shift from our Treasurer's Department to you folks.

Ms. Cistaro: Yes.

Chair Furfaro: Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you, Mr. Chair.

Chair Furfaro: Excuse me, JoAnn has a follow-up to my comments, I guess. That was my comment, I asked her about the fee. How much it would be? You want to do a follow-up on fees?

Ms. Yukimura: If I may.

Chair Furfaro: You may have the floor. I will hold you back for a moment, Mr. Rapozo.

Ms. Yukimura: The licensing would be the Administration so pet owners – it is only dogs that get licensed.

Ms. Cistaro: Just dogs.

Ms. Yukimura: They would get their licenses from you. But did you say it presumes a license increase?

Ms. Cistaro: Yes.

Ms. Yukimura: That has to be set by the Council.

Ms. Cistaro: Yes.

Chair Furfaro: Yes.

Ms. Yukimura: Okay. So, you have an actual proposal about – there is only one fee level or it is for spay/neuter there is a lower fee?

Ms. Cistaro: Yes.

Ms. Yukimura: So, that presumes that the Council would raise the fees because I do not think we can delegate the fee-setting to you.

Chair Furfaro: No, we cannot.

Ms. Cistaro: We would make a recommendation to what we would like to see the fees and work with the County Attorney to develop that to come to Council.

Ms. Yukimura: Okay, and that would be parts of the one hundred twelve thousand dollars (\$112,000) that you would be able to raise for the Spay/Neuter Program?

Ms. Cistaro: To offset the cost of the dog contract.

Ms. Yukimura: Thank you. Thank you Councilmember Rapozo.

Chair Furfaro: I do not get a thank you?

Ms. Yukimura: Thank you, Chair.

Chair Furfaro: Thank you.

Mr. Rapozo: Well, I had a follow-up, too.

Chair Furfaro: Go ahead, Mel.

Mr. Rapozo: But ladies first, so that is fine. You mentioned earlier that when people come up to pick up their loose animals, they do not pay?

Ms. Cistaro: They pay two dollars and fifty cents (\$2.50) after the forty-eight (48) hours. If they pick up the dog within the first forty-eight (48) hours, there is no fee.

Mr. Rapozo: But after forty-eight (48) hours?

Ms. Cistaro: It is two dollars and fifty cents (\$2.50) a day.

Mr. Rapozo: I noticed in your financial statement your boarding quarantine and other services generated over four hundred thousand dollars (\$400,000 in 2012.

Ms. Cistaro: That is the boarding that we do for members and the quarantine is the direct release or the boarding for quarantine when animals are coming into Kaua'i. That is our business. That is one of our sources of revenue. That has nothing to do with the County contract.

Mr. Rapozo: I know we had this discussion last week when I picked up my dog I got hit pretty hard with boarding and this was a while ago. I am not sure who controls that fee. Can you set that fee?

Ms. Cistaro: No, that is set by State statute. The two dollars and fifty cents (\$2.500 is what we are allowed to charge.

Mr. Rapozo: So, we would need to change that statute as well?

Ms. Cistaro: Yes, and it is within the State statute that allows for Counties to set those fees.

Mr. Rapozo: We set the two dollars and fifty cents (\$2.50) fee?

Ms. Cistaro: No, that is set by the State. The State statute allows for the individual Counties to set whatever fees they choose and that is what we are recommending that the County do.

Mr. Rapozo: And you are working with Amy on that, right, our County Attorney?

Ms. Cistaro: Yes.

Mr. Rapozo: We will follow-up with her. The other question which only makes sense and I know we had this discussion a while back and I got hate E-mails then and I will get it again. What is your position on licensing cats?

Ms. Cistaro: I would highly recommend it. It is a very controversial subject.

Mr. Rapozo: I would agree.

Ms. Cistaro: I think there are more cat owners than dog owners. Cat owners need to be held to the same standard that a dog owner does because what happens in an Animal Control Program is that the dog owners, by licensing their dogs, are then subsidizing the cat portion of your Animal Control Program. So, by having it fair and equitable across the board and everyone that enjoys the companionship of an animal is contributing to the animal control costs. I would highly recommend it. A lot of people are not going to agree with that statement.

Mr. Rapozo: Well, they are going to hate you and me after tonight because we had, in fact, I had asked our staff, I guess a couple of years. I do not know if it has Honolulu. But somebody was entertaining the idea.

Ms. Cistaro: I think it was O'ahu.

Mr. Rapozo: It was O'ahu. So, I had started the processes to and it just went crazy. But if you look at the testimony that we are receiving today, and I think Mr. Kagawa is asking and talking to me this morning, saying that we do not have a loose dog problem considering we have loose dogs. But the bigger complaint is with loose cats.

Ms. Cistaro: Yes.

Mr. Rapozo: The bigger threat to public safety is with loose cats.

Ms. Cistaro: Yes.

Mr. Rapozo: It would make sense to me and again, you and I will be the most hated people tomorrow, that we start at least evaluating that licensing of cats. It makes sense.

Ms. Cistaro: Yes, it does. There are many, many formulas to follow and there are ways to implement the program without there being as much hate mail as you might think.

Mr. Rapozo: Oh, we will get them. I will tell you they will start tomorrow. But it will be a lot easier for me to say that I am supporting the Humane Society's Executive Director in that.

Ms. Cistaro: Then Mr. Rapozo, I could say I was supporting you.

Mr. Rapozo: But I mean, we have to do something to address that problem and just tossing a lot of money at it may help. But it does not really create that responsible ownership of cats like we do for dogs

Ms. Cistaro: Yes. I know that we have not moved over to the cat portion of the presentation. However, we do return a number of stray cats, currently, to their owners. So there is a fee for service for those animals as well and while the number being redeemed is less than dogs, there is a revenue source of over eight thousand dollars (\$8,000) coming in from charging the same fee for service and for board for cats as there is for dogs. Cats are the bigger problem in the community than dogs are, and they are much more robust in their breeding season than dogs are. As Mr. Scott pointed out, if we leave this unchecked just from a health and safety standpoint, County-wide, we will have a problem that is by far worse than what we are experiencing with the roosters, the chickens, and the pigs.

Mr. Rapozo: Just one last question, Mr. Chair.

Chair Furfaro: Go right ahead.

Mr. Rapozo: We did get educated a cowl of years ago when we did the feral cat discussion and we were blessed with a lot of information. But my question is and I mean that. We were. It was great information that most of us, I can speak for myself, really had no clue. But the question that I have is are you aware of any other jurisdiction currently that require licenses for cats?

Ms. Cistaro: Yes.

Mr. Rapozo: If you could just provide me, not today, a list so we can do some research and find something that that might work for us.

Ms. Cistaro: I would be happy to.

Mr. Rapozo: I would appreciate that.

Ms. Cistaro: I have had experience in implementing a cat licensing program.

Chair Furfaro: Mr. Kagawa and then Ms. Yukimura.

Mr. Kagawa: Looking at the financial statement, under the revenues line item, unrestricted contributions. Fiscal Year 2011, you have three hundred sixteen thousand dollars (\$316,000). 2012 it went up about one hundred fifty thousand dollars (\$150,000) to four hundred fifty-nine thousand nine hundred forty-nine dollars (\$459,949), is that contributions donations maybe from the public?

Ms. Cistaro: Yes.

Mr. Kagawa: Just straight out donations?

Ms. Cistaro: Yes.

Mr. Kagawa: Do we have a projection what that number might be for 2013?

Ms. Cistaro: I do not.

Mr. Kagawa: Does your accountant have a total? We are almost done. We have got two (2) more months.

Ms. Cistaro: Go for it.

Mr. Earnshaw: Yes, I do have an estimate. First, I would like to point out those contributions I believe include both contributed goods, as well as dollars. For example, with the dog park a lot of the structures in the dog park, those materials were donated. It includes both materials as well as dollars. For the end of this fiscal year, we are looking at roughly around, I believe, projecting out around three hundred twenty thousand dollars (\$320,000) in contributions.

Mr. Kagawa: I do not see it in the footnotes as far as what that account includes. Normally, I think, in a financial statement you would have a breakout of construction materials and labor or whatever that was donated. Normally I think the unrestricted contribution line would pretty much be cash. But anyway, what about this "net assets release from temporary restrictions." What does that line represent? Three hundred fifteen thousand dollars (\$315,000) last year. Net assets released from temporary restrictions. I am just curious. It is under the revenue item. I am not sure. I will read better. I guess, I understand when I am hearing that without that three hundred thousand dollars (\$300,000), we may cut the cat service. But I am hoping that we can still continue to receive those cash contributions and we would like to give you basically, what that net

amount would be because you are get something donations. Some of those donations could be allotted to the dogs and cats, right?

Ms. Cistaro: There are programs that the Humane Society supports with its donations and we have twenty-four (24) staff members that we also have to raise funds to support. We have programs that we have in the community that we need to raise our own dollars to support. We cannot raise money to support a County program. Stray animals are not – while we want to provide care and housing for those animals, they are stray. They are a result of the community's irresponsibility. It becomes a County function and a County health, welfare, and safety issue. You are asking us to spend donor dollars to the Humane Society on what in other jurisdictions are a County function. Other islands are supported by the Counties for their cat population, their stray and feral cat population. The Humane Society is more than happy to provide social services within the community, Humane Education programs, Spay/Neuter Programs to help the community with their animals. But it is not our responsibility to provide animal control functions, that is the County's.

Mr. Kagawa: I hear you. Like Mr. Hooser, it is my first year on the Council. But I have lived here since 1966. I know that we have had a stray cat problem ever since I remember knowing what a cat was. We have had a stray cat problem from the 1960s until now and I even adopted a cat because it was so pretty and I did not want to let it die. So, that was my first animal that I had, was a cat. But the thing that is hard is that I know you are coming out strong for your organization about the cats, about how irresponsible you think the County is. But what you need to understand is before you came on board, we were paying six hundred sixty thousand dollars (\$660,000) and we were getting the service. The Council, as I know it, was not being threatened that the cat population will be neglected, you will have a lot of cat problems. Now in this fiscal year we are struggling with the thoughts of raising taxes and you are saying that we need to increase your budget by three hundred thousand dollars (\$300,000). It is not an easy thing, not an easy request. It is not like the cat problem has appeared in one (1) year. We have had a cat problem from the 1960s. What you are telling us – we know there is a problem. We know what could be a problem. We are just trying to be fair in determining what is that number that you have. I understand donations are, to me, if you are short of money, you can use donations any way that you deem appropriate. If you deem building a bigger park for the people to let their dogs play in as a priority, then you will spend it there. If you deem cats to be a priority, you will spend the money, what I have leftover from donations on the feral cat problem. It is your job as an Executive Director to determine how you want to spend those moneys and donations. I am not saying that I am going to tell you what to do. But in the end, I think the County is going to give you – the County Council, the Mayor, we are going to give you what we believe is fair and hopefully we will still take care of our cat problem.

Ms. Cistaro: With all due respect sir, I agree that it is a surprise to the Council, the information that I am bringing. It was a surprise to me as well. I do know that the organization does not have the financial resources to fund the Cat Program. We do not have the money that we have had in the past to give to the County even with our donations. We will be using our donations as our operating revenue for the

Humane Society programs this year. There is not the reserves that we have had in the past.

Mr. Kagawa: I will leave it at this. If I look at your expenses, in 2011 your total expenses were two million one hundred seventy-two thousand dollars (\$2,172,000). In 2012, and this is before you came on board, your expenses went up over two hundred twenty thousand dollars (\$220,000) to two million four hundred thousand dollars (\$2,400,000). In 2013, I guess you are projecting it to be pretty much the same. So, we have done a good between 2012 and 2013 of not going up too much. I think you project in 2014 to be pretty much the same. But it is a matter, too on your end, of watching the expenses. In 2011 and 2012, you did a similar job like the County. We grew too much, maybe and when we are in a recession, we have to stay away from those big ballooning expenses. I just wanted to point that out and just as we at the County need to watch our spending, I think you guys need to watch your spending, too in the future as we keep coming up and trying to make sure that we take care of all the cats and the dogs which we all love and we are all worried about. Thank you.

Ms. Cistaro: I do know that, organizationally, we need to be more efficient in our spending. I am still learning the budget and will be in the process of putting together the 2014 budget for the organization.

Mr. Kagawa: Thank you, I appreciate it.

Ms. Cistaro: We are looking at our services, what we are able to provide, the staffing levels, and what we are able to provide with those or if we have to lay staff off as well.

Mr. Kagawa: Hopefully it will not come to that.

Ms. Cistaro: Hopefully it will not come to that.

Mr. Kagawa: Thank you.

Chair Furfaro: JoAnn, I will recognize you next. But let me make a housekeeping announcement. If it is okay with you folks, I would like us to keep going past 12:30 p.m. and take our lunch break at 1:00 and finish up the informational portion on the Humane Society. So, for the Administration, when we come back, we will come back at 2:00. Then we will do the finance portion and then followed by the closing of Economic Development CIP. On that note, you have the floor and we will only go to 1:00 if we need to. But we still have not talked specifically about cats yet. So, you have the floor, JoAnn.

Ms Yukimura: Thank you. This has been a really interesting discussion. One of the things that I want to say at the outset is I am in great respect and admiration for you Penny, coming in five (5) weeks ago, was it and trying to figure all of this out.

Ms. Cistaro: Thank you.

Ms. Yukimura; I am guessing that you are not in a dissimilar position than Steve Hunt, who came in and even Ernie and the other team, who over the last few years have been discovering what Councilmember Kagawa has noticed. That there are a lot of parallels between the County and the Humane Society in terms of unknowingly using reserves to satisfy the Operating Budget and then coming to this big wall that we cannot continue to do this anymore. I wanted, at our first meeting, to have a policy discussion because this is all coming down to policy. It is the question of whose *kuleana* it is to do what things? I guess, I have been around too long. But I remember when the County used to perform the animal control services. The option for the Humane Society in a *quid pro quo* arm's length transaction of not doing the services, is for us to do the services or to find another organization to do the services. I would guess that if the County were doing this, it would probably be far more expensive. When we were doing it, it was pretty primitive, I have to say. We would have to have Administration over the services and so forth. I think the HRS was trying to, back in 1953, establish what a government *kuleana* was. At that time dogs may have been the concern. But as we have evolved over time, if you look at animal control and you have said that, Penny, that the statistics show that cats are as much of an animal control issue as our dogs or even more, perhaps.

Ms. Cistaro: yes.

Ms. Yukimura; If that is a public responsibility of local government, if animal control for health and safety purposes is, then arguably it is a County function and that is something that we are going to have to decide as a group. If it is a County function and we are asking your donors to pay for it, it would be like saying, "Members of the public could you make donations toward ours Solid Waste requirements or can you make donations towards our Roads Programs?" We really have to draw the lines carefully. I guess my question is that I would like to see what the cost of cat control is.

Chair Furfaro: Can you proposed (inaudible).

Ms. Yukimura: Excuse me.

Ms. Cistaro: We do have that. If I can interject here, what we will be doing with this new proposal is we will be going to the donors and asking them for funding to help fund the adoption program, the Foster Program, our ability to treat sick and injured animals, all of that is coming out of the County portion of the funding. We are not asking the County to fund any of that, which is why we are stopping costs to the County after four (4) days. Then every animal becomes our responsibility to move forward with. So, that is what we will be asking the donors to fund. The Adoption Program, the treatment of the injured animals, the care for the animals past the four (4) day hold period from the County, as well as to fund the owner surrendered animals that are coming into the organization as well as enhancing a Spay/Neuter Program through the Humane Society in addition to the one that the County would be funding. We are going back to the donors to fund our programs.

Ms. Yukimura: You are trying to draw a very clear line; right between the public responsibility for animal control and the humane services of keeping as many animals as you can from euthanasia?

Ms. Cistaro: Yes.

Ms. Yukimura: And trying to put them into homes where they can contribute to families and also be taken care of.

Ms. Cistaro: Yes.

Ms. Yukimura: That seems to me, I mean, we can discuss the line and where it should be. But to at first just acknowledge that there is a line.

Ms. Cistaro: Yes.

Ms. Yukimura: Is important for us determining our financial responsibilities and thank you. I see that you have submitted the cats portion and what is above the line, if you will, in terms of what is public responsibility for animal control and that is the number three hundred thirty-nine thousand nine hundred ninety-five dollars (\$339,995)?

Ms. Cistaro: Yes.

Ms. Yukimura; Thank you.

Chair Furfaro: Vice Chair, I will give you the floor.

Ms. Nakamura: Yes. I am looking at your financial statement, statement of functional expenses. On page 4. I just wanted to – I know you have it all divided into different functions of the Humane Society, broken down by the Thrift Shop, your animal shelter, and management general fundraising. I was just wondering in the future, would it be possible to further break this down so that we can see what is the spay/neuter piece and what is the County piece so that we can ensure that the information that we received is audited?

Ms. Cistaro: Yes, that is as equally to me. I am used to great detail in the budget and I am finding the previous budgets to be vague. So, yes.

Ms. Nakamura: Thank you very much. Also, I am looking at your second quarter report submitted to the Department of Finance on February 15th, the third page and I wanted to get just some clarification on this.

Ms. Cistaro: That would be William.

Ms. Nakamura: William. It is the second quarter statistic for the Kaua'i Humane Society and I wanted to just ask you is this Fiscal Year 2013 just for the – do you have a calendar year? Do you have the same fiscal year as the County?

Mr. Earnshaw: Our fiscal year starts July 1st. It started July 1, 2012 and goes through June 30, 2013.

Ms. Nakamura: So, your 2012 numbers that you are showing here, that is the full year of services?

Mr. Earnshaw: Correct.

Ms. Nakamura: Just, for my clarification, what does the DOA/REQ, what does that refer to?

Ms. Cistaro: DOA is Dead on Arrival and REQ I am going to make an supposition that that is Owner Requesting Euthanasia.

Ms. Nakamura: Thank you. You have a list of all the intake for the year, three thousand six hundred seventy-nine (3,679). So, around ten (10) animals a day, if we were to just use three hundred sixty-five (365) days, on average. Then you would return to the owner, you have the total here, four hundred thirty-four (434). Then you would have a certain number that would be adopted and then euthanized.

