

The departmental budget decision making reconvened on May 15, 2012 at 9:11 a.m., and proceeded as follows:

Mr. Furfaro: Aloha and good morning, I am calling back from recess the budget reviews for the upcoming Operating Budget. We will take public testimony this morning, for those in the audience, I want to share with you folks that you will also have an opportunity tomorrow to speak again at our 8:30 meeting and then we have our final review on May 23 and you are welcome to come and give testimony on those days as well. Could I have the first individual that would like to offer testimony to the County Council?

Mr. Topenio: Mr. Chair we have 2, the first one is Chuck Trembath followed by Healani Trembath.

Mr. Furfaro: Okay come right up Chuck.

CHUCK TREMBATH: Thank you very much members of the Council and Mr. Furfaro, thank you. My name is Charles Trembath, my friends know me as Chuck. I live in Līhu'e the Ulu Mahi area and I was looking at the...

Mr. Furfaro: The seal.

Mr. Trembath: The picture of the poi pounders.

Mr. Furfaro: Oh yes, the very unique poi pounder to Kaua'i and Ni'ihau only.

Mr. Trembath: The headline in the paper today is Makaweli Poi Company may be going out of business and Kaua'i provide a large percentage of the Kalo (poi) for Hawai'i. I would sure like to see the pressure put on OHA for example too... back them up financially they give out money for all kinds of causes and they were involved when Makaweli poi first went in business and I don't know whether they ran out of money because they are getting money from the State and maybe other resources. However I hate to see the poi mill go out Makaweli poi, I have no family involved in it but for local people it's very important. My testimony is related to property tax, real property tax and thoughts of it being raised. I think at this time in the economy it's not a good idea but I realize that you folks in the driver's seat along with the Mayor and all the administration have to push maybe for more money. I mean you look at all the things that are done for example the Fire Department they're now going on rescue missions and they're pulling someone out of the ocean they have to retrieve boats. Every week you read about helicopters having to bring someone out of Kalalau Valley or some valley and the tourist come here and we lure them which I think is counterproductive, I mean they bring in... it's questionable whether it's worth it. I can remember back when they were pushing the tourist business at the State level and Peter Apo who is on the OHA Board now said that tourism is a double edge sword, it has the good points and bad points. But you see the Fire Department had to get a new boat it's not just a jet ski anymore it's a major boat and I don't know how much that thing cost but I'm sure its lots of money. If you drive around Līhu'e especially around the County Building area on the weekend and you see all the white county vehicles you think about yourself paying 5 dollars a gallon for gas now, well the county's going to pay that for all those vehicles. The cost for the county are surely going up just with more people here the cost is going up. The roads, many places are in need of repair but perhaps they don't have the resources in that department to do the work so then the parks continual thing is to be concerned about how you take care of those parks. Lydgate Park for example has a lot going on about who's suppose to take care of it and why they don't take care of this and who does this and who does that and the county has to hire extra people to help take care of that park. But for the property taxes I followed some of

the discussion by Louis in the paper and Tim Bynum in the paper and there were several other letters to the editor about not wanting an increase in the property tax at this time anyway. I think if the economy was booming, there were a lot of jobs for a lot of people and the jobs were decent paying jobs then it would be a different story. There are a lot of people that don't have a job, can't find a job, or the jobs that they're looking for don't pay enough money to even pay the bills so why not just stay on unemployment for awhile and maybe you get some reimbursement from the state or federal level I don't know. I would like to agree with those that are against property tax being raised.

Mr. Furfaro: Excuse me, Chuck that was your first 3 minutes, you still have another 3 minutes.