Ms. Cistaro: Yes.

Ms. Nakamura: So, those are the three(3) options? I am trying to add up and it does not add up to the total of the intake.

Ms. Cistaro: It never will.

Ms. Nakamura: So, I just wanted to clarify.

Ms. Cistaro: When we start July 1st, we will have all of the animals in the shelter. So, we usually start our fiscal year with a couple of hundred animals in the shelter. During the month of July they are getting adopted, or redeemed, or euthanized in addition to what is coming in. We have to look at what is our population on June 30 because that population is still there July 1st. They get counted when they are dispositioned out.

Ms. Nakamura: Thank you for clarifying that. That makes sense. Also, when you are doing the intake, this could be people coming to you as well as your employee goes out into the field.

Ms. Cistaro: Yes.

Ms. Nakamura: So a combination of both?

Ms. Cistaro: Yes.

Ms. Nakamura: Then your spay and neuter, there are four (4) different options under that program of what happens once the animal is brought in?

Ms. Cistaro: Four (4) different options for spay and neuter?

Ms. Nakamura: You have adoptions, public, feral cats, and com vets. So, I just wanted to clarify that.

Ms. Cistaro: Yes. There are four (4) different options. We spay or neuter animals that we have made available for adoption. The public brings in their animals and that is the County funded Spay/Neuter Program. Then we have Feral Cat Caretakers bringing in feral cats that they have trapped for the Trap Neuter and Release Program and, then the vet program is the coupon portion of the County funded program where they can come to the shelter and get a coupon to take to a private vet to get a discount on the service at the private vet.

Ms. Nakamura: Then I am just wondering, if you are going to separate the cats – I mean that request came from us. But what happens when somebody brings in a cat, you are going to we are not going to pick it up or they call in that there is a dead cat on the road? I mean, you already have the workers there twenty four hours (24) seven (7) days a week, correct?

Ms. Cistaro: We have Officers available twenty-four (24) hours seven (7) daisy a week. The staff is at the shelter seven (7) days a week, 6:00 a.m. to 6:00 p.m. We have not determined what we would do at that point if there is not funding for the stray cat piece of. It we need to look at our funding and we need to look at what there is. We have not crossed that bridge. We would not be picking up dead animals in the field as a callout. If the Officer was driving by and there is a dead animal, we stop and we pick it up, regardless. But if someone called and said there is a dead cat in front of the school, if the Officer was not going there, we probably would not.

Ms. Nakamura: I am just having a hard time with the potential separation of the services, when you had the personnel there. But I am not sure how you break that up.

Ms. Cistaro: I am not sure either because, again, there is a responsibility through the contract because of the anti-cruelty statutes. We have to address cats in that. If there is a welfare or neglect complaint that does fall under the Hawai'i statutes.

Ms. Nakamura: Where I am going with this is, if we cannot come up with that three hundred thousand dollars (\$300,000) additional funding through this budget process, what services do not get done? I guess, what do you do? Do reduce your hours? How do you make it work with the amount that we all know is not going to satisfy your current level of service?

Ms. Cistaro: We are considering closing on Mondays. That will reduce staff. We are discussing how we would handle a stray cat brought into the organization because if someone called for service, we would not because then the Animal Control Officers are not funded to do that. They are funded for the Dog Program. Using an Animal Control Officer to do non-County funded work, puts us into violation of the contract. If a stray cat is brought to the shelter, we would have to make had a determination upon arrival what we were going with that individual animal. I do not know the answer. That is part of coming to the County. It is also part of negotiating the contract.

Ms. Nakamura: Thank you very much.

Chair Furfaro: I just want to throw out another comment. On this amount for the cats that you put there, I have to tell you, William, some of this is just straight line stuff allocations. I mean, you are allocating half of the electric bill to the cats. I am looking at right here. You are allocating more food to the cats than the dogs.

Mr. Earnshaw: I am sorry. Are you sure you are not looking at the column that says "dogs and cats."

Chair Furfaro: No, I have dogs only, cats only. Then this is a different form, you have food for animals, two thousand five hundred dollars (\$2,500) more for cats than you do for dogs.

Ms. Cistaro: Sir, we receive more cats than dogs. We receive one thousand six hundred fifty (1,650) dogs versus two thousand five hundred (2,500) cats. The cats are the bigger problem in the community.

Chair Furfaro: Just tell me you can justify these allocations, then that is fine with me. But I am telling you and I read big Profit and Loss Statement (PnL), this look like just a fifty percent (50%) allocation.

Ms. Cistaro: Yes, it is. Sixty-nine percent (69%) of the animals that come into the shelter are stray animals. If the County did it itself, you would be paying one hundred percent (100%) of the electric bill. We are splitting the cost with you.

Chair Furfaro: But you choose to build the facility you did. That is a castle. I do not want to get into those particulars. I want to ask you if you justify the way you allocated these costs between cats and dogs?

Ms. Cistaro: Yes.

Chair Furfaro: I will look at those justification. I think cats eating two thousand five hundred dollars (\$2,500) worth of food more than dogs, I mean, there is a difference in appetites. That is a fair question that I can ask.

Ms. Cistaro: Yes, sir.

Chair Furfaro: You justify that, you can, I will accept that. But I just want to make sure we understand, when you are telling us three hundred ninety thousand dollars (\$390,000), and I am looking at a number that is...

Ms. Cistaro: Again, that is based on two thousand five hundred (2,500) cats versus one thousand six hundred fifty (1,650) dogs.

Chair Furfaro: I saw the numbers up at the top. One thousand six hundred five hundred (1,650) dogs and two thousand five hundred (2,500) cats. So, there are nine hundred (900) more cats.

Ms. Cistaro: Yes, sir.

Chair Furfaro: Understood. If that is your justification, I will accept it for now. JoAnn, you have the floor.

Ms. Yukimura: Follow-up to Council Vice Chair's questioning about cat services. It is possible that you could list all of the different services you do for cats and then say which ones are easy to segment off in terms of not doing it? Some will be more intertwined I am guessing. I am thinking back to when we had stray cats in my neighborhood and I called you folks so that I could get a cage. Then I brought the cats in when we caught them. I mean, I can see where you would say, "I am sorry we are not servicing stray cats. We are not bringing you a cage." Right? You do whatever you do with them.

Ms. Cistaro: Yes.

Ms. Yukimura: Some other services would be harder to severe from your normal operations?

Ms. Cistaro: We can pull out some of the costs. Typically, someone that is trapping a cat comes into the shelter to pick up the trap. Then the Officers may pick up the trap in the field or the person may bring the cat in the trap back into the shelter.

Ms. Yukimura; Okay. I can see two thousand five hundred (2,500) cats just left there, not dealt with. That is basically what you are saying would happen if we were – is this in one (1) year?

Ms. Cistaro: Yes, that is the projection based on the numbers that have been coming in over the last two (2) years.

Ms. Yukimura: I mean, there is the whole issue of why you are spaying and neutering feral cats. But I think I will leave that to the Feral Cat Committee to look at.

Ms. Cistaro: The spay/neuter of feral cats is not included in this at all and it is not included in the sixty-five thousand dollars (\$65,000) Spay/Neuter Fund either. That is a completely separate program and that is Society funded.

Ms. Yukimura: Oh, okay. But you have spay/neuter for feral cats under your statistics.

Ms. Cistaro: Yes, we are funding that.

Ms. Yukimura: You are funding that, I see. Alright, thank you.

Chair Furfaro: I do need an repair & maintenance (R&M) question here, Bill. On the repair & maintenance, I presume, dogs are in some kind of kennel behind a fence and so forth. Could you just look at that repair & maintenance allocation between dogs and cats and then I will give you the floor, Vice Chair.

Ms. Nakamura: Thank you. I like your idea of different ways to raise revenues. I think I would very much support some of the ideas that you have brought forth. I would like to ask if you had an estimate that if there was a licensing of cats, how much revenues that might generate?

Ms. Cistaro: Okay.

Ms. Nakamura: That could be a follow-up.

Chair Furfaro: Mr. Hooser, you have a question?

Mr. Hooser: Yes. Part of this is for discussion, I think what I would like to see is everybody come back with another proposal actually. I understand we asked a separation of cats and dogs and I understand the reasoning why. My question would be if it was funded in one (1) lump sum, if you will, instead of separated out, but not as much as you are asking for, would that result in – I would imagine it would result in a reduction of services or the level of service. We would still get dog and cat control, but we would not get it as good or as a high level as what we are getting now. I guess that is laid out there. Again, I do not think we can overemphasize the condition of the County budget. A few days ago we had the Office of Elderly Affairs sitting in that chair and their budget has been cut and has resulted in a cut, they are not able to feed seniors one (1) meal a day on weekends. Frail, living alone, many low income senior citizens living their homes are being told we cannot afford to bring them one (1) meal on Saturday and Sunday because of the budget and that is the situation we are in right now. It is just a big bite. It is really hard go from one (1) level to the other level and, I for one, am looking. I have many of my own animals and many good friends who are supporters and members. I also support the Humane Society so I think we want to do what is right for the County and what is right for the Humane Society. But it is a very big bite to take and I am looking for some other options. Maybe the licensing of the cats, maybe there are other ideas, maybe there are some commitments from other fundraisers or from your Board members or something that will allow us to lower the request and still provide the services that the County needs and

deserves. But I think that is just I guess a personal statement from me to you asking for your help with that. Thank you.

Ms. Cistaro: Yes, sir.

Mr. Hooser: Thank you.

Chair Furfaro: Let me ask you, what opportunities are there for grants? Any grants? National grants? Are there any out there?

Ms. Cistaro: Yes, there are opportunities for Spay/Neuter Grants, and Program Development Grants. But grants do not typically pay for positions.

Chair Furfaro: True, they never do.

Ms. Cistaro: There are opportunities for grants. They typically look for – well, I can tell you we are going to be applying for Spay/Neuter Grants to help fund for target areas with feral cats and for helping with the hunting dogs to do spay/neuter in those areas and that would separate from the County funding. We will be looking at grant funding for opening up an Adoption Center at the Petco that is coming to town. It is a grant funding for increasing our transfer program of animals off-island. There are grants through the American Society for the Prevention of Cruelty of Animals (ASPCA) for that. But unfortunately, a number of Agencies that fund grants do not fund grants when it has to do with a municipal contract because they fund the non-profit portion of the organization and not what they believe to be a municipal function.

Chair Furfaro: Well, I think we all realize ourselves dealing with general grants, they are never intended to offset my payroll and so forth. But the reality is that the Spay and Neuter Program is something that also contributes to perhaps the longevity of the pet's life. We are also in a situation, we cannot even touch it today, dealing with the feral cats and our native birds. There has got to be some help out there for us.

Ms. Cistaro: We are in a perfect environment for the feral cats, for those grants to be funded because of the native birds.

Chair Furfaro: Yes.

Ms. Cistaro: We have a good foundation for our requests. Especially with the Shearwater Program as well wrapping that together, we do have strong feelings that we would be able to get grant funding for that.

Chair Furfaro: Well, I am glad to hear that. I am not going to have any more questions for you. But I want to tell you, our authority here is for the Council, is we have the authorization to give grants. Basically, the money we give you is a grant. Okay? You have no problem with me retaining the six hundred sixty thousand dollars (\$660,000). My only question is, as we go through a tough budget ourselves, how

much can we move that number? I want to make sure we are clear. I am on the same wavelength as Mr. Hooser. I am not in a position talking about cutting. I am in a position to say it is going to be tough. But I am committed to the six hundred sixty thousand dollars (\$660,000) that we have with now in what is turning out to be very tough economic time. I also want to make sure you also understand that when I scrutinize a budget, I kind of know my way around a budget sheet and I wanted to ask those questions. They are tough questions. Just understand that they are questions I am expected to ask as an elected official. JoAnn, you have the floor.

Ms. Yukimura: What kind of revenues will cat licensing generate approximately *vis a vis* the cost of cat control care?

Ms. Cistaro: Typically, it takes three (3) years for your cat licensing to become a more solid program. Usually your cat licensing is less expensively initially than dogs to get people on board with licensing their cats. It is difficult at times to find the owner of cats, for the cats that are running at-large, whereas dogs typically run home and you can track the dog. Cats do not. Cats are not redeemed. People do not come into the shelter looking for their stray cat the same way that they do their dog. Usually, people's dogs are home or if they get out, they come back and they sit on the front porch. The notice that their dog is not there. They do not notice that the cat is not there for a few days. So, your Cat Licensing Program, your first couple of years, your return is small and you do a lot of educating and a lot of canvassing for the Licensing Program.

Ms. Yukimura: How much do we charge for a dog license unneutered?

Ms. Cistaro: I think it is three dollars and ten cents (\$3.10) or four dollars and ten cents (\$4.10).

Ms. Yukimura: The cat license would be the be more than that?

Ms. Cistaro: Well, we are proposing that we charge ten dollars (\$10 for an altered dog and twenty-five (\$25) for an unaltered dog license. So, we could look at charging five dollars (\$5) for an altered cat and fifteen dollars (\$15) for an unaltered or ten dollars (\$10) until we get a – right now we could send out a list of dogs licensed and send out a renewal notice. We do not have that with cats so we would have to build our licensing list. Then there are all kind of programs you develop around your Licensing Program that there could be a late fee, there could be amnesty month that if you pay your license you do not get charge a late fee. You can do advertising campaigns around your Licensing Program so that you develop it. If your dog is wearing his license, the Animal Control Officer will drive it home for you. There are all kinds of ways to license a licensing program. Cats are not as easy as dogs because it is not as easy to throw a stray cat than throwing the tennis ball, the dog brings it back to you, you put it in the truck. Dogs are much easier.

Ms. Yukimura: Well, I have to say, I really appreciate your knowledge about these items and I think that the Humane Society is very lucky to have you

as their new Director because obviously, these issues are going to be very important to deal with and you seem to be quite prepared. Thank you.

Ms. Cistaro: Thank you.

Chair Furfaro: We have three (3) minutes here. Mr. Hooser, you have the floor.

Mr. Hooser: Just a qualifying question. The contract or agreement that we have now is a broad understanding, if I am correct, for cats and dogs?

Ms. Cistaro: Correct.

Mr. Hooser: If the Mayor's budget included six hundred sixty thousand dollars (\$660,000, that is what is on the table right now.

Ms. Cistaro: Yes.

Mr. Hooser: And to change that, whether it is for five dollars (\$5) or three hundred thousand dollars (\$300,000), to change that upward is five (5) votes on the Council. To drop it is four (4) votes, just so you know the process.

Ms. Cistaro: Okay.

Mr. Hooser: If it went through at the six hundred sixty thousand dollars (\$660,000), does the contract that we have now, is it an ongoing process? It is not a new contract just for dogs. It is the same contract that we have in place?

Ms. Cistaro: No. The contract that we currently have in place stipulates small animals. So, the contract would have to be rewritten for us to define the scope of work.

Mr. Hooser: It is a year-to-year contract?

Ms. Cistaro: Yes, it is.

Mr. Hooser: It expires at the end of the budget session?

Ms. Cistaro: Yes, it does.

Mr. Hooser: So, that is helpful to understand. Thank you.

Chair Furfaro: You can address the question to me, if you have a question, procedurally, you have a question?

Ms. Cistaro: Yes.

Chair Furfaro

Go ahead.

Ms. Cistaro: The five hundred ninety-five thousand dollars (\$595,000) is for the dog portion and then there is sixty-five thousand dollars (\$65,000) allocated through the grant for the spay/neuter. The last time that I was here JoAnn had asked for a proposal on extending those dollars with a participation in the program for low income and I have included that with information that you received today to ask if we can modify the agreement for the Spray/Neuter Funds that we can ask for a co-pay and that we have a program that is designated for low income and we would screen for financial assistance or income rather than just free to whomever.

Chair Furfaro: Well, thank you for that because it sounds like a very good approach. Mr. Rapozo.

Mr. Rapozo: Thank you, and I guess my only caution would be again, the procurement as I brought up and spoke to Amy about. You are talking about the Spay/Neuter Program?

Ms. Cistaro: Yes, sir.

Mr. Rapozo: That is separate and apart from the State mandate and that is why I asked that question. I know Mr. Scott said it was a stall tactic using the legal system. That is simply not it. I do not want to get involved in it, especially if we are now going to be allowing the Humane Society to charge – believe me, I want it to work. But I want to make sure that we are in line with the parameters of the Procurement Law.

Ms. Cistaro: It will not be a charge. It would be a request for them to participate in the cost. If they said I cannot afford anything, we would still provide the service.

Mr. Rapozo: Okay, well as I understood, it you would screen them for financial need.

Ms. Cistaro: Financial need.

Mr. Rapozo: Their ability to pay or whatever their financial statue is and if they are low income, they are free. That is what I thought I heard from Councilmember Yukimura. But regardless of how the setup is, the Spay/Neuter Program in general, I think and I know Ernie is there listening and I brought it up with Amy make sure that we clarify that before the contract is written. That is all I am asking and I am hoping we can. Bu I want to make sure it clears that legal part because we have the experience in the last couple of years this County has experienced a few violations of the Procurement Code and I do not want to see that happen again, not with the Humane Society.

Ms. Cistaro: Can the County just donate sixty-five thousand dollars (\$65,000) for the Kaua'i Humane Society and restrict it?

Chair Furfaro: JoAnn, I am going to give you the last question.

Ms. Yukimura: I see your submitted information that we requested, participation of ten dollars (\$10) would contributing an addition of thirteen thousand dollars (\$13,000) to the program. That is it, right?

Ms. Cistaro: If every surgery averaged out that they contributed ten dollars (\$10) to the cost of the surgery, that would extend the grant money by thirteen thousand dollars (\$13,000).

Ms. Yukimura: And getting surgery for ten dollars (\$10) is a deal.

Ms. Cistaro: Yes it is.

Ms. Yukimura: Is it your understanding that spay/neuter is not part of animal control?

Ms. Cistaro: Some municipalities do have it as part of their Ordinance. Some States have laws that if a pet is adopted from the shelter, that is has to be altered. Some have Ordinances that require mandatory spay/neuter on second impound. So, if someone is letting their unaltered animal run loose. It falls back to however the municipality would like to set it up.

Ms. Yukimura: However we set the policy.

Ms. Cistaro: Yes.

Ms. Yukimura: Just from the wide spectrum that you have explained, it is clear that governments are seeing spay/neuter as a part of public policy for animal control.

Ms. Cistaro: It is moving in that direction, yes, and it has in some areas.

Ms. Yukimura: Thank you.

Chair Furfaro: I am going put us in recess. I want to thank you very much for the very informative information you brought today.

Ms. Cistaro: Thank you.

Chair Furfaro: Thank you very much. We will be deliberating all the way through the 14th of May so it will be some time before we talk this out. But thank you very much for your responses today.

Ms. Cistaro: Thank you very much.

There being no objections, the Committee recessed at 1:03 p.m.

The departmental budget call-backs reconvened on April 23, 2013 at 2:06 p.m., and proceeded as follows:

Department of Finance

Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum

Chair Furfaro: Welcome everyone. We are back from our lunch recess. We have two (2) more items on this afternoon's presentation. We are wanting to talk to the Department of Finance, in particular on Credit Collection and Merchandise Services. I believe Ernie, you are going to be here to respond to us on this?

ERNEST W. BARREIRA, Budget & Purchasing Director: Yes.

Chair Furfaro: Okay. Steve, will you be joining him?

STEVEN A. HUNT, Director of Finance: Yes, I will.

Mr. Barreira: Good afternoon, Chair Furfaro, Vice Chair Nakamura, and Councilmembers. I am going to take the first segment of the presentation to talk about our merchant services situations that the Council has expressed some interest in and that the Administration is also committed to. The first thing we would like to articulate this afternoon is that once again, as the Mayor has spoken to that issue in person, is that he is fully committed to an expeditious implementation of these charge card services at the golf course. I think it will provide for a tremendous amount of ease for people whether they are visitors or residents who do want to come forward and utilize that expeditious payment process in order to participate in the resources at the golf course. The challenge over the – Monday as you recall, Friday this became an issue and Chair was kind enough to place it on the agenda. Of course, that put us on the weekend and Bankers do not work on the weekend. So, between gathering information on the weekend, flipping five thousand (5,000) flying saucers at the Saint Theresa's Carnival, Sir, it became quite challenging. But we do have some information to present.

Chair Furfaro: Did you bring some for us?

Mr. Barreira: Chair, I should have because it was the best on the island, I must say.

Chair Furfaro: And I have to correct you on another one. Bankers do work on Saturdays, even on a rotating basis.

Mr. Barreira: Oh, really? Good to know. I want to cover first the procurement issues pertinent to the situation. Merchant Services specifically related to charge card services is not an approved exemption by rule or law. I think that had come up as a question because there are other Merchant Services that are approved exemptions. In

fact, the Merchant Services that relate to online payment of bills, which is currently in existence if you want to pay your vehicle registration, that is via a bid cooperative purchase through the State Procurement Office. So, that service actually is available even though is not an approved exemption. Now, as we had mentioned last week, the Automated Teller Machine (ATM) is an approved exemption by law. But not the particular charge card services that we are discussing today. What we will need to do is to...

Chair Furfaro: For the public, explain to them the parameters on an approved exemption.

Mr. Barreira: Oh, in a nutshell Chair, because that is probably a yearlong course at the University. The approved exemptions are both approved by law and by rule. The Legislature and/or the Policy Board for the Administrative Rules determine and sanction for the Governor's signature certain types of procurement activities that do not need to go through the procurement process because by virtue of their functionality or the services that they provide, they are deemed exempt from the Code. One that came up this morning that applies is the County's authority to approve exemption for the County Council to grant moneys to specific entities for specific purposes. So, that is an example where the County, under the authority vested in the statute in different sections of the statute does have the authority to grant money for specific purposes. The Humane Society is a perfect example of that and all of the money that goes to the Office of Economic Development that you appropriate every year. Those are all examples of approved exemptions by law. There are also exemptions approved by rule. Sometimes they are redundant in the law and the rules. But they carry a wide variety of things, Chair. But essentially, if matters are exempt by law or by rule, the procurement process is removed and we can either exempt competition or exempt a process and it expedites the acquisition of good services that are needed by State and County entities.

Chair Furfaro: So, whether we go by Bank of Hawai'i, First Hawaiian Bank, American Savings, Territorial, getting a credit card application for business transactions, we are exempt from any procurement laws?

Mr. Barreira: No, not in this particular one.

Chair Furfaro: We are not?

Mr. Barreira: We are not exempt, and thank you for letting me clarify that. These types of Merchant Services are not exempt. We have to pursue a competitive process to acquire these services.

Chair Furfaro: Thank you for the clarity. But that is why I wanted to respond to the competitive portion of going to certain banks.

Mr. Barreira: Right.

Chair Furfaro: They have to actually bid. We have to have them bid on services?

Mr. Barreira: Yes.

Chair Furfaro: Okay.

Mr. Barreira: Now, we are going pursue an active procurement and we will provide that direct assistance to the golf course personnel to expedite the process in line with the Mayor's directive. Based on our rough projections of anticipated costs, it looks like we will be able to utilize the Small Purchase Method. As you recall, what drives us into the formal procurement method if the anticipated price for goods and services reach or exceeds twenty-five thousand dollars (\$25,000). Obviously, these fees are not going to near that cost. So, we will be able to secure a Small Purchase Method and that is good news because we will be able to expedite the process utilizing that method. The Small Purchase Method essentially requires that we secure – we identify, at least three (3) vendors and we send them specifications and scope of work that we deem necessary, and we solicit a price. This will be done by electronic means by via the E-mail system and invite them by a given date to submit price parameters. We will award this based on the lowest price quote submitted. So, it is going to expedite the process. At this time of year, late April coming up in May, if we had to get a formal procurement, we would be in tremendous trouble because, as you know, the short staffing problems we are facing and the very late nature of the year, it would be almost impossible to successfully let a formal procurement at this time of year and seek any kind of success. Once again, we will electronically submit the specifications and we are going identify three (3) or four (4) local banks. My very rough research indicates that there are at least four (4) banks on the island that could respond to a solicitation request and without naming them we will most likely even though we are required to only do three (3), it may be in the County's best interest to include all four (4). That promotes more competition and ensures that we get the best result possible. We are going to allow a ten (10) day period to suffice, Chair.

Chair Furfaro: Ten (10) business days?

Mr. Barreira: Ten (10) calendar days.

Chair Furfaro: Calendar days?

Mr. Barreira: Yes, because this is pretty standard operating procedures for our banking institutions. Charge card services are being provided to all of the major vendors on the island and every place else. So, it should not be difficult for them to provide us with the needed price quote for us to determine a award.

Chair Furfaro: Mr. Kagawa has a question at this point.

Mr. Barreira: Yes?

Mr. Kagawa: I want to go back to the beginning when you said we were aware of this Friday. The last time we talked about the golf course in my Committee, the Councilmembers, we said we should push through because I had brought my personal experience of standing in line, watching tourists want to pay with the charge card, and walk away without playing because we did not accept a charge card. I mean that was not the only reason I brought it up. It just made good business sense to have one. I think our golf course is probably the only munity that does not accept it. So, it just makes total sense. I would hope that in the future, if the Department of Parks & Recreation has a request like that, for them to look at it immediately, that they get in contact with you because we should have been actually moving on this about a month ago, I believe.

Chair Furfaro: Actually, the request was two (2) years ago.

Mr. Kagawa: But anyway, not to beat a dead horse. But I mean, we definitely need that charge card service. I think it is going to impact our revenues there. I think the fees will not be in question once we do it. But on that same token, do we know what kind of fees we expect to pay or is it just hard to tell because we do not know how much transactions?

Mr. Barreira: We do not know specifically at this point. That will be part of the solicitation purpose is to acquire that because that would be the cost for the County, what fees will be assessed by the bank per transaction or by total analysis. As I get to the presentation, I will cover those details as well.

Mr. Kagawa: Okay. The second one, just to go back again before you finish your presentation. Are we pursuing the replacement of the ATM in the lounge because like I said, I remember even using it and it was good. It was the First Hawaiian Bank ATM, I believe, and apparently somebody broke in and stole the ATM. But they did not know that the cash was actually under the floor. From what I am told, I think the Department of Parks & Recreation pointed out to us that, I guess, First Hawaiian Bank was upset that a break in was allowed and they said that we are not replacing it. I do not know if you can update us on the status of the ATM cash machine.

Mr. Hunt: At this point, we are not looking at pursuing the ATM cash machine and some of the issues that have come up, it is a trade-off between visibility and security. In order to be visible, you need to be in an outside location. But then it becomes a security issue if you do not have night time watch guards or anybody. First Hawaiian, I believe, lost about thirteen thousand dollars (\$13,000) in that vandalism of their machine. They are definitely not interested in putting one back, at least that institution. But I think you may have the same response from other institutions too if you cannot proceed adequate security for that, they may not want to. If we have Merchant Service there, it may become less of an issue for people because they essentially have debit cards as well.

Mr. Kagawa: So, the story that I heard was not accurate then? There was some cash in there because apparently from what I heard from the people at the golf course, they said that the cash is located in the floor and I do not know if upon requesting money, it comes up. But you said they have some in there?

Mr. Hunt: I think the actual loss was the damage to the machine itself, the repairs, in trying to get what they thought where the cash was, they damaged the machine to the point where it was a very expensive repair to have it re-serviced.

Mr. Kagawa: Thank you, Steve.

Mr. Barreira: Councilmember Kagawa, if I may clarify. When I made reference to Friday, that was making reference to when the Chair assigned it to us. I know that it was a matter that the Council has spoken about this. Chair says two (2) years ago at other more recent discussion. It was simply a matter of putting together this presentation that could be coherently enough on a Monday. But we moved it to Tuesday to give us more time. So, that, if I could just clarify. Thank you, sir. In terms of getting back to the solicitation process, in addition to the ten (10) day bidding period, ten (10) calendar days, we can award this by purchase order and/or contract easily before the fiscal year. Now generally speaking, we execute purchase orders for purchases up to twenty-five

thousand dollars (\$25,000) and execute contracts beyond that. In situations like this, sometimes when working with banks, they require a User Agreement. If a User Agreement is going to be required by whatever bank we select, most likely we are going to have a contract and have the User Agreement as an attachment to the contract document. Of course, we always have the Departments refer to the County Attorney because depending on the situation, perhaps all of the deliverable cannot be adequately documented on the purchase order which would mean a contract document which would be far more beneficial. But of course, because of the Small Purchase Method that we are going to exercise, we should get an expeditious result. I would imagine that the banks are going to be able to provide us with the services in a relatively short period of time. All of that will be imbedded within the solicitation. Some information about the merchant charge card services, the service fees for credit card payments are usually based on monthly credit card volume times the quoted percentage. So, that is the fees that we are most likely going to be looking at. Also, the service fee for credit and debit card transactions, once again, number of transactions times the minimal monthly fee quoted. Minimum monthly fee for equipment rental is based, another likely fee, that is based on number of units times the monthly charge quoted, again. The bank will be asked to quote a flat rate for all of these charges that are determined necessary to provide this service. This will facilitate competition as defined by the Code. We are not going to ask them to break out specific elements of the costs. First of all we may miss something and that may delay the process and secondly they are the experts in the process and they know exactly what fees are required. All we want to know is what the bottom line is, whether it is two percent (2%), two point one percent (2.1%), whatever it might be because that will enable us to determine what the cost will be for providing this type of service for securing this type of service. The initial cost projection I am hearing roughly perhaps, two point five percent (2.5%) of total charges. It could be less. It could be more. But once again, the prevailing bank will be the bank that provides us the lowest competitive rate. One of the things that is going to be needed and once again, this is a Department of Parks & Recreation initiative, but we have been asked in the Department of Finance to help facilitate the process because it does fall under the procurement realm. But one thing we are going to be asking for is, it is critical to have timely repair and/or replacement units available on-island. That is why we will seek a competitive process. We will limit it to on-island banks because they can facilitate a much more timely review and get us the type of service that we are required to have. A few...

Chair Furfaro: May I ask a question?

Mr. Barreira: Of course, Chair.

Chair Furfaro: First of all, thank you, for the Department of Finance and Purchasing to pursue this for the Department of Parks & Recreation. But these are fees being charged for the convenience of people paying green fees, paying car fees, and so forth?

Mr. Barreira: Yes, sir.

Chair Furfaro: The reconciliation of this account each month, because I would assume that these charges are going to be credited to our account or are they being deposited to the vendor's account? Which do you perceive this to be best?

Mr. Hunt: I believe the Merchant Service credits our account and deducts their fee.

Chair Furfaro: Okay. So, that means at the end of each month there is a reconciliation of money we owe the vendor?

Mr. Hunt: Or is it a net service charge. They take it directly out.

Chair Furfaro: Or, it is a net item?

Mr. Hunt: Yes.

Chair Furfaro: That is how you see it working? Okay, I am good with that.

Mr. Barreira: And that will be specifically delineated within the agreement that we will be probably going to have to execute with the selected bank.

Chair Furfaro: I think a follow-up question from Ross.

Mr. Barreira: Yes?

Mr. Kagawa: Just a follow-up. So, you said it is a guesstimate of what it will come out to. But you are looking at maybe two point five percent (2.5%) of all our charges. I will just give a rough example. If a golfer pays twenty dollars (\$20) for nine (9) hole green fee, nine (9) hole cart, pays twenty dollars (\$20) with a charge card, that will be about fifty cents (\$0.50).

Mr. Barreira: Per transaction, yes. It is charged per transaction.

Mr. Kagawa: So, for that twenty dollars (\$20) that he is charging, it will cost the golf course fifty dollars (\$50). So, we will profit nineteen dollars and fifty cents (\$19.50)?

Mr. Barreira: Yes, sir. One of the things we have to provide, I am told, is not only the approximated transactions per year, but the total dollar values associated with that. So, we are going to provide some upfront estimations and of course, we have Comprehensive Annual Financial Report (CAFR) numbers from last year. So, we are able to do that.

Chair Furfaro: JoAnn has a follow-up question. Go ahead, JoAnn.

Mr. Yukimura: Who is paying for the fee, the customer or are we?

Mr. Barreira: Right, it will be us.

Ms. Yukimura: Why could we not pass it to the customer?

Mr. Barreira: I approached that question. The information that I got, and once again we are going to vet this issue more thoroughly through the solicitation. But the way it is set up in the vast majority of situation, is that the fees are

allocated against the County, or Wal-Mart, or K-Mart, or whoever it might be. That question has come up before. I have not received an answer.

Ms. Yukimura: We could just raise the fees.

Mr. Barreira: In the closing of this presentation, I talk about policy considerations and I will raise some of those considerations.

Ms. Yukimura: Okay, thank you.

Chair Furfaro: We will let you continue. But basically, it is a cost of doing business for right now. Go ahead, continue.

Mr. Barreira: In line with that Chair, when you go to Wal-Mart it does not say if you want to use the charge card it will be two dollars (\$2) more. They imbed those costs within their operating expenses. In fact, they let into us, that is part of their overhead. When I prepared this over the weekend, I have to modify these numbers, I said our projection collectively was about thirty percent (30%) of green and locker room fees would be paid via the charge card. That is the largest source of golf revenue right now. However, I have had some information, and Ian Costa aggressively pursued information from the City and County, and at the Alawai Golf Course, the players who pay by credit card is actually fifty percent (50%) of the players. It is much higher than we expect and that is four million five hundred thousand dollars (\$4,500,000).

Ms. Yukimura: That might be how much business we are missing.

Mr. Barreira: Yes, and that has been the statements that have been made.

Mr. Hunt: Not to interrupt or anything.

Mr. Barreira: No, go ahead.

Mr. Hunt: One of the challenges in estimating the rounds played, we get the actual rounds played. But when you have a monthly pass that somebody buys you do not know how many rounds they are going to play with that pass.

Chair Furfaro: Understood.

Mr. Hunt: A Super Senior buys a pass forty dollars (\$40) pass and they play and once a month or thirty (30) times a month, they all count toward round play, but you cannot that as each transaction as a revenue account. So, we are really trying to segregate out those that are pay per round basis and those that are likely non-resident that are going to pay, may end up being closer to the thirty percent (30%), I think is how we estimated it.

Chair Furfaro: Well, the bottom line is, the variable that we do not know is how many people do we turn away, like Councilmember Kagawa said, because they could not charge and those by chance are probably pretty good rack rated business.

Mr. Hunt: Yes.

Mr. Barreira: The projected increases in use, as clientele understands the resource availability, will be an issue because I think in addition to what Councilmember Kagawa and the Chair has already talked about, people who want to golf but may not have brought enough money and they figure that they want to charge it and cannot charge it. So, as the Mayor had pointed out in his supportive statements last week, this will have an impact where people will actually – that is a variable we do not yet know and we will know that after we do the implementation. Concessionaires at the golf course right now, carts, Pro Shop and restaurant, they can independently develop these Merchant Services as they so choose. I would think that it would be relatively Statement of Purpose (SOP) for them to do that for the same reasons we are doing it, to invite more profitability and more ease of use. In our general projections and once again, this is very rough, if we increase five hundred (500) to six hundred (600) rounds a year, that might be around the break even proposition and that is very rough. We would need more analysis to do that. But even without all the analysis and discussion, I think it is commonsensical if not else, that we are going to create a much more user-friendly Golf Course with the implementation of this resource being in place.

As we started to talk about, there are some future policy issues that I just want to touch on today because they will be discussion items for future meetings. The future financial assessment on total fees will need to be conducted. Charge card use is a convenience. Where should that responsibility for payment lie? Initially, we will bear the responsibility based on what Councilmember Kagawa had said, it is a relatively small amount when you compared it to the actual profitability that occurs. We are going to have to make decisions as to potential fee adjustments to cover Administrative costs for these Merchant Services and that is obviously something that is going to have to be vetted not only by the Administration, but by the Council. The unknown consideration at this point is the potential increased volume of play due to charge card availability. The greater the use, the greater the fees, but still the greater the profit in terms of use of the course. Lastly, it will be critical for effective communication to our user community to occur so that they can become aware of this newly created resource, press releases and other means that the Department of Parks & Recreation feel appropriate to advance that goal. In the nutshell, that is the Merchant Services. The key element is that it is underway. We will roll this out very shortly and with a ten (10) day bid receipt expectation, we should have this matter resolved in a relatively short period of time.