Mr. Trembath: Oh thank you. So another issue in the property taxes exemptions and I was at a meeting yesterday with the Cost Control Commission and they were talking about these exemptions. There are people that pay no property tax and there are some that pay only 25 dollars and you wonder if it's even worth the while to even collect that money from those people if they qualify for such a low cost. I think it came out that it cost 150 dollars just to service those people to do the paper work and getting the tax information to them, the bill to them and if there's no money coming in to bring the mail back and so forth. I'm not saying those folks don't deserve it or don't need it and I'm not sure how all the exemptions will play out but we get a couple exemptions. We get one for age and for homeowner occupied and certainly those exemptions should be kept. Some people talked about the Veterans maybe there should be an exemption for Veterans of wars that have made our life possible in many cases. Those can be discussed I guess and maybe you can bring them up when you go over those issues. So you look in Washington and the money that's being spent on Politicians it is just incredible and you wonder what's wrong with that process. I know following the news on 1% and 99% of the people and you think are we a part of the 99% or who's the 1%? Well you guys are sitting in the driver's seat and all of you have decent pay, health benefits which are huge in many areas. In the United States there are like 40 million people that have no health insurance so I think the economy is tight and the budget should be tight. The 2% we were living to live with, the cap they had on property taxes and that seemed to be a pretty easy thing to contend with but with the (inaudible) going on between the Council and the Mayor and who's who and what's this and what's that. There is so much huki, huki going on that you lose sight of the fact and it's hard to plan as an individual family property tax and you want to plan for next year but if you don't know what's going to happen it's difficult to plan anything.

Mr. Furfaro: Chuck, I just want to thank you for your testimony and I want to touch on a few pieces before I ask the other members if they have questions for you. The PHU the cap I know very well because that was my bill. It has been adjusted to the consumer price index of 3.4 percent I believe, but the cap at present still exists. On the Veterans I do want to let you know that we treated that as a onetime credit for previous battles and combat areas and now we have a standing place that if any of our reserve members on Kaua'i find themselves being called up for a combat area they can qualify for the exemptions and that is in place by this council as well. You are taking advantage of the age exemptions? That is the reason it is there and I also want to let you know that the pieces we have to work with at the budget right now are those pieces that have been submitted by the Mayor and we still have 2 public hearings where your more than welcome to participate again. Let me see if other members have questions for you. Members any questions for Chuck? Vice Chair Yukimura.

Ms. Yukimura: Aloha Chuck. You will be happy to know that there is no proposal so far for any kind of real property tax increase for the homestead class the owner occupant class.

Mr. Trembath: Good, thank you.

Ms. Yukimura: But there may be a proposal for a cut in the tax rate for the homestead class. Is that something you favor or disfavor?

Mr. Trembath: Mr. Bynum mentioned that in one of his articles and I am pretty neutral on it I sure would like a tax cut, I think everybody would like a tax cut but with the cuts and the things you add on will probably counterbalance.

Ms. Yukimura: Okay and I guess that is it, thank you.

Mr. Trembath: Thank you.

Mr. Furfaro: Any other questions for Chuck? If not, thank you very much Chuck, thank you for the feedback.

HEALANI TREMBATH: Aloha, I come with the same intention of my husband and as you can tell we're not very focused many time because we love Kaua'i. We live here I have been born here over 75 years ago and have seen a lot of changes and have a lot of concerns. Today I agree with what my husband is saying on the exemption and I would like for you to kind of keep in mind that some point in time well just a couple of weeks ago I went to a (inaudible) project where it was about caregivers and Kupuna, any many years ago I had gone to one and was concerned about them living in the communities and overtime they decided that the Kupuna's did not want to live in the community situation due to the expense and other things. So now they are wanting to stay in the home and so that's what the project was all about trying to figure out a way where the caregivers and Kupuna are there to be able to meet their needs. Of course what's happening now is your kids and grandkids are also coming home and baby boomers and whatever so it seems like there should be some kind of tension or maybe re-looking at the laws that encompass that area so that concern which will uncertainly already starting and increase over time.