Chair Furfaro: I want to thank you for the presentation. I do also want to plant the seed, the fact that once we are able to perhaps increase rounds and so forth, that you may want to consider a new Pro Shop lease that by year two (2), the credit card costs should, in fact, be a burden of the people that have the lease of the Pro Shop. In other words, we are in it for two (2) years to help build the momentum with an understanding that they need to provide that service in month twenty-five (25) of a new agreement. Something to consider because along the way, Ernie, the vendor might want to produce some other types of amenities for golf. A golf hat with a logo for Wailua on it, a Pro Shop shirt. They may want to develop something that markets them being the people in control of the Golf Course Pro Shop. It might provide them another way to earn revenues.

Mr. Barreira: So. As opposed, Chair, to the County now fully control the payment of green and cart fees, you are suggesting as part of concession, solicitation that we imbed it within the Pro Shop?

Chair Furfaro: You put something like that imbedded in their new lease to give them the trade-off. You want to sell merchandise logoed with the Golf

Shop on it and so forth, you have to assume the fees associated with letting the customer charge at some point. I mean you may want to put that option in there. But the first problem is getting people to be able to not drive away because they could not charge. It might give vendors some incentive about ordering logo balls, ordering golf caps, and things people take pride in being part of a club that is associated with Wailua. I would not leave that out of formula.

Mr. Barreira: We will pass that sentiment on to the Department of Parks & Recreation.

Chair Furfaro: Okay. Let me understand the bid is going to go out – you are going to specify you want something that shows a flat fee first?

Mr. Barreira: Yes.

Chair Furfaro: Plus a percentage cost, is that what I am hearing?

Mr. Hunt: I think he is referring to a flat percentage that covers everything.

Chair Furfaro: Oh, okay, a flat percentage? Not that there is a flat fee of one hundred fifty dollars (\$150) a month and then no minimum of how much needs to be charged in there?

Mr. Hunt: Right. That way based on volume, we do not have to determine which is the most competitive bid with estimates – this is your percentage.

Chair Furfaro: Got it, understood your strategy there. Okay. Questions? Mr. Kagawa.

Mr. Kagawa: So, let me go back a little bit. We average maybe one hundred thousand dollars (\$100,000) a month, collecting all of our cart revenue fees and everything.

Mr. Hunt: Close to that.

Mr. Kagawa: It is about one hundred thousand dollars (\$100,000) a month and if we say we are going to follow the Alawai's trend and fifty percent (50%) will pay by card. I think that is a very realistic number because a lot of people I guess like me, want to hold their cash and you can get mileage and whatnot by charging. So, they will take advantage of that. We will kind of lose out a little bit because we lose two point five percent (2.5%) and two point five percent (2.5%) of fifty thousand dollars (\$50,000) would be approximately one thousand two hundred fifty dollars (\$1,250) a month. if you look at the number of one thousand two hundred fifty dollars (\$1,250) a month with the potential of increasing the play – and I am very excited that we got the Pro Shop and the restaurant concession in the works. We have got Ian back there and I want to thank him. But I just see a lot of improvement in where we are at. We have of the credit cards. It has been long overdue. The only question I have is if we can base our projections on current revenue, I would like to work with you, Ernie, and maybe see what kind of fee increase that might be able to recover because I would not want to – we already subsidize the Golf Course

a lot. I am a golfer. I think it should be subsidized, but not to the extent there is no limit. I guess if we can somehow adjust the fees so if we collect the same amount, not being too wishful I guess, that how much would be a fair price to recover that one thousand two hundred fifty dollars (\$1,250) a month, whether it would be fifty cent (\$0.50), one dollar (\$1), or whatever to the green fees or even the monthly card. I think the golfers have to burden some of the improvements that we have.

Mr. Hunt: I think we were looking at about one and a half (1 ½) additional rounds a day to break even with the Merchant Service. If you have the one and a half (1 ½) per day, you are par, you are back on par and it is convenience and we are where we are. Anything beyond that, then we are getting additional play that can help lower the subsidy from General Fund.

Mr. Barreira: So, for me to understand, Councilmember Kagawa, what we were thinking of in terms of having this implemented the first of the fiscal year, we would have five (5) or six (6) months of observing exactly what the utilization has been and what fees have been charged against the County. If I am hearing you correctly, you would want there to be a break even proposition, that we should not have to expend any more money in that operation with regard to the fees assessed?

Mr. Kagawa: I guess that is where I am headed. Even though we are going to be basically – if we do not increase the play as we hope, and I think we probable will, but let us have a backup plan so that the General Fund does not get burdened more by having this service which I think is long overdue anyway. Thank you.

Chair Furfaro: JoAnn?

Ms. Yukimura: Following up to that. If there is going to be a strategic plan, you might want to consider all the other reasons. We need to look at raising fees or lowering them, whatever it is. But setting proper fees and including ability to do discount packages to the manager or whoever. There are a lot of things that could be – you do not want to come up with two (2) or three (3) Bills, one after the other to raise fees. It should be done in a full package. That is really not for the Department of Finance, that is for the Department of Parks & Recreation or whoever is managing Wailua Golf Course. Thank you.

Chair Furfaro: I myself, I am pretty pleased on the report you have given us back. It has been a while to get us to this point. But please also think about that twenty-four (24) months going forward. I mean one and a half (1 ½) rounds of golf a day covering this expense and we increase fifteen (15) rounds per day. Especially, if we are looking at the offer that has been made to us about joining the Coconut Coast and tapping those visitors. Without the credit card service, it just does not work. Mr. Rapozo, you had a question?

Mr. Rapozo: I apologize for coming in late. I just wanted to confirm the cost of doing that business. My math tells me it is very, very minimal. Even if we go with fifty percent (50%), even if we go with seventy percent (70%) that pays with a credit card based on existing numbers, I think it is well worth the investment. What is it? Twenty-five thousand dollars (\$25,000) if everybody that golfed today used a credit card. I mean, the cost would be twenty-four thousand dollars (\$24,000). So, very, very minimal when you look at the opportunity to generate revenue. I think with credit cards, you can have, I think I heard you say the logo balls or Wailua Golf Course t-shirts or some

memorabilia for the tourists to take back. There is just an opportunity to recoup that. I think two point five percent (2.5%) is high. I do not think you will get that. I think you will get less especially if we are going to go out to competitive bid because every bank is going to want that account. So, I am looking at a lot less transaction fees. I wish you luck in the negotiations and cannot wait.

Mr. Barreira: And even at twenty-four thousand dollars (\$24,000) Councilmember Rapozo for legal compliance, it still keeps us under the Small Purchase threshold and we can still let this and that is what I based on. I based it on just under twenty-five thousand dollars (\$25,000) and indications were that it would be far less than that. I am curious now so I am going check others. Alawai is a great example and I just got that this morning through Ian. But it would be interesting to see, maybe even some of the private courses and what percentages are paid with the charge cards.

Mr. Rapozo: I would think that the resort courses are a lot more, a lot higher use of credit card because of visitors and I think that is what the target has to be. Like the Chair said about the Coconut Coast marketing opportunity, it is very difficult to book a course without a credit card online. I mean, it is impossible. I think it will work well. Thank you.

Chair Furfaro: Please do it against municipal courses because you are also going find out resort courses, they allow guests to charge back to their room. Then they settle their whole stay and the number of rounds they have with one (1) transaction at departure. So, just to know that. Mr. Hooser, you have the floor.

Mr. Hooser: Overall, what is the percentage of cash and checks taken? It is the only other option, right, cash and checks?

Mr. Barreira: At the golf course now?

Mr. Hooser: Yes.

Mr. Barreira: I do not have that information available. We can research that and respond.

Mr. Hooser: That would be good. Usually, there is a penalty associated with that also, a certain amount of bad checks, so to speak. If you could find out the percentage of cash to checks would be good. Thank you.

Mr. Barreira: Very good.

Ms. Yukimura: Following up, I presume we have a very good cash/check procedure to make sure that the handling of cash is secured?

Mr. Barreira: Overall at the County or the Golf Course in particular?

Ms. Yukimura: At the Golf Course. Right now, if it is mainly cash/check process, somebody needs to just make sure that there is a proper procedure for reconciliation.

Mr. Barreira: I could not speak for the operation of the Golf Course. But knowing that our good friend Dave Spanski touches all money from the County and that if there was a problem, he would be the first one to alert us. We are subject to audits that have been conducted. I am not sure how I could – is the question are there procedures in place to account for checks and cash within the Golf Course?

Ms. Yukimura: Yes, and for the handling of checks and cash.

Chair Furfaro: You might ask Dave if we have a TeleCheck Agreement.

Mr. Hooser: Just another follow-up.

Chair Furfaro: Go ahead, Mr. Hooser.

Mr. Hooser: The history of the Golf Course regarding this issue is not always been great. Dave was here in the past also and so I think it is worthy of following up. There were some issues with the golf cart concession and the handling and underreporting of cash some years ago. We are saying that there is hundreds of thousands of dollars of cash flowing through, I think it warrants checking to make sure that there is a cash register that operates and that receipts are given, that kind of thing. I do not make more of it than it is, but I think it warrants looking into. Thank you.

Mr. Barreira: Chair, if I may make a request. When the questions are transmitted to us, could it be the Department of Finance / the Department of Parks & Recreation so that we can transmit that over to the appropriate sources to answer those questions?

Chair Furfaro: Sure, I think that is a fair and reasonable request. But I also want to let you folks know that the way I posted it, it is Credit Collections and Merchant Services. I think the question on credit directed to you folks is how do we reconcile from vendors, their daily receipts and the fact of the matter is that there is a summary sheet, as Mr. Hooser is speaking about that we can reconcile to. Credit Collections and Merchant Services was the posting. But if you want us to backslash the Department of Parks & Recreation, we will do that, for the Golf Course anyway. JoAnn, you have the floor.

Ms. Yukimura: Last comment, and this is more for the Mayor than for you. It is very notable that this thing had to be settled before the County Council. This is something that should have been handled by management. If you look at the history of this issue, and the Chair says it has been two (2) years, it is really kind of a black mark on the County that we have had to settle it this way. I hope that the Administration will take note and put forth some structural or management changes to make sure that this does not happen again. Thank you.

Chair Furfaro: Posting here, Credit Collection and Merchant Services in particularly for the Golf Course. Any more questions? If not, gentlemen, it sounds like you have a plan to put in motion. I look forward to our mutual success in building more rounds at the Golf Course, especially as we look for new vendors to come to the table. If you can take some of those comments about eventually getting the rounds up, but being able to give them some incentive to take over the banking charges regarding rounds of golf and other revenue, I think it would be much appreciated. On that note, we

are going to take a break here and we posted for 2:30 the Office of Economic Development. But I am going to take a ten (10) recess now and if somebody could make a call out to my friend George over at the Office of Economic Development. We will start up again in ten (10) minutes. Thank you very much.

Mr. Barreira:

Thank you, Chair.

There being no objections, the Committee recessed at 2:46 p.m.

The departmental budget call-backs reconvened on April 23, 2013 at 2:55 p.m., and proceeded as follows:

Office of Economic Development

Honorable Gary L. Hooser
Honorable Ross Kagawa (*excused at 3:22 p.m.*)
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura (*present at 2:56 p.m.*)
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum

Chair Furfaro: Aloha and welcome from our short break. We are coming to a point that we are getting ready to wrap up the Budget and the Call-Backs. One (1) of the Call-Back items that was pushed to today was, in fact, the Office of Economic Development (OED), still some narrative from the Director, but mostly we are going to be focused on the Capital Improvement Projects (CIP) projects in Economic Development. Before I go any further, I would like to extend the courtesy to anyone who wants to give testimony on, and I want to recount the general Office of Economic Development or any of the CIP budgeted items. Susan, come right up. Good afternoon.

There being no objections, the rules were suspended to take public testimony.

SUSAN TAI KANEKO: Good afternoon, Council Chair, Vice Chair, and Councilmembers. Thank you for the opportunity. I wanted to refer to an item that is on the CIP budget for the Office of Economic Development, mainly in reference to the Multi-Species Processing Facility and Commercial Kitchen Business Incubator. I wanted to thank you for the opportunity to share my support for those project and especially how it ties into the Food Hub Project that has been referred to in previous meetings. I know some of you have requested more details on that project, so I guess I will take this opportunity to provide a Cliff's Notes version of why it is such an innovative program that strategically addresses a number really long unmet needs for our local Food & Agricultural Industry cluster. This Food Hub Project stimulates food security and self-sufficiency. It is a ground breaking idea, but it is also ground in solid programming as we worked with various, really qualified consultants who have worked very directly with our local meat and food producers. Those producers, who also confirmed the need for these types of projects and services.

First of all, I really wanted to thank the County of Kaua'i and the Office of Economic Development because you funded the Feasibility Study last fiscal year and the current business plans on the Multi-Species Processing Facility and the Commercial Kitchen Business Incubator Project. Also, thank you to George Costa in OED for all of his input and all of his feedback as we developed the projects. Also, many thanks to Kaua'i County Farm Bureau and the Kaua'i County Cattlemen's Association for really stepping up and jumping in to provide the support and also, the connections into their constituents and their communities so that we can get that proper feedback from potential users.

These two (2) facilities that are otherwise, in our findings in the Feasibility Studies, too expensive and cost prohibitive for each individual rancher, food producer, and farmer to

create something like that on their locations themselves. Especially with a lot of food safety regulations coming down the pike, facilities like this are even more in need. These programs provide an affordable place for the producers to prepare and also to sell their products. But they also provide business development resources and the training to give them just that extra leg up to become profitable long-term businesses. While these two (2) projects can more than individually meet the needs of these industries, there are a lot of efficiencies that can be accomplished if they are co-located under one (1) roof, potentially here in town in Līhu'e. As we explore the Food Hub concept that emerged, the process of our project consultants exploring various locations for these projects, the possibility of using a portion of the former Big Save building here in the Pi'ikoi Complex came up. When we heard that the County also wanted to include a Kaua'i Made and Kaua'i Grown, the branding programs, a retail center for those products and also the idea of a produce handling and processing center. When all of these ideas came up, our consultants and the community of folks that we work with, they really – no pun intended, they saw a recipe for success here. Our consultants have been exploring how all four (4) of those components could align with what was already in Big Save, a butcher. Just for clarification, not a slaughtering area, but butcher area for meat processing. A commercial kitchen, produce washing and handling area, and of course, a retail area, all former functions that were already in the building. But over and above what that supermarket had provided, this Food Hub is really about buying and supporting local. It is going to provide facilities and business training to help our local producers increase not only their production levels, but really develop a larger market for their products. It is going to sell local products to residents and visitors alike because of its central location here in Līhu'e. Also, as a matter of fact, we had an exhibit table on April 13th at the Līhu'e Community Plan Update event that was right here in the County buildings. The folks who had come by, we received only positive feedback from a lot of people who looked at this kind of idea and saw the different sectors of the agricultural community, that it could serve, seeing it centrally located here. They signed up to learn more and they offered to provide their support when needed so that what folks like yourselves, like the Council, can hear some of the input from our community on that support. The Food Hub, revolutionary, in terms of what it can do for Kaua'i. But it is also a proven concept that is already found around the Nation and that is found in documents from the United States Department of Agriculture (USDA) as well as a number of very successful Food Hubs that are already in existence. This is an unprecedented time when a lot of stars are aligned and we see the support, the partnerships, the collaborations that are here in our agriculture community make this a success. I hope we can work with you too, to make it a reality. So, thank you very much for your time.

Chair Furfaro: Questions for Susan? Councilmember Yukimura.

Ms. Yukimura: Hi Susan.

Ms. Tai Kaneko: Hi.

Ms. Yukimura: I fully support the ideas and I was privileged to go on that tour in Honolulu of the sites. I am very impressed with the consultants who have reported out to the Council. So, we have been able to see the quality of their work and hear them answer our questions. I am really pleased with the consultant process and want to thank Kaua'i Economic Development Board (KEDB) for finding the consultants and then managing them and overseeing that contract with them.

Ms. Tai Kaneko: Thank you.

Ms. Yukimura: I have a lot of questions about the site. I guess my question is, how much of a search did you do for other potential facilities in the Līhu'e area?

Ms. Tai Kaneko: Both of our consultants, Joel Huseby and Chuck Wolfe, who many of you already met in their previous presentations, they met with a number of real estate developers. They met with a number of Realtors. They met with a number – for Chuck Wolfe who did the Commercial Kitchen Business Incubation Program, he met with a number of different institutions like churches and restaurants, places that had certified kitchens. One of his findings is that a lot of these existing kitchens are not in a position to rent to the general public. Joel had also met with a number of different places, a number of private landowners as well as other local and State landowners to check out various sites and locations. In the process of their looking at things when the possibility of using an efficient portion of the Big Save location came up, all of these things just kind of aligned into shared resources and shared facilities that made the project, logically, seems more viable.

Ms. Yukimura: So, on the commercial kitchen, because my knowledge of the project stops with the last briefing we got.

Ms. Tai Kaneko: Sure.

Ms. Yukimura: At that point, it was we have enough commercial kitchens and I thought it was, we are going to support and enable these smaller kitchens maybe with how to rent out and there was not really a need for commercial kitchens because there were so many. That was the tentative conclusion I remember from the report out which was about a year ago, no in maybe about three (3) months ago?

Ms. Tai Kaneko: Just about a year ago.

Ms. Yukimura: A year ago?

Ms. Tai Kaneko: That is correct. What Chuck Wolfe found was that there were a number of existing underutilized commercial kitchens and that it was primarily focused on. If you remember the full thrust of that program, was three (3) locations, one (1) on the North Shore, one (1) on the West Side, and one (1) centrally here in Līhu'e to be more convenient. But it was definitely not focused on spending a lot of money in creating new commercial kitchens.

Ms. Yukimura: Do we have a conclusion to the report that we heard a year ago, like an update that we can read or have a report out so we can see where it now is?

Ms. Tai Kaneko: Yes, certainly. I believe Chuck had done his presentation, I think in late May, and that was on the feasibility side. Both consultants are still in the process of finishing their full business plans and they will definitely give you a presentation and also a copy of the report for your review.

Ms. Yukimura: Can we see this before the Budget Decision-Making?

Ms. Tai Kaneko: I can definitely check in with them and see where they are at – even if they can produce an abridged or executive summary so you can see their findings to date.

Ms. Yukimura: Right. This thing has clearly evolved and in very a nice, synergistic way. If the best scenario is now a combined services of sorts, do you have a list of criteria for the best locations? I mean, when you were looking for a location and now it is a combined location, how much square footage? What kind of parking? What were the key things you were looking for a location? Long-term, how long do you need the place for?

Ms. Tai Kaneko: I can definitely get that information from our consultants. They looked at a variety of criteria, especially because each of them have created similar facilities in their own previous work. They have a lot of that criteria already established that they use as a foundation and tailored it to Kaua'i. I will get that for you.

Ms. Yukimura: But now it is a combined scenario. Have they gotten together or have you folks pulled both reports together for a criteria of a place you are looking for a combined facility?

Ms. Tai Kaneko: Definitely. Joel and Chuck have been working very closely together when the idea of co-location started even with some earlier facilities that we looked at. Definitely, they have a lot of data that right now is tentative because they have not finished their full business plans. But I can ask them to put together something that will give a clearer vision of how they evaluated this.

Ms. Yukimura: The square footage being looked for is how many square feet total?

Ms. Tai Kaneko: They had originally started with just about seven thousand (7,000) to eight thousand (8,000) square feet.

Ms. Yukimura: Total?

Ms. Tai Kaneko: Total. Then I believe there have been some discussions of possibly add something additional square footage and so they are now working as much as they can because they are not architects and they are not formally trained in creating all of the specs needed. They are trying to accommodate too into the actual facilities and also the shared facilities like storage, office space, and meeting space.

Ms. Yukimura: Right. Then the tenure that they are looking for, how many years? What kind of length?

Ms. Tai Kaneko: I know it is long-term. But if it is okay, I have to check that with them and report back to you.

Ms. Yukimura: Okay. How is it that the Big Save site is a perfect site or a very good site if you are not sure what the tenure is that you are looking for or has there been assurances from the County for the tenure that you need?

Ms. Tai Kaneko: I believe, and I apologize, I do have to defer to our consultants because they really know the nuts and bolts of the project. The tenure will be long-term because I know they planned it in such a way that it does not make sense to invest a lot of money on the front end if it is only going to be a very short-term project.

Ms. Yukimura: Right.

Ms. Tai Kaneko: The centrality of the location makes it ideal for a long-term project as well.

Ms. Yukimura: As long as you can have that space for a long term.

Ms. Tai Kaneko: Yes, as long as it is available, that is true.

Ms. Yukimura: So, you do not know how much is needed and we do not have assurances from County that the space is going available for that term?

Ms. Tai Kaneko: I would have to check into that and get back to you.

Ms. Yukimura: Okay, alright. Thank you.

Ms. Tai Kaneko: I apologize I do not have that now.

Ms. Yukimura: Thank you.

Chair Furfaro: I will now recognize Vice Chair Nakamura and then Mr. Rapozo. Did you want to add onto that? Okay, you have the floor.

Ms. Nakamura: I just wanted to follow-up because you are right, there are some synergies that came out of the process as these business plans we are being formulated, as each consultant was looking at different sets of site selection criteria and then it all kind of merged together at that old disinfestations site and then it kind of got moved over to this site. But there are some gaps in this whole process and that is that because we, the County, funded Feasibility Studies for the Multi-Species Processing Facility and for the Commercial Kitchen Incubation Program, we did not fund a business plan or a feasibility site for this combined Food Hub concept that includes this retail piece and the food produce.

Ms. Tai Kaneko: Produce handling.

Ms. Nakamura: Handling and processing. It did, in the process expand in its scope which again, turns out to be a good thing. But then we do not have really the analysis done. That is the gap. I think that is why the Farm Bureau went out for additional funding from State to see if they could help us pull the different pieces together. Now, I think that is one of the gaps right now, would you confirm that?

Ms. Tai Kaneko: Correct. The funding that was requested from the State was a big portion of the amount was for an Architectural Design Build to fully understand the space, the utilization of the space, and then the remaining amounts were to

do Feasibility Studies and plans on the Kaua'i Made / Kaua'i Grown retail center and the produce handling and processing center.

Ms. Yukimura: Well, it that...

Chair Furfaro: Excuse me, you do not have the floor.

Ms. Yukimura: Oh, sorry.

Chair Furfaro: Will you continue?

Ms. Nakamura: I am done.

Chair Furfaro: I am going to recognize...

Ms. Yukimura: A follow-up please.

Chair Furfaro: Councilmember Yukimura on the follow-up, then I am going to Mr. Rapozo, and then to Mr. Hooser. You have the floor JoAnn.

Ms. Yukimura: If there is a missing piece and we do not know yet exactly how much space or what, what I am concerned about is that we have not done this step and yet we are deciding already where it is going to be. I would not mind doing another step. But I am really concerned that the moneys would just go to this site on an assumption which leaves out other possibilities. Not knowing what the criteria are, it is hard for me to speak about this. Tenure is one of my concerns because the County has – the Administration have not yet told us what our space needs will be into the future. I do not want to get either party into a bind where we need the space and we have to go and rent outside because we have committed to this project prematurely as it would be if we did not know what our space needs would be.

Ms. Tai Kaneko: Sure.

Ms. Yukimura: Thank you.

Chair Furfaro: Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you, Mr. Chair, and thank you for testifying today. I sort of remember Matilda Yoshioka (Mattie) over here during the presentation saying that the – is Mattie here?

Ms. Tai Kaneko: No, she is not.

Mr. Rapozo: But I think it was on the PowerPoint that the Federal funding that they were going to seek was contingent on a very long-term agreement. My memory is not very good. But I am remembering twenty (20) years. That is what I thought she said. It was not go to be quick and I wanted to just clarify that. I could be wrong with the twenty (20). It is either twelve (12) or twenty (20). But it is one of the two (2) and I am thinking it is twenty (20) to comply or to qualify for funding.

Ms. Tai Kaneko: I believe, if my memory serves me, I believe she was referring to Economic Development Administration (EDA) funding.

Mr. Rapozo: Right.

Ms. Tai Kaneko: And often times that is anywhere between fifteen (15) to twenty (20) years.

Mr. Rapozo: I believe it was twenty (20). If you think fifteen (15) to twenty (20), I think twelve (12) to twenty (20), let us go to twenty (20) for this discussion anyway, twenty (20) years. I am not sure when the consultants came down and tried to look at areas, possible sites. I do not know if they have taken into account what the planned use for this site was originally. Basically, it was to expand the County. I think – I was not here at the time, but JoAnn was probably here when the County purchased – I am not saying that. I think you were here. Were you not the Mayor or the Governor or something at that time?

Ms. Yukimura: No, no. We were on the Council and Ron Kouchi was on it. Pat Griffin came and laid out the version.

Mr. Rapozo: That is before I was born. But that was the whole plan and I remember having enough discussions here, since I have been here, that that was the plan. We were going to buy this private property and it would become the future County buildings. I am not sure if the consultants were aware of that. I know one thing, that we have heard from more than one (1) Department Head during this budget process, that they do not have space, that they are confined. So, that is a concern. Twenty (20) years, basically what we are saying is, we have limited the expansion or basically taken away any opportunities to expand the County Offices that are very much needed when you look at the Planning Department and the Department of Public Works and so forth. We basically take that away for twenty (20) years minimum and you are not going to remove that facility, which would force the County to be out renting space which goes totally against the original intent of purchasing that building. I do not want to burst your bubble. I do not want to be the bearer of bad news, but I just have to be real here and say, I do not know if that site is the proper site because we here, and I know a lot of Department Heads will not come up and tell us we need space. But some have. Basically, their services to the public are being restricted because they simply cannot, they do not have the room. We still have not seen the results of the Space Study. I do not believe we have seen that yet. I am concerned that the Space Study will be presented to us with a big chunk of that space reserved for a few decades, leaving very little space for our County operations which I think is a challenge and I struggle with that. I just wanted to let you know.

Ms. Tai Kaneko: Thank you. I can definitely address the first part of your comment which is we made a point of having both of our consultants look at Līhu'e Town Core Urban Plan. We wanted to make sure that they were aware of the long-term vision for this core area. We also asked them to look at the Civic Center Plan as well. So, we did want to make them cognizant of that and respectful of that.

Chair Furfaro: I have Mr. Hooser, then Vice Chair Nakamura, and then Mr. Kagawa. But before I do that, we have a tape change. Five (5) minutes, please remain on the floor or close to the chambers.

There being no objections, the Committee recessed at 3:17 p.m.

There being no objections, the Committee reconvened at 4:58 p.m., and proceeded as follows:

Chair Furfaro: Okay, we are back from the tape change.
Mr. Hooser, you have the floor for a follow-up.

Mr. Hooser: Follow-up. Good afternoon. It sounds like a very exciting idea and all I can think of is, I hope that there is fresh espresso and maybe a little restaurant, little foods attached to it within walking distance of my own little corner of the world over here. But that being aside, I share some of the concerns about the space and my bigger concern, and maybe you can address this, is who is responsible for the success of the enterprise?

Ms. Tai Kaneko: Currently, I can speak more accurately probably for the Multi-Species Processing Facility and the Commercial Kitchen Business Incubator because we have business plans. Currently...

Mr. Hooser: Could you speak up just a little bit?

Ms. Tai Kaneko: Oh, I could speak to the Multi-Species Processing Facility and Commercial Kitchen Business Incubator Program just because those are the ones that we have business plans actively being developed. For those two (2), we have the managing structures will be for the meat processing side and it will only be meat processing located potentially in this location, not any slaughtering which I know was part of the concerns of some other folks. So, that will be run by an organization...

Mr. Hooser: We would not like the sound of animals from across the street.

Ms. Tai Kaneko: No, you would not want mooing in the neighborhood. But there will be a Kaua'i Meat Processing Association (KMPA) and that is what is being drafted in the business plan to be the managing organization.

Mr. Hooser: Does that exist now?

Ms. Tai Kaneko: Our consultant is actually working – it does not exist right now. The consultants are working on articles of incorporation, the bylaws. So, he is currently forming it right now.

Mr. Hooser: They would manage the meat processing part?

Ms. Tai Kaneko: Yes.

Mr. Hooser: Would that be a third of the facility of the space or would that be half?

Ms. Tai Kaneko: Currently, and I apologize I do not have the tentative floor plan that they drafted up. But that will probably be, I believe, a little over and I apologize if this is actually incorrect. But I believe it is about two thousand (2,000) to two thousand five hundred (2,500) square feet.

Mr. Hooser: Of seven thousand (7,000)?

Ms. Tai Kaneko: Well, currently they are working with a bigger number because it was suggested that there might potentially be more space.

Mr. Hooser: Because I do not think I have seen a plan or a floor plan. I have had some conversations like this. But I have not really seen...

Ms. Yukimura: He was not at the briefing.

Mr. Hooser: Yes, I was not at the briefing for some reason.

Ms. Tai Kaneko: I believe we can work with George and OED to give you a more detailed briefing.

Mr. Hooser: The meat side, is that a third of the operation or is it half of the operation?

Ms. Tai Kaneko: I would say probably a quarter (1/4) to a third (1/3).

Mr. Hooser: Who would manage the other three quarters (3/4) or two thirds (2/3)?

Ms. Tai Kaneko: For the Commercial Kitchen Business Incubator, right now to-date the consultant has outlined for kind of like an Executive Director or a Manager for that facility. But of course, that entire project is again three (3) locations. So, it will be that same Executive Director that will manage all three (3) facilities. But they will be in charge of ensuring operations, but also that the financial goals are being met.

Mr. Hooser: Who would they work for? Who would be the employer? Who would be the organization?

Ms. Tai Kaneko: They will be their individual entities. It is not as though there is yet another third party organization employing them. They are actually running these individual entities. But all under the umbrella of what is called the Food Hub or Food Production Center.

Mr. Hooser: But the Executive Director, I understand that that is an individual getting things done. Who writes their paycheck? Is it County? Is it the meat processing guys? Is it the Farm Bureau? Is it KEDB? Who is in charge? What organization responsible...

GEORGE K. COSTA, Director of Economic Development: We would be looking at a third party to operate the whole facility. It would not be the County. But obviously, the Office of Economic Development – because this is a project that we believe in. Obviously, we would want to ensure the success of the project. So, we would be working hand in hand with the entities that are managing the facility. As far as the floor space, if you can envision the Big Save location when you walked in the front door off to the left was the produce, we are looking at exactly that same footprint for produce. When you walk down left side towards the rear, that was the meat cases and the back was the commercial kitchen, was the meat processing. I guess the framework or the infrastructure is still there and we are looking at just upgrading that current facility.

Mr. Hooser: Thank you. My main question is who is responsible for making it happen and right now, it would still be an unidentified third party?

Mr. Costa: That is correct.

Ms. Tai Kaneko: Right now, because they are projects that are being overseen by George's Office and by our Office as we work with our consultants, we are overseeing the development of the projects. We are also working with other community organizations like the Farm Bureau, the Kaua'i Cattlemen's Association, and Small Business Development Center. But we are going to have their input into it in the development phase of the projects. When they actually get into operation, again, at least for the first two (2) projects we mentioned, it is the Meat Producers Association and the Executive Director that oversees the operational and financial responsibilities

Mr. Hooser: My point is somebody has to sign the lease, somebody has to order materials, and somebody has to be at-risk financially. At the end of the day, and I think going through the budget is not a great time for this project in some respect because there is not a lot of confidence in the County's ability to manage businesses. I think the businesses – that there is a lot of questions right now and a lot of money that may not be being spent or managed properly. So, it just begs the question, well if we cannot do this right, what makes you think we can do this right? Providing space, subsidizing space, I think is relatively easy if the time frame is right. So, space on a short-term basis certainly would be easy to be financially responsible because in my experience, business by committee does not work. You need a managing entrepreneur with some skin in the game, somebody with something to risk and who is committed to making it happen. Do you have that person?

Ms. Tai Kaneko: I definitely agree with those comments and I am going to refer back to Council Vice Chair's comments that there is not a business plan or a Feasibility Study done on the entire Food Hub yet. We actually do not have the answers and I apologize. We do not have the answers for who is going to manage the entire Food Hub because that work has not been done yet. But of course, those are very important questions that we definitely want to make sure are addressed and any properly done business plan.

Chair Furfaro: I am going to stop you there.

Mr. Hooser: Okay, thank you.

Chair Furfaro: No. I have let this go too far. George, is this a new CIP item?

Mr. Costa: No, it is a current one.

Chair Furfaro: It is a current one. The budget today is about the new CIPs. Now, Mr. Hooser and everybody around the table, we have questions. Those questions deals with what is the involvement with the County Engineer? Where are we at on the space planning, if there is an appropriate allocation? Get a clear definition this is not a slaughterhouse *per se*. This is what is referred to as "compact portioning." It has a food court and so forth. Is it going to serve food? That is not today's agenda. What I would like from you, George, is to write me a request so we can discuss, in detail, the moneys that we have allocated so far for this project. I am going ask, George, that all of the people that have some involvement in this communication are aware that this is going to be a new item on the agenda, as a new posting. Part of this, George, I think started yesterday and I am sure there is an opportunity to get some clarity here. You were here talking to us in a

Budget Session about some of the things that are going on with ongoing funds that we, whether it was the strategy for the golf course or not. But today's meeting is about what is reflected in the current budget going forward. I think real clear understanding of what we are going to get out of the amount that we paid for is an ongoing topic in front of the Council. As Mr. Hooser has pointed out, everybody knows what a camel is, but some have two (2) humps, some have one (1). It is usually an animal that was formulated by Committee that is questionable. We do not have that kind of consistency right now. But that is not what is posted for today. Today is posted for the new budget items. So, when would you be prepared to have something on the agenda that we can have some in depth discussion? Could you give me an idea, covering all of the subjects brought up today, starting with are we competing with ourselves for the same space? Who would be in the business plan? Who would ultimately be responsible for paying us some lease rent? Is it the Cattlemen's Association? But that is not what today's discussion is about. Today's discussion is about the new budgeted items. We have an hour and I think I want to touch on energy again today and so forth. But can I share with you folks an urgent request to ask me to post something on the agenda, so we can be clear. Mr. Hooser.

Mr. Hooser: Yes. I thought there was a couple of items on the handout that related to this.

Chair Furfaro: I am going to me tell you, that is their handout. They are not – you are not in concert with today's agenda. Your handout says this. That is about last year's money. We are posting something that is telling us today, the rest of the your CIP, your new CIP items, your new strategies in Economic Development. I mean this was the problem that we had to reschedule this yesterday. This is what you submitted to us. It is a good start. I urgently want to have some discussion about the money we spent on this plan in the current year. But today is about going forward.

Mr. Costa: Okay. Thank you.

Chair Furfaro: Just because you put it in your plan, does not mean we all agree with what the agenda item is. The money for what we are talking about was done from last year. I did not ask her to continue discussion on the items. You folks have been asking her questions. I am fine with that. But I want to make sure there is much more to cover today. We have an entire – we have energy, we have the CIP Manager here to talk about the new items.

Ms. Yukimura: And Mr. Chair?

Chair Furfaro: No, I am going to yield to you and Mr. Hooser.

Mr. Hooser: I am done.

Chair Furfaro: You can continue this discussion.

Ms. Yukimura: Chair, perhaps we could dismiss Susan if we do not have any more questions and thank her for her testimony.

Chair Furfaro: That is exactly what I was going to do. But people kept on raising their hands. That is not today's agenda item.

Ms. Yukimura: Then if George could come back, we could ask questions on his CIP Budget.