The other concern I have is that of our Kuleana down in Hulaea. It's just a small area and my daughter is there trying to raise Kala but their tax is so very adsorbent that I went to inquire as to why it was so much. The answer I got and the kuleana is surrounded by the Federal Land and the Company Grove Farm or whoever they are around there. That's pretty much all but maybe one house on our lot and the others have no building or taro fields. The answer to me was that they couldn't figure out because there were no houses around us so they had to go to the next complex. We are open agriculture and so they had to go to suburban which is Līhu'e and that's where they got the thing and I'm going but... but... we are all surrounded by Federal Lands, I'm not going to say stolen lands but all this property and they're not being charged that much and how come... so I don't know its little man down the corner because you're so involved in so many different things or situations that involve the bigger public but at least some point in time maybe do an analysis of what that's all about. I'm sure maybe perhaps there are other areas that are like that where their trying to eak out a living and there's nothing around but yet you get booked for something that's even humungous for like I say "open ag" to agriculture. That's all thank you.

Mr. Furfaro: Excuse me Healani, may I ask if you could leave your contact number for us because I might ask Mauna Kea Trask to call you about your Kuleana. The fact of the matter is we do have a Kuleana recordation that we work with OHA which might help you qualify.

Ms. Trembath: It does not, we have researched it.

Mr. Furfaro: It does not?

Ms. Trembath: Yeah, because at some point there was a non Hawaiian got involved in one property and the other one we kind of know we're linked because he adopts one of our children but we don't know him because he was an elderly person and he died in Moloka'i. We are still searching but I appreciate it thank you very much.

Mr. Furfaro: Thank you for your testimony this morning. Members we are going to now move into finishing the operating accounts that we left off on last night. I believe we left off on the Police Department. Mr. Barreira, thank you again thank you Chuck. We are going to start up with the Police Department, then the Prosecutors Office, and then we are going to give Mr. Bynum time on the Real property Tax Assessment. Okay, as we address the Police Department, the Police Department was broken down into 5 areas. First and foremost was the Patrol Services Bureau. Next the Investigative Services Bureau, go ahead you have the floor.

Ms. Nakamura: This is going back to the Chiefs Office.

Mr. Furfaro: Oh, we have not gotten there yet.

Ms. Nakamura: I am sorry.

Mr. Furfaro: Okay, Investigative Services Bureau, Administrative and Technical Bureau. Councilmember Nakamura, we are now at the Chiefs Office. Would you like the floor?

Ms. Nakamura: This is a proposal to use basically is in the overtime line category. The proposal is to use the existing line item but to add some text to the line item showing that providing designated overtime for KPAL activities and the amount that is being proposed is fifty thousand dollars. This line item is being proposed to compensate officers who use a lot of their volunteer time to promote KPAL activities that serve over 900 children throughout the year and it is a way to just allow them to use this overtime to support that activity. The first attempt was to try to have designated police officers and just given the fact that there are so many vacancies and the need to fill the beats that the first priority. This is just a way to compensate those officers that are putting in so much volunteer time to make this program work. I ran this by the Chief the other day and he did support it.

Ms. Nakamura moved to add some text to the line item showing that providing designated overtime for KPAL activities and the amount that is being proposed is fifty thousand dollars, seconded by Mr. Rapozo.

Ms. Yukimura: I just have of question of Mr. Barreira. I thought under FLSA, the Fair Labor Standards Act - don't we have to pay overtime for volunteers when they do volunteer work?

Mr. Barreira: Good morning, Vice Chair, Ernie Barreira, Budget & Purchasing Director. There is no compensation of volunteer work to the extent of my knowledge of the law. The overtime requirements kick in depending on certain minimum hours a week that are extended either beyond eight hours a day or 40 hours a week, and certain designated personnel are defined as having to fall within that provision and are entitled to compensation whether they are civil service or excluded. I do not know if volunteerism impacts upon that provision.

Ms. Yukimura: Okay, thank you, and I am not clear either that is why I asked.

Mr. Kualii: So, the fifty thousand dollars proposed is off of the line item of retiming the amount of 1.1 million? Is that what it is? So, would it now be specifically designated and then moved somewhere else like oh well that is training overtime? But it will be specifically designated for KPAL?

Ms. Nakamura: It is just a text change.

Mr. Kualii: Okay.

Ms. Nakamura: It will come from the total amount in that line item.