Chair Furfaro: I understand exactly how to run this meeting and we will have him back to discuss the CIP for the current year.

Ms. Yukimura: Okay, great. Thank you.

Chair Furfaro: For the current year. Susan, do anticipate being called back at a request from the Economic Development Chair to talk about projects we have currently already in the funding process.

Ms. Tai Kaneko: Sure.

Chair Furfaro: Thank you very much.

Ms. Tai Kaneko: Thank you.

Ms. Yukimura: Thank you.

Chair Furfaro: George, are you and your team ready?

Mr. Costa: Yes. Hello Chair Furfaro, Vice Chair Nakamura, and honored Councilmembers. I am here to present the remaining CIP information for the Office of Economic Development, then after that I will go into the...

Chair Furfaro: The operational portion.

Mr. Costa: The operational portion, yes.

Chair Furfaro: George, I want to make sure you understand, I am putting the burden on you to get all of the facts extracted on projects so that we can have some healthy discussion.

Mr. Costa: Yes.

Chair Furfaro: Okay.

Mr. Costa: For clarification, we started yesterday on the CIP Budget. We covered the Kilauea Agriculture Park which will be carried forward to next fiscal year and that was four hundred thirteen thousand four hundred seven dollars (\$413,407). We had a discussion on that. Then we went into the discussion of Alternative Energy Project, which was eight hundred forty-nine thousand seventy-seven dollars (\$849,077) and we had a discussion on that.

Chair Furfaro: Excuse me, on that item were your two (2) energy proficient's, were they finished with their testimony yesterday?

Mr. Costa: Yes.

Chair Furfaro: Go ahead.

Mr. Costa: Then because it is currently in the budget, I thought I was supposed to give an update. But of the Comprehensive Economic Development Strategy (CEDS) projects that I talked about yesterday, there was a total of four hundred eighty-eight thousand five hundred dollars (\$488,500) of numerous projects including some of the ones that we just got through discussing. Three (3) projects on that list will not be done this year. One is the Golf Course Strategic Plan / Business Plan for seventy thousand dollars (\$70,000). The other one is the Sustainable Technologies and that is the recycling, looking for business opportunities from recycling materials. That was sixty thousand dollars (\$60,000). Then there was an adjustment on the Arts & Culture cluster, looking at a Multi-Purpose Facility and that was seventy-two thousand dollars (\$72,000) and that was repurposed to an Arts & Culture capacity building and the original seventy-two thousand dollars (\$72,000) was reduced to twenty-five thousand dollars (\$25,000). Basically, what you have is a balance from the original four hundred eighty-eight thousand five hundred dollars (\$488,500), a remaining balancing of one hundred seventy-seven thousand dollars (\$177,000) that will be carried over to next fiscal year. My report today is to advise the Council and the Chair that that one hundred seventy-seven thousand dollars (\$177,000), its purpose is intended to support initiatives for the combination of Multi-Species Processing Facility and the Commercial Kitchen Business Incubator, otherwise being referred to as the Food Hub. So, that is basically it on the Capital Improvement Projects besides as I mentioned, the two (2) that we covered yesterday, Kīlauea Agriculture Park and Alternative Energy. The only other remaining project is the Food Hub for one hundred seventy-seven thousand dollars (\$177,000) for next year.

There being no objections, Chair Furfaro, the presiding officer relinquished Chairmanship to Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Costa. Any questions?
Councilmember Yukimura.

Ms. Yukimura: So, Susan mentioned that the – and I want to acknowledge in the beginning a disadvantage in not having had a report or update on the commercial kitchen. But she mentioned that now there will be three (3) commercial kitchens, one (1) on the West Side, one (1) in Līhu‘e, and one (1) in North Shore. I guess my assumption was that the other two (2) kitchens would be existing and run by other places like Waipa, I thought would be the commercial kitchen. But apparently we are doing another one and that is going to be under – and I guess I want to repeat Councilmember Hooser’s question. Under whose sponsorship or who is going to be responsible for the running of these kitchens?

Mr. Costa: Well, what we are looking at from the Commercial Kitchen Business Incubator perspective, when our consultants came in as Susan mentioned, they looked island-wide at the various commercial kitchen entities. In the original Feasibility Study that was presented last year, they specifically pointed out various facilities and I guess the feedback that we got from the operators, whether they were churches, whether they are schools, whether they were restaurants. Just a few commercial kitchen operations came forward and said we would be willing to rent or lease our facility to the general public. That is part of the plan, is seeing what facilities are there available on the island and part of the plan is to create a managing entity that would work with these independent facilities and be a managing agent to coordinate when these facilities can be used for the public.

Ms. Yukimura: But a managing agent under whose sponsorship?
The County is going to run this?

Mr. Costa: No, this would be a third party entity. Again, these are economic opportunities that we are looking at within the community and just trying to facilitate those entities or those possibilities.

Ms. Yukimura: The Council was just requested to support a Grant-In-Aid request from Waipa Foundation for one million seven hundred thousand dollars (\$1,700,000) in part for a commercial kitchen on the North Shore. We are going to have that North Shore commercial kitchen and then another North Shore commercial kitchen that we are going to sponsor and fund and operate as well?

Mr. Costa: We are not looking at County funding to either build...

Ms. Yukimura: But you are going to do another commercial kitchen on the North Shore?

Mr. Costa: No. We are looking at existing facilities and one (1) possibility...

Ms. Yukimura: Obviously, I am not updated on the plan. This is not a done deal. You are asking for one hundred seventy-seven thousand dollars (\$177,000) to move this project forward. Do you know what the breakdown of one hundred seventy-seven thousand dollars (\$177,000) and will it be used for further consultant study?

Mr. Costa: Most of it would be, as Susan mentioned, looking at the Kaua'i Grown / Kaua'i Made retail section of what would be the Food Hub to look at that, and then the umbrella organization that would manage the entire facility.

Ms. Yukimura: So, is there a study of the Kaua'i products experience that has happened over the last twenty (20) years?

Mr. Costa: As far as Kaua'i Made or just Kaua'i products in general?

Ms. Yukimura: There was a Kaua'i Products Council. I think I may have started it. Then Wayne Katayama was Chair and then Gary, Councilmember Hooser was Chair. So, they had a storefront at the Kukui Grove Shopping Center and it did not last. There is a question about when you – and it could be very different because this whole nature of Kaua'i products has been taken to another level. I really want to acknowledge that. But still, it is a limited portfolio of products. So, you almost need an economic feasibility before you start designing an architectural plan for a place, unless the study that you have done, that we have not yet received a report on, has answers to some of these questions that are being raised in this process.

Mr. Costa: Right.

Ms. Yukimura: So if so, we need to have the report on the study, before we are asked to spend one hundred seventy-seven thousand dollars (\$177,000) of taxpayers' money. I am afraid it is going to be used for a presumption that is it going to be

there at the Big Save when we have not gotten all of the other pieces of information that we, as Board of Directors of the property, need to have in order to make commitments. But the Mayor may make a commitment given all of this money and we are going to spend money towards that assumption, I am not comfortable with that.

Mr. Costa: Well, like my plan, it starts with a vision and in a perfect world, everything would fall into place. As I mentioned, we already have a Feasibility Study on the Commercial Kitchen Business Incubator, on the Multi-Species Processing Facility we were working on in separate paths. Then with the idea of maybe that opportunity of utilizing the Big Save location, then all of a sudden, here are these different projects that we are working on ,may be able to be housed in one (1) facility that used to house it. I am sure if the Kawakami family had not sold their business we would be going over to Big Save right now. Basically, if you can envision a Big Save without frozen foods and canned goods, is what we are trying to create.

Ms. Yukimura: And that is my question, whether Big Save without frozen foods and canned goods can survive economically? I am concerned if you put it in a Government office space or a Government space that there will be political pressures to keep it there. It will not have to stand on its own two (2) feet as a business and we will all be in a very bad situation because we will not be achieving our goal of really launching a business that is going to stand on its own feet, which is our end goal.

Mr. Costa: Right.

Mr. Rapozo: Councilmember, Councilmember Nakamura has a question.

Ms. Yukimura: Thank you.

Mr. Rapozo: Councilmember Nakamura.

Ms. Nakamura: Just a follow-up on your point there. I think we are kind of at this place where there are a lot of things in play that we do not have clear direction. For one thing, the consultant business plans that we are contracted under current funding, they are supposed to completed their plans by the end of the fiscal year in June and present to the Council. We really need to get up-to-date on what the current thinking is on each of the different strategies. There is also this State Grant-In-Aid in play that we will not know until July.

Ms. Yukimura: Tonight.

Ms. Nakamura: Tonight, excuse me. Whether is in or out of the budget. We know that this concept of the Food Hub has potential. But there has not been a Financial Feasibility Plan or business plan or Site Selection Study done on the combined concepts. We have done different components and there seems to be some synergy there, but there is some missing pieces. Now, I think that as long as we are in dialogue as we move along, we can work these out. But we are not going to have any answers today and we probably may not have all of the answers until the different studies are complete. I think what we may want to consider is a place holder of some fund because the other thing is when the studies are complete, we do not want them to sit for a year until the next budget and then say now we are going to follow-up and let one (1) year pass. I like the idea of reprogramming the funds and putting a placeholder, but also having some checks along

the way in how the funds are going to be used and sort of get some agreement that it makes sense moving forward once we have the consultant reports completed. That is just my suggestion on how we proceed.

Mr. Costa: Right, and that is a good observation because that is exactly the place I was in last year, where we were in the midst of our Feasibility Study, yet we were in budget deliberations. I did not know how much or what to put moneys for, but I wanted to have some moneys available. As we get closer to the end of budgets and hopefully the end of the Feasibility Study, we had more information and that is where we are right now. I know just a few months ago when the Food Hub concept came out, obviously, we did not have all the answers, but the idea was there. So, we just felt it was only proper to come to the Council, at least share what we had. But by all means, it is in the works and we are working diligently to get more information. As Chair Furfaro mentioned, we need to huddle up and get our consultants together. I know they are not completed yet, but whatever information that they have that can help us at least to do a presentation fairly shortly, would go a long way to helping everybody understand where we are.

Ms. Nakamura: But, George, does that make sense, while we are still waiting for the consultants to kind of finalize their products?

Mr. Costa: Right. That is what we did last year for this year's budget.

Mr. Rapozo: I think that is the reason that the Chair, by the way Chair, we are back to this issue again. I think Councilmember Yukimura said it best, our knowledge of the project stopped with the last briefing that we had. At that briefing, like she said earlier, the impression that I got was we had more than enough commercial kitchens and today we are hearing that we are going to enter that market of commercial kitchens. So, that is, I think, where the confusion is based on what we heard last and what has been discussed between then and now. I think the briefing, the new briefing, is much needed. Thank you, Mr. Chair and you have the gavel.

Mr. Rapozo, the presiding officer returned Chairmanship to Chair Furfaro.

Chair Furfaro: George, I just talked to our two (2) facilitators who have been contracted with some of this moneys and they are feeling that if you are back on as an agenda item at the end of May, early June, with kind of an update for us, it would be perfect for an agenda item.

Mr. Costa: Okay.

Chair Furfaro: I shared with them how really important that is to us because even the food court process, I mean, it is too early to do anything with that. But I have to tell you, one of the things that bothers me is when we go this far in a year and we do not release money that was put in the budget from last year until February, it is really tough to ask our consultants to be ready. But the agenda item now is really about going forward with the budget.

Mr. Costa: Right.

Chair Furfaro: I want to make sure that we understand that the timing on the releasing of the funds is also your *kuleana*, too. I mean, we cannot release it this late in the year and expect a full understanding of where we are at. That is where I am at. Please get something for us on a Council agenda late May, early June and they, of course, will be talking to the consultants that already indicated that they were going to have their final piece towards the end of the year. Okay?

Mr. Costa: Okay.

Chair Furfaro: JoAnn.

Ms. Yukimura: So, of what is listed in the CIP Bill, the seventy thousand dollars (\$70,000) that is earmarked for the Modular Chill Slaughter Processing Facilitated, how much of that is encumbered and how much, if anything is still available?

Mr. Costa: For that one, fifty-six thousand dollars (\$56,000) is encumbered and fourteen thousand dollars (\$14,000) is available. Basically, eighty percent (80%) has been encumbered for all of the CIP items and there remains twenty percent (20%) is the balance when the final report is presented.

Ms. Yukimura: But it is still already obligated?

Mr. Costa: Yes.

Mr. Yukimura: So, technically you could remove fifty-six thousand dollars (\$56,000) and keep fourteen thousand dollars (\$14,000) on the Budget Ordinance?

Mr. Costa: Yes.

Ms. Yukimura: How much of the Beef Quality Study? Is that the same consultant who is doing the Modular Slaughter Chill Processing Facility?

Mr. Costa: That is another consultant.

Ms. Yukimura: A different consultant?

Mr. Costa: Yes.

Ms. Yukimura: And there is a contract for that service?

Mr. Costa: Yes, eighteen thousand eight hundred dollars (\$18,800) has been expended and there is four thousand seven hundred dollars (\$4,700) left.

Ms. Yukimura: But that also is obligated. Now, this Feasibility Study for the commercial kitchen.

Mr. Costa: Right.

Ms. Yukimura: That is the one that we received a report on?

Mr. Costa: Actually that is supposed to be Business Plan.

Ms. Yukimura: That is a Business Plan?

Mr. Costa: Yes.

Ms. Yukimura: Okay. So, that money is obligated, part of it expended?

Mr. Costa: Right, thirty-five thousand dollars (\$35,000) of which twenty-eight thousand dollars (\$28,000) has been spent and there is a remaining seven thousand dollars (\$7,000).

Ms. Yukimura: Okay. So, this commercial kitchen funding sources is the same consultant who is doing...

Mr. Costa: The commercial kitchen is also looking at funding sources for that facility.

Ms. Yukimura: So, that is one hundred thousand dollars (\$100,000) plus already on all of these and that is also obligated already?

Mr. Costa: Yes, thirty-two thousand dollars (\$32,000) with eight thousand dollars (\$8,000) remaining.

Ms. Yukimura: Okay. The Science Business Plan, that is one we received a one (1) year report or a preliminary report on?

Mr. Costa: Right.

Ms. Nakamura: The Feasibility Study.

Ms. Yukimura: The Feasibility Study? Okay.

Mr. Costa: Fifty-six thousand dollars (\$56,000) has been expend and fourteen thousand dollars (\$14,000) remains.

Ms. Yukimura: The Administration is saying that the Wailua Golf Course Strategic Plan and the Sustainable Technologies Plan as priorities are lower than putting aside these moneys for this Food Hub and commercial kitchen?

Mr. Costa: Right. As I mentioned, when I started my presentation yesterday focusing on Agriculture & Energy to help our economy on the island become more self-sustaining and then obviously, we still value the Sports & Recreation, Arts & Culture clusters. But the top two (2) that take priority is Agriculture & Energy.

Ms. Yukimura: The Sustainable Technologies, I would like to request – that is unspent, sixty thousand dollars (\$60,000) is unspent?

Mr. Costa: That is correct.

Ms. Yukimura: It was not contracted for?

Mr. Costa: That is correct.

Mr. Yukimura: But did we spend any money through Kaua'i Planning & Action Alliance (KPAA) for Sustainable Technologies previous to that?

Mr. Costa: Prior to that, was assisting with the Sustainable Action Team and the Green Team, working with Glenn Sato on sustainable practices.

Ms. Yukimura: Can we get a report on that? I do not think we have ever gotten a report on that.

Mr. Costa: Okay.

Ms. Yukimura: Have we? I forget how much money did we spend on that?

Mr. Costa: I believe Diane has presented a report. But we can get a report to you.

Ms. Yukimura: Oh, we did get a report. Excuse me, if I am mistaken. You did give a report to us?

Ms. Nakamura: Diane should answer your question.

Chair Furfaro: Diane, would you like to come up for a moment, please.

Ms. Yukimura: Maybe I was gone.

Chair Furfaro: Diane, did you hear the question?

DIANE ZACHARY, President and CEO of Kaua'i Planning & Action Alliance:

Yes, I did. We have been working with County Departments in the development of an Internal Operation Sustainability and Climate Action Plan, that draft is finished. The document is at a point where we are doing some final edits to it. It will go back to Glenn Sato to actually implement within the County. So, Glenn I believe alluded to it in his presentation. How that particular project is reported to you is really up to George and to Glenn.

Ms. Yukimura: Okay. How much money did we spend on that?

Ms. Zachary: It was fourteen thousand four hundred dollars (\$14,400).

Ms. Yukimura: Okay, thank you. I do not know if in writing or in presentation we should get some kind of report on how those moneys were spent and what they were used for? Thank you very much. George, the other part of the sixty thousand dollars (\$60,000)...

Chair Furfaro: Excuse me, may I interrupt?

Ms. Yukimura: Sure.

Chair Furfaro: This is for George and this is for the Administration, I have had this discussion with the Auditor, okay? Please determine for us an operating standard that says this report is a draft and when we expect the final. We get a draft report. We get a draft report and I want to make sure all of the Councilmembers and the staff understands, we are expecting the final, just like we are expecting the final audit. It is a draft and when they close out particular items in that piece, then it is final. So, we have got to make sure that we have that understanding. Steve, can you acknowledge for me something that we can create for the County on what is a draft definition on something and what is a "final?" Could you? We need to make sure so we are all copacetic here.

Mr. Costa: Just for clarification, Chair, most of the studies done last year, the final presentations were done before the Council. The one that Diane is referring to, she was working with Glenn and that was just recently completed.

Chair Furfaro: As a draft?

Mr. Costa: Right now I believe the draft, yes, and that is what Glenn is working on.

Chair Furfaro: What I am saying is, and then we expect you and Glenn to come to us when it is a final report.

Mr. Costa: Right.

Chair Furfaro: Thank you very much for the time. You have the floor, JoAnn.

Ms. Yukimura: So on the Sustainable Technologies Project, as part of Solid Waste, I know we have discussed some r&d that could promote the recycling of products and one that came to mind and I am not sure if that was – I guess I can read it here – secure professional services to explore. This is what you are proposing to cut out. Secure professional services to explore current opportunities for creating products, jobs, and community benefit from recycled plastic, cardboard, paper, tires, glass, metal, and other materials. Consultant to prepare Feasibility Study to assess the economic opportunities for Kaua'i's recyclables. Considering factors such as waste stream market, location, and workforce.

Mr. Costa: Right.

Ms. Yukimura: I have been told for example, that if we could find a technology that can grind recycled glass to a finer degree than present technology, that we might be able to use the glass for golf course sand which we are now importing from China at one hundred dollars (\$100) a ton. If we could actually do that, it has incredible economic value. I am wondering how you are balancing out these two (2), especially when I am not clear what the one hundred seventy-seven thousand dollars (\$177,000) are going to be used for? We already expended over one hundred thousand dollars (\$100,000) in this area for Multi-Species and commercial kitchen.

Mr. Costa: Okay.

Ms. Yukimura: Do you have any response on that?

Mr. Costa: I will provide that for you, the one hundred seventy-seven thousand dollars (\$177,000).

Ms. Yukimura: Alright. Thank you very much.

Chair Furfaro: Nadine, you have the floor.

Ms. Nakamura: I am just saying, that is a difficult task to do based on where we are at.

Mr. Costa: Yes.

Ms. Nakamura: I think you are asking for something, JoAnn, that we all want to see. But given where the consultants are at in their deliverables, we are not there yet and we are not going to get there during this budget process is my assessment.

Ms. Yukimura: But there has been a decision by the Administration that that is more important and a higher priority than the Sustainable Technology's one. I am just trying to understand how you are weighing that. I would feel much more comfortable in putting it aside rather than appropriating it out without full information.

Mr. Costa: Okay, duly noted.

Ms. Nakamura: When you say "put it aside," what do you mean? How do you put it aside?

Ms. Yukimura: Well, we have had a category, we just generally put it aside.

Ms. Nakamura: "Other?"

Mr. Costa: Like a placeholder?

Ms. Yukimura: Yes, and it has to be re-appropriated at the appropriate time.

Mr. Costa:: Okay. Any other questions on CIP?

Chair Furfaro: Yes, I have some questions for you. What projects did we defer to this budget time? I mean, do we have something with KPAA that we got a late start on because of a release? Do we have some from Kaua'i Economic Development (KEO)? Where are some of those items, George, that nothing has started, but contracts released recently?

Mr. Costa: Well, as I mentioned earlier, the....

Chair Furfaro: I want to make sure our CIP Manager understands, I guess what I am looking for is that it is in the most current CIP plan you gave us because no action has happened.

Mr. Costa: Well, actually that is what we have been discussing is that the first one that was originally listed an Modular Slaughter Chill Processing is now referred to as the Multi-Species Processing Facility.

Chair Furfaro: George, if you covered it when I went out to talk to the Farm Bureau, that it okay. I can watch the tapes and catch it. You do not need to revisit it.

Mr. Costa: Okay, all the projects are in place and in progress right now.

Chair Furfaro: Okay. Do you want to continue with your report?

Mr. Costa: Yes. If there are no more questions on the CIP Budget, I just wanted to go right into our Office of Economic Development in completing what we have done from my section. Basically our successes and accomplishments in the Office of Economic Development and I want to really extend our appreciation to the Mayor and the Administration, but also to the County Council. For a little over a year we had come before the Council and asked for another position. It started out as an Office of Economic Development Technician and we worked with the Department of Human Resources and Personnel and we finalized a Specialist II position which was more in keeping with the other positions that we have in our Department. I am very pleased to announce that was one of our accomplishments, is that we now have on staff, Melissa Sugai who is our OED Specialist II and some of her main responsibilities are one (1), the Kaa'i Made Program which is currently still being overseen by Beth Tokioka. But over the next year we are going to really have Melissa take that program over. Melissa is also responsible for being the relief person for our Secretary. In past we had no relief and basically it was our Accountant that filled the Secretary role. So, she has those two (2) responsibilities. Along with that, one of the initiatives that we are responsible for in the Office of Economic Development, is the Mayor's Crime Task Force. Melissa is now taking over being the support person who does the minutes, does the agendas, and all of that. Initially I was doing that. Then our Secretary Edee Bandmann took over that role and now it is in Melissa's hands. She also helps Ka'eo Bradford that you met yesterday. Ka'eo again, as all our Specialists all work alone, so Melissa is now providing support services for Ka'eo by helping her with here minutes, with her agendas, and any clerical work that she needs. Another success and it is actually ongoing is – in the Office of Economic Development, we are a small Department. But we have diverse sectors. We do a lot of different projects, obviously, within the County. Just amongst the nine (9) of us in our Department, we come from diverse backgrounds. Half of the staff is tenured, has been with the County for a number of years and has a lot of experience. The other half are new, come from the private sector, and so that combined with the fact that our long-term employee that we had, Brenda Martin, really helped the Office of Economic Development basically keep us together for many years and went through several Directors, passed away a few years ago and with her, took a lot of, I guess, support services that we just took for granted. It has taken us a couple of years to really recoup from that. I will be the first to say that our Office...

Chair Furfaro: You need a minute, George? You are okay?

Mr. Costa: Our Office really had some challenges and I am really pleased to say through some recommendations, we hired a company called Performance Coaching. It is a local company and it really helped us with communication,

with team building, and with management. I have been a Manager for almost half my career, yet, there is always room for improvement. Over the last year, working with our Performance Coach...

Ms. Nakamura: I am going to interrupt.

Mr. Costa: She really helped bring our teaming together.

Chair Furfaro: Excuse me, George.

Mr. Costa: Yes?

Chair Furfaro: I am going to recognize the Vice Chair for a moment.

Mr. Costa: Okay.

Ms. Nakamura: I just wanted to say George, that this is pretty amazing. I think this is the only time that I have heard in the entire budget presentation that a Department hired a Performance coach to improve communications and relationships and looking at ways to improve. I know yours is a small office, but it is something that I hope other Managers will take a look at. How you went about procuring of the services, what the results were, and how they can possibly use those kinds of services in their own Departments. So, just very happy to hear that you have taken those initiatives as a Manager of the Office of Economic Development.

Mr. Costa: Well, thank you. I have my own ego and I pride myself in being a good Manager. But sometimes you need feedback not only from your staff, but somebody from the outside that can really take a look. Like I say, you cannot see the forest through the trees. So, we went through quite a bit in the last year and I am happy to say, it is not perfect. But it made me see that there are areas that I can improve and helped the rest of the staff come together and like I said, we have seasoned veterans in our Department and we have new blood, Ben Sullivan. Our Performance Coach helped us, showed us different personality traits, and we have some directs, and then we have those that are spirited. Ben, Nalani, and Ka'eo, very spirited. Ka'eo is very direct too. It has really helped our Department. I just want to say, and I can say we have had a lot of accomplishments over the last year. But I must say that one is probably the most that I am proud of in our Department. Anyway, thank you. Moving on. As you know we work with so many organizations within the community. The Kaua'i Chamber of Commerce, Randy Francisco, KEDB, Susan Thyme, Mattie Yoshioka, Mia Acob, Diane Zachary, Kaua'i Planning & Action Alliance, Kaua'i Economic Opportunity, Mable Fugiuchi, John Lekavich, Small Business Association. The list goes on and on. Within a month I probably meet with almost everyone these organizations because as I mentioned earlier, our mission and our goal is really to work with our business community and the community at large to collaborate and really look for economic opportunities and be a champion to assist companies. I know something like the Food Hub is probably not all developed yet. It may or may not happen. We are hoping it will. But our goal is really to bring the community together and try to help on or our island become more economically diverse and self-sustaining. Tourism, Sue Kanoho, Kaua'i Visitors Bureau, the Hawai'i Hotel Association, Energy, Kaua'i Island Utility Cooperative (KIUC), Kaua'i Community College, Blue Planet Foundation & Agriculture, Kaua'i County Farm Bureau, we have many of the Farm Bureau people here, of farming, agricultural community, Kaua'i Cattlemen's

Association. The list goes on and on. Even Health & Wellness in the Sports & Recreation community, all of them are equally important and we want to continue strive to help them. As far as challenges, as I mentioned, because we are a small Department and we are tasked with quite a few projects that I think Ben stated it best. Our band width is not that great, yet we really try to push the envelopes on a lot of project because we truly care and want to help our island both economically and in the community at-large. As far as improvements, as I mentioned, we had gotten our Performance Coaching, our OED Specialist II has helped our Department. Now getting into the upcoming initiatives, as I mentioned our Specialist II will continue to work with our Specialist. As I mentioned, Ka'eo with workforce. But Ben Sullivan, also as he mentioned band width and hopefully Melissa, our Specialist II person will assist Ben in some of the projects that he wants to engage in, that is really going to help our County and our island. I just want to mention a few projects that you may or may not know that do not necessarily fall under any one of the sectors. We are involved with the Hanapēpē Friday Art Night and Hanapēpē Town Marketing Plan. I am actually working with Roxanne McDougall on an Economic Development Plan for Hanapēpē Town. We feel that is an important area for our island. We also want to look at the Hanapēpē Salt Pond area. Kekaha Host Community benefits, Nalani is very involved and so is Ben with their photovoltaic projects. Feral Cat Study, that is Bill Spitz, our Agricultural Specialist. He is working on the Feral Cat Study. Royal Coconut Coast Association, we just worked with them getting their association launched to help the East Side of the Kaua'i. We worked with the taro farmers on the Hanalei River breach, on the endangered bird species. So, all of those are important projects that we are fully engaged with.

Chair Furfaro: George, can I interrupt you just for a second?

Mr. Costa: Sure.

Chair Furfaro: I would like your Office to follow-up on something for us. Kaua'i makes up seventy-three percent (74%) of the State taro production. Our taro is, in fact, a significant Hawaiian asset for our community. I want to make sure that you have somebody tracking what is happening with the Economic Grant for the Hanapēpē taro farmers on a water repair system to the tune of about forty thousand dollars (\$40,000).

Mr. Costa: Right.

Chair Furfaro: I would like to make sure that we are keeping close eye on that, since there is a lot of money going into agriculture through State. But the reality, irrigation management, water systems for *kalo* is extremely important and I would like to ask you to keep an eye on that, please.

Mr. Costa: Okay.

Chair Furfaro: Thank you.

Mr. Costa: That is a good point, chair. There was a great that the Department of Labor actually had from Federal Emergency Management Agency (FEMA) after the March floods last year. I was involved in trying to put together a project that would not only help the Menehune Ditch system on the West Side, but also] the taro farmers because they sustained some damage as well. That grant because it is FEMA, needs to be mobilized within a few months. It took me a while to mobilize that. But the

lessons were learned and so we have better procedures in place that should that happen again, we have our contacts with FEMA and they can mobilize those funds and we can help those that are in need.

Chair Furfaro: Thank you, George.

Mr. Costa: As far as the meat of what I am presenting today, the other service projects for the Office of Economic Development start with promotional materials. As you know within our Department, any Department within the County or even organizations on Kaua'i that are going to the mainland that are attending conference, often come to our Department and ask for *omiage*, we have Kaua'i Made, Kaua'i Festival material that we want to help promote Kaua'i. So, we put those together. We have in our budget for fifteen thousand dollars (\$15,000). Those are usually luggage tags, magnet clips, pens, post-it notes, "Kaua'i Loves You" bumper stickers. We also have in our budget commercial support. Basically, we work with Ken Stokes on providing us with economic data and forecasts. So, we feel that is an important part of our budget ask. Emerging industry support is fifteen thousand dollars (\$15,000). That is usually our fund where those organizations that have not gone through the formal process through Hawai'i Tourism Association (HTA) Grants. Maybe a non-profit or a service organization has a need that just came up within the year. That is where we do smaller grants to organizations like that. We also have for the Kaua'i Made Program commercial support. Basically, if you have ever attended the trade shows that we have twice a year at Kaua'i Community College or at the War Memorial Convention Hall where we bring over one hundred forty (140) Kaua'i Made vendors and we provide them an opportunity to contact wholesalers and not only the ones on the island, but in the State and we also provided opportunities to deal with deal the military at the exchanges. We also have another in the Economic Development Plan implementation, we have sixty thousand dollars (\$60,000) for Kaua'i Economic Development Board. They work with our Office and that money is used to help implement any CEDS initiatives. Susan Thai and Mia do an Energy Conference or an Agricultural Conference and some of those initiatives are done under those funds. I also have fifty thousand dollars (\$50,000) set aside for the Multi-Species Chill and Processing Facility. As we mentioned, besides the ones we just talked about in the CIP Budget because we have our Business Plan ongoing right now, I set aside fifty thousand dollars (\$50,000) for the Chill Processing Facility and another fifty thousand dollars (\$50,000) for the Commercial Kitchen Business Incubator.

Chair Furfaro: We have a question for you George.

Mr. Costa: Yes.

Ms. Yukimura: George, in addition, to the CIP moneys that we just went over, you have fifty thousand dollars (\$50,000) that is earmarked for funding for design of proposed Multi-Species Chill and Processing Facility and that is in addition to the one hundred seventy-seven thousand dollars (\$177,000) that you are asking for?

Mr. Costa: Yes.

Ms. Yukimura: What is the total expenditure on the Multi-Species Facility that you are proposing to bring from beginning to the end?

Mr. Costa: Beginning to the end, this is just for the design phase.

Ms. Yukimura: And you are presuming that it is going to be at the Big Save? I am kind of confused.

Chair Furfaro: Well, he answered the question. That is where it is at. It is for us to digest whether it stays there or not.

Mr. Costa: Right. That is what it is earmarked for.

Ms. Yukimura: You are asking, in this budget, for a total of...

Chair Furfaro: Two hundred twenty-seven thousand dollars (\$227,000), if you put the two (2) together.

Mr. Costa: Right.

Ms. Yukimura: Yes, two hundred twenty-seven thousand dollars (\$227,000) plus you are asking for another fifty thousand dollars (\$50,000) for the commercial kitchen, which now makes it two hundred seventy-seven thousand dollars (\$277,000), right?

Mr. Costa: Right.

Ms. Yukimura: Then KEDB Economic Plan Implementation is sixty thousand dollars (\$60,000)? How is that going to be used?

Mr. Costa: I am sorry, the Economic Plan Implementation is not for the...

Ms. Yukimura: What is it going to be for?

Mr. Costa: It is for what I just mentioned. KEDB uses that to facilitate CEDS Project and basically like the Agricultural Business Plan that they plan competition that they just did and the Energy Conference that they have on an annual basis.

Ms. Yukimura: Can we get more specifics then just in terms of what that money will be used for?

Mr. Costa: Okay.

Ms. Yukimura: Thank you.

Mr. Costa: Alright, then that concludes the other services line items that we have in our budget. Are there any questions before we go into the Mayor's Holo Holo 2020 Program?

Chair Furfaro: Go right into the Holo Holo 2020 plan. We are coming short on time here, George.

Mr. Costa: In the Mayor's Holo Holo 2020 Program there are thirty-eight (38) different initiatives and of the thirty-eight (38) , there are sixteen (16) that

relate to or involve the Office of Economic Development. The first one is the Kē'ē Beach Shuttle Service and that is working with the Hā'ena community, State Department of Land and Natural Resources (DLNR), State Department of Transportation, and the County Department of Transportation. That is something that we recently have spoken with our own Energy Coordinator who is also involved with the Department of Transportation. We are going to combine and collaborate our energies to work on that plan on the beach Shuttle Service. But also look at a broader North Shore Transportation Plan. Then the next item is increase commerce in towns across the island by maintaining unique character. As I mentioned, with Nalani and her festivals and grants, we look at various economic opportunities whether it is festivals, helping non-profits in various communities. But more specifically, in this case, I am working directly with the Hanapēpē Economic Alliance and Roxanne McDougall on helping Hanapēpē Town this coming year. The other item is restore and preserve cultural sites.

Chair Furfaro: We have a question for you, George.

Mr. Costa: Yes?

Ms. Yukimura: This is a total of four hundred ten thousand dollars (\$410,000), is that the grant money from HTA?

Mr. Costa: No, that is HTA grant money and that is being used as an example as what we utilize from another source to help the Mayor's initiative, Holo Holo 2020 initiative.

Ms. Yukimura: So, the four hundred ten thousand dollars (\$410,000) is State money?

Mr. Costa: Yes, State moneys, the HTA money.

Ms. Yukimura: Thank you very much. It is a great program.

Mr. Costa: Then we also have restore and preserve (R&P) cultural sites. Again, current budget here, reflects the grant that the Hui Mālama O Kaneioulouma which is the *heiau* in Po'ipū. So, we work with them to help restore and preserve that cultural site. Nalani is actively involved with them in helping them seek grant opportunities.

Ms. Yukimura: George, excuse me.

Chair Furfaro: Go ahead.

Ms. Yukimura: The eight hundred five thousand dollar (\$805,000) figure you have here, is that State money or County money?

Chair Furfaro: That came through the moneys allocated through the...

Mr. Costa; The CIP.

Chair Furfaro: No. The A&B and the Kukui'ula Development Grant.

Mr. Costa: Oh, absolutely. The Community Facilities Development (CFD) Grant.

Chair Furfaro: Yes, Community Facilities Development moneys.

Ms. Yukimura: Thank you.

M. Costa: Then also, another initiative was the electric charging stations which we did accomplish and that was through Glenn Sato. We installed five (5) County electric charging stations along with five (5) public charging stations throughout the County facilities. One of the ideas that Ben has is working with KIUC and maybe looking at more of a global type of system for charging electric vehicles and charging stations, not so much with County funds, but just as an initiative.

Ms. Yukimura: Chair?

Chair Furfaro: Go right ahead.

Ms. Yukimura: The two hundred seventy-six thousand dollars (\$276,000), was that County money?

Mr. Costa: That was through the grant.

Ms. Yukimura: Federal grant. Because I am a lessor of an electric car.

Mr. Costa: Yes.

Ms. Yukimura: I have had great difficulty using the charging station right here because you have to call up to tell them you want to use it. Then you have to give the credit card over the phone and then you can only use in one (1) hour increments. If I want to just charge for half an hour, I have to pay for an hour. It does not work from my personal experience and I hear there are free charging stations on O'ahu, because they use advertising. Of course, their criteria is I do not know, they have some threshold of so many customers a parking lot, that you have to have so many cars per parking lot and so forth. I just want to give you feedback that it is not quite working from a user's standpoint.

Mr. Costa: Okay.

BEN SULLIVAN, Economic Development Specialist IV: Thank you Councilwoman Yukimura. We appreciate those comment. I appreciate those comments and one (1) of the challenges for Electrical Vehicles (EV) has been and continues to be that this is an emerging use and emerging technology. So, the systems are really still being worked out. I noted that actually most of the chargers both on Kaua'i and on O'ahu are offered free as a service from the entities that implement the chargers. It is not so much in many cases a sponsorship. It is just that the energy is being given away. The reason being in part is because there are so few users that it is not a significant loss and you can then encourage people to start getting comfortable with how to do it, at the same time you can encourage those that maintain the systems to learn how to account for and manage and you can simultaneously improve them. But the state of the charging infrastructure is just in infancy. We certainly share your frustrations with regards to the technology, but I think

Glenn probably speak better than I can. The timing of the grant was such that we had to use the money, we had to select a vendor. I do not know. But I recall speaking to Glenn, I think he said the one we selected was the only one that responded. So, in fact, it spend the money, put the chargers in, learn from the experience. That is exactly what we are doing. So, we are happy with that. We believe there is plenty of room for improvement. But, in fact, we feel it was exactly the right thing to do given the opportunity as it is presented itself. I guess next evolution would be to look at whether we are ready to allocate additional funding to improve the charging stations and that is a function – it is chicken and egg because there are only so many users of EVs, as you are one of the very small number of people. But it is an exciting opportunity nonetheless. I do not know if there are specific questions to respond to.

Ms. Yukimura: No, that is a good response, I guess. Do you track how much it is used? Do we get information like that? Do you solicit user feedback? I mean, because I think that is what I was looking for. We spend this money in the best way we think possible, but then we need to know what is the result is.

Mr. Sullivan: As I said, all the other charging stations on Kaua'i are offered free. In fact, no one is using our charging stations, the public ones. The County uses The charging stations that are internal for our vehicles. But the paid charging that the County offers is not utilized because people can go to Kukui Grove, they can go to the Hyatt, they can go to a number of other locations to get electricity for free or more likely use theirs at home because that is how EV user-ship works in many case, more confidently due to the length of charging. So, that is something that we have learned thus far and certainly that may change as vehicle technology allows for faster charging and other evolutions occur.

Mr. Costa: I think if my memory serves me correct, I think initially the idea was to have it free to the public, so we promote it. But then there was an initiative from the Council that said no, we should charge, we should be a charging. I know Glenn went through and tried to determine what is the fee that we should charge.

Ms. Yukimura: That is true. It was the Council who told you to charge. Okay. I want to correct that I am the lessee, not the lessor of an Electric Vehicle and I am learning about being such. Okay. Thank you for your input.

Chair Furfaro: Thank you for coming up, Ben.

Mr. Sullivan: Thank you.

Chair Furfaro: Would you continue, George.

Mr. Costa: Maybe you should stay because I am talking about more energy. Increased use of alternate energy sources via the implementation of the Kaua'i Energy Sustainability Plan. I know, with Ben and even Councilwoman Yukimura's involvement with the Kaua'i Energy Sustainability Plan, we have initiatives that we want to move forward with and that is something that the Mayor firmly believes in and wants our involvement to continue.

Chair Furfaro: George, just for your information, I used to co-chair with Councilmember Yukimura. But I want you to recognize that Mr. Hooser has replaced me.

Mr. Costa: Oh, okay.

Chair Furfaro: So you know that there are two (2) members from the Council there.

Mr. Costa: Thank you, thank you very much. Also, increase the LED certified buildings. Reviewing requirements for the led certification for the Civic Center and also other County complexes. Again, I want to acknowledge Ben who got his LED Certification and he is our in-house.

Mr. Sullivan: LEED.

Mr. Costa: I am sorry. LEED person within the Office of Economic Development and the County. Also, restore storm irrigation system at Kalepa. This is in keeping with our continued work with Jerry Ornellas and the other members of the East Kaua'i Water User's Cooperative. We continue to work with that organization. The Papaya Disinfestations Facility. I know when the Mayor first came up with the Holo Holo 2020 Program, we were working on the Papaya Disinfestations Facility. That, obviously, after many years of trying to reinvigorate and restart that facility, it became apparent that if you do not have the papaya farmers and if you do not have the management structure or basically the will power of the people involved, and obviously that project is not going to happen. So, that facility was actually looked at as a potential site for other uses by the County and that is still being explored. Leasing of one thousand (1,000) acres of land to farmers. We continue to work with Agribusiness Development Corporation (ADC), Jimmy Nakatani on providing more land for farmers. Hopefully making it viable for farming on Kaua'i.

Chair Furfaro: Excuse me, George?

Mr. Costa: Yes?

Chair Furfaro: Question from Councilwoman Yukimura.

Ms. Yukimura: To me, this should be one of the biggest goals of the agriculture sector of economic development. I see that there is no money in the budget for it. We have never had any discussions about it on the floor of this Council so that we are not really appraised of what the thinking is. I do not know if it is appropriate to have a designated agenda item.

Chair Furfaro: It is more than appropriate and if Councilmembers want to have it in Committee, please submit to me a request for an agenda item and on the other hand, George, I hope on the line item, there is money coming into us if somebody is our tenant. We are not paying them to be the tenant. To answer that question.

Ms. Yukimura: Well, I think we are far from actually...

Mr. Costa: We are talking about Kalepa.

Chair Furfaro: No. You raised the question about there is no money in it. What I am saying is it is because we have no tenants.

Ms. Yukimura: Well, yes. But I think we may need to seed this process, appropriately. I hope we are looking at the history of agriculture parks both on our island and around State so that we do not reinvent the wheel. There was a major study that the Department of Agriculture did when I was Mayor which led to the fiasco of the Kekaha Agriculture Park. But there was a very good study done, one of the best, and I have been looking for it and asking for it. It was done by R.M. Towill and Bill Spitz has looked for it and said there was a lot of documents that were spoiled and rained on and destroyed during the hurricane. But I would give a lot of money actually, to get my hands on that study.

Ms. Nakamura: I may have a copy.

Ms. Yukimura: Really?

Chair Furfaro: Wait, wait, negotiate the amount.

Ms. Yukimura: Name your price.

Chair Furfaro: Name the price.

Mr. Rapozo: We all got one.

Ms. Yukimura: I will put it in the budget.

Mr. Rapozo: We all have one, JoAnn. Name your price. We all have a copy. Just you did not get one.

Mr. Costa: Okay, because I was going to say, I can contact because I work with R.M. Towill and I can see if they have a copy.

Ms. Yukimura: Let us find it because it is important as background information. According to Mike Strong, who was on the Agriculture Committee and I do not know if others in this room were, but the study was done and then the hurricane hit and the State moved to implement and somewhere along the line I am told, the best site that was recommended was not taken. Anyway, I do not know...

Chair Furfaro: It will be a new agenda item, George. If you can find the plan, let us get that.

Mr. Costa: It is an agriculture park plan?

Ms. Yukimura: Yes.

Mr. Costa: Okay.

Ms. Yukimura: All the wonderful things that are happening and value added and marketing. I think Jerry has said this before, the key is production and look the papaya Disinfestations Feasibility Study recommends against refurbishing the operations due to a lack of papaya farmers. So, one of the keys to agricultural sustainability is production and we have some really young enterprising farmers, some of them coming from farmers family like Haraguchi's and Wooten's.

Chair Furfaro: So, let us focus this on questions. We need to find the Agricultural Study. We will have a new agenda item.

Ms. Yukimura: We need to know what OED is proposing in terms of a process for identifying, securing, and implementing an agriculture park of sorts. Thank you.

Ms. Costa: I will have that for you. As I mentioned, we collaborated with a lot of organizations and with the Farm Bureau and Jerry Ornellas, who is the President. Jerry has been the lead person working with Jimmy Nakatani with ADC. So, we will have something for you.

Ms. Yukimura: Thank you.

Mr. Costa: Then also, the Kīlauea Agriculture Park, this is the farmers market portion. As part of the Mayor's Holo Holo 2020 and we talked about the Kīlauea Agriculture Park, those who have been to Kīlauea during the Sunshine Market it is in the parking lot of the neighborhood center and it is become very popular. But it is very aware of the bus and everything else congregates and it is actually a dangerous situation. So, if we could find another location for the Sunshine Market, that would be a good opportunity.

Chair Furfaro: Excuse me George, Councilmember Yukimura has another question regarding the Kīlauea facilities and the joint parking lot in front of the gym.

Mr. Costa: Okay.

Ms. Yukimura: I agree with you that you need another site. But I think a seven (7) day farmers market is a very different concept and might almost be separated from the Kīlauea Agriculture Park. To me, it would be really unwise to put a seven (7) day market where the Kīlauea Agriculture Park is being proposed. A seven (7) day market needs to be in the heart of a commercial area and some people have told me said they think Kapa'a Town is ready for it. I would be open to funding a Feasibility Study to work with the Kapa'a merchants or if you want to do a quick scan island-wide to see where is the logical location? I know I talked to Melissa McFerrin about that. She says it is somewhat tied to production. So, there are all kinds of issues.

Chair Furfaro: Let us deal with questions please.

Ms. Yukimura: But feasibility. Alright, would you folks look at the possibility of a Feasibility Study for a seven (7) day market and maybe cost it out and come back to us.

Chair Furfaro: George, I hope you are keeping track of all these requests of you because this is the budget session. If you have got something planned, make sure it is thought through before it request it and put it on the agenda, okay? George, will you continue with your plans?

Mr. Costa: Okay and then the last couple of items I have is working with the Kaua'i Community College (KCC) on extension of a satellite campus with degree offerings. In meeting with Helen Cox and Bruce Getsen, again, with Ka'eo Bradford

and Workforce Development, we work in partnership with them. Maybe not so much extension of satellite campuses, but really the degree offerings. They have out with the Agricultural Degree and looking at a four (4) year college. I must say one of the items that came up for discussion when we were looking at the Commercial Kitchen Business Incubator and looking at various sites around the island, one of the thoughts were as we have this Business Incubator and say we are at the Church of the Pacific in Princeville, they have a commercial kitchen operation that they are willing to open up to the public. Right next to their commercial kitchen they also have a couple of meeting facilities. So, instead of people in Hanalei / Hā'ena driving all the way to KCC, maybe they can take a marketing or business class right there next to the commercial kitchen where we are having a class. Those are some of the things that we are working on with KCC. The last one is maintain educational activities programs that Kaua'i Instep Science Show Robotics Program and that is where we worked with KEDB and Mia Acob. She does a great job. I am part of the KEDB Education Committee. That is one of the Committees that I am looking at delegating over to Ka'eo Bradford because she is definitely part of the workforce community. Also, the educational community because that is a key component. But I just wanted to acknowledge the Office of Economic Development's involvement with that portion and working in collaboration with KEDB. Thank you for your time. That is the end of my presentation. Any questions?

Chair Furfaro: Questions for Mr. Costa on his Department's operation? Mr. Hooser.

Mr. Hooser: I asked quite a few questions earlier on the Food Hub and other things, and I just wanted to, I think Vice Chair mentioned some of the funding items for that. Perhaps a placeholder might make some of us more comfortable until things are ready. It is my understanding that the project has two hundred seventy-seven thousand dollars (\$277,000) or so and as we sit here I am not sure what we get out of that. But I would like to offer you, for what it is worth, if I can help personally outside of an agenda item with the Mayor's permission, of course, I would love to sit down with your team and talk about so I can better understand it and any *mana'o* I can share to help move some of these ideas forward. I think they are very exciting ideas. I think we all – I do certainly want to move our agricultural sector forward, the small farmers. But something tells me it is not ready for primetime and maybe that is just because I do not know enough about it. But yes, the offer is open. I mean we are doing budgets right now, so it is kind of hard to find the time. But I would love to help.

Mr. Costa: Well, thank you. Your point is very well taken and I appreciate and I accept the opportunity to work with you. I am very cognizant of business venture, business entities that succeed and other that do not. I worked for some hotel operations that did very well and I have also worked for those that did not. Councilwoman Yukimura mentioned the Kekaha Agriculture Park, which I really was not involved with. I did not know much about. But when I went to Seattle and presented the Kilauea Agriculture Park to the EDA, that was the first thing they threw back at me and said what about the Kekaha Agriculture Park? So, I had to get up to speed with what was happening with that one because their memory was very long and they remembered that one.

Chair Furfaro: George, I want to point out to you that Mr. Hooser in our organization, does have Agriculture & Sustainability as Chair. So, he can contact you directly per the protocol with the Mayor without having to go through the Council Chair. I would encourage you to begin some dialogue with him.

Mr. Costa: Alright, thank you.

Chair Furfaro: He is the Committee Chair.

Mr. Costa: Thank you.

Chair Furfaro: Questions for George? George, I want to let you know in ten (10) minutes we have allocated to your Department six (6) hours, total. Originally, we had two and a half (2 ½) hours scheduled for you. So, maybe next year we need to get you a little bit more schedule time.

Mr. Costa: Well, thank you. We have some really good people in our Department and I want to give them the opportunity to say what they do and share with the island and with you. Thank you.

Chair Furfaro: We will make a note of that. Five (5) hours and fifty (50) minutes total since we started Economic Development. George, thank you very much.

Mr. Costa: Thank you very much.

Chair Furfaro: I have some announcements here. First of all, I want to say to my colleagues here, that we have been kind of probing and trying to get and it is constantly gets better. We are constantly making improvements on getting some very clear assumptions on what is going on with the budget. The budget is an Operating Plan that takes us forward. I also want to point out that there has been some healthy discussion. There are some points and counterpoints and so forth, that I think to have a very constructive understanding of building a budget, it is the kind of dialogue we need to have. It is very important to constantly be sharing opinions and counterpoints. It is necessary for an attractive Long Range Plan for the County, that we understand all the moving parts and the importance of certain improvements and being a good listener is also part of those skills that are necessary. We are going to find ourselves in a situation that members, some of you have booked time to meet with our staff in kind of two (2) hour increments to go through particular pieces. A reminder is the fact that tomorrow during the April 24th posting, we have a reference in Committee that deals with public hearings on the process. But the most important one, reminding all of you, that we have one on the Real Property Tax Resolution that comes up on May 1st at 5:00 p.m. So, please appropriately block your time for an evening meeting with the public. Mayor, we will be looking for your supplementary communication, that is due to us on May 8th. Then, a reminder to everyone to look at your schedule. Thursday the 9th, Friday the 10th, Monday the 13th and Tuesday the 14th, that is when we have our Decision-Making process and certainly by then, you have your working notes in place. Before I actually adjourn this Call-Back Meeting, Mayor would you like to come up and share some time with us?

BERNARD P. CARVALHO, JR., Mayor: Yes. First of all, thank you, Chair Furfaro and Councilmembers. It has been a long, long day. Like you mentioned, healthy dialogue. We talked about that from the very beginning and I think just the process this whole year we came out early. I wanted to make sure our Department Heads and all our team members were informed early enough so we could come up with a plan and get to a place where we could have this healthy dialogue going back and forth. I think we have much more to go, deliberations will take place soon. But I am hoping that with the information, just as George himself coming up and presenting today and all the other

Departments. But seeing the large amount of information and all the different policies and procedures and decision that all have things that have to happen, and it is staking place. We are trying our very best to provide you with the information and from your side, giving us information. It would be helpful too, I mean, if you come up with ideas that you put down your goals and objectives for whatever you think are worthy, so we can look at things and really read through it and understand what you mean and how you want to look at certain projects that are dear to your hearts. We opened up dialogue with our Department Heads and Councilmembers individually. You had that opportunity to do that early. Our budget is online now. Everybody can read it upfront. Once it comes out, it is online. So, we are trying our best to be as open as possible. But at the end of the day, we are going to have to make the tough decisions on what direction we are going to take. From this side of the fence or this side and your side, I mean Chair, you mentioned some of the key leaders or members in our cabinet. But you have awesome guys on your side too that have lots of years of experience, that work really well with our team members. So, we have to keep that part moving as well. I think collectively, overall, when we laid out what we wanted to do and what we wanted to accomplish, how we wanted to respond back in a timely manner, trying to be open as possible, I think that is the bigger piece for our Department Heads being very well prepared and being able to respond, and give you the information that you need, same here on our side as we continue to move forward. Hopefully, as we conclude, the next steps will follow and we will be here again and looking, hearing, listening and when you come down to the decisions we have to make, that we have that chance and opportunity to talk story and to share our thoughts and ideas before any decisions are made. I want to make that clear because we are going to go back and regroup and sort through some of the questions. I think the list is not as much as before because we were able to respond more quickly on the floor and that was one of the big parts I wanted to make sure we could respond to you folk as quickly as possible. But just understand that it is very time consuming and you know that. We have a lot of things that we have to deal with daily and you know that, about trying to come up with a plan and process that I think the people watching see us working together and come up with a good, solid budget that can hopefully – not everybody is going to agree, I know that. But something that can find balance and move forward for our people. Thank you for the chance and opportunity. We look forward to more healthy dialogue. Thank you.

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

Chair Furfaro: Thank you, Mayor. Members, I just want to point out that we had some new items that need to come up, it at the Administration's request to be on the agenda. We had a pretty serious discussion about roads. We have had certainly some healthy points on parks especially as it relates to the Wailua Golf Course and strategy there. Economic Development as we have seen today and especially the agricultural portion of it. A better understanding of releasing moneys for CIP projects more currently. On a personal note, Mayor, I want to thank you for the progress being made in the Department of Human Resource. That presentation was well received by me. I feel that they are hitting the target. I just wanted to share that with you and on that note, I am going to adjourn our Budget Call-Back Meetings.

There being no objections, the Departmental Budget Reviews and Departmental Call-Backs was adjourned on Tuesday, April 23, 2013, at 4:58 p.m.