Mr. Rapozo: I just wanted to say and Mr. Barreira was not here back then but we got sued twice and the two law suits tell us that even volunteers. If you are a Police Officer volunteering for a function, we are required to pay them overtime. That was a big issue many years ago when we got sued twice.

Mr. Furfaro: Would you state that again please?

Mr. Rapozo: I am just saying 2 lawsuits tell us that the FLSA Law requires compensation to Police Officers and Fireman because that is who we were sued by. That even if they volunteer or they go and they volunteer in a capacity of an officer or any way, shape, or form representing the Police Department that they are to be compensated. That is the Federal Law and I think most of us remember the discussions in that law suit and that is what really prevented many volunteerism activities of the police and fire because it would trigger the overtime. Unless that's has changed we are required to choose to volunteer and that's what makes it tough.

Mr. Furfaro: Okay, any further discussion?

Ms. Yukimura: Yeah, I will support this measure mainly as a text change, it shows intention but I would like to get an answer from the Administration in terms of how this policy this FLSA Policy is being implemented in this context of police volunteers.

Mr. Furfaro: Okay, do we have an attorney in the building? Okay let us take a 10 minute recess brief her and let us see if we have better answers when we come back from recess.

There being no objections, the Council recessed at 9:38 a.m.

The Council reconvened at 9:52 a.m., and proceeded as follows:

Mr. Furfaro: Okay, before we went on recess Marc could you come right up please. We had Vice Chair Yukimura asking some questions about FLSA and the overtime policies within the Police Department so I will give her the floor.

Ms. Yukimura: Thank you. Marc my question was under the Fair Labor Standards Act are we required to pay overtime for police volunteer activities with KPAL?

MARC GUYOT: Good morning Vice Chair, Chair, Councilmembers, my name is Marc Guyot, Deputy County Attorney. In addition the FLSA Law you also have the police contract as well as the need to know the background on intricacy of how KPAL is integrated into the police department. If I can just take a moment to explain a little of the complications on that normally employees are not compensated when they volunteer for something. However if they

volunteer for something that is very closely related to the actual job that they do it then counts as actual time that is compensable by the employer. For example a carpenter working on a County volunteer project that's doing carpentry would have to be compensated where as if he was just directed traffic in the parking lot for the Charity Walk or something the county's associated with. If he was there volunteering building the stands than that would be a compensable type of thing.

Ms. Yukimura: I am leaving it on your good judgment as to whether this advice needs to be done in Executive Session or not but Okay I hear your answer and I understand what it says. So in order to find out I mean we need to know how the Police Department is applying this then?

Mr. Guyot: That would be correct and how integrated KPAL is in with the department. Do they take any outside volunteers? What is the role of the officer there? If he is administering the program and he plays a significant or pivotal role within it then it would appear to be a job related duty that he would need to be compensated for.

Ms. Yukimura: Okay, thank you very much.

Mr. Furfaro: Thank you Marc. I do not think we have any more questions. Thank you very much but stay close by please. Did you arrive to give testimony? Okay because I was going to give you the floor if you had testimony. There is a lot of subjects on Kaua'i pick any one you want its wide open but you have to do it in 6 minutes. Okay no testimony? Okay we are not there yet but you have no testimony? Okay we will call for the vote. We have a motion and a second.

The motion to add some text to the line item showing that providing designated overtime for KPAL activities in the amount of fifty thousand dollars, was then put, and carried by the following vote:

FOR ADD:	Bynum, Chang, Kualii, Rapozo, Nakamura, Yukimura, Furfaro	TOTAL – 7,
AGAINST ADD:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Mr. Furfaro: Okay, going forward any further discussion on the Chiefs office? Okay hearing none the Police Department is now complete. Now we will go to the Office of the Prosecuting Attorney.

Ms. Yukimura: I have some proposals. I can start talking as soon as I get a copy thank you. I am proposing to take in the Prosecutor's Office - the salaries that are identified for the different attorneys are the top level authorized amounts. The actual salaries are quite a bit lower and so I am proposing to take out a hundred sixty five thousand seven hundred dollars which is the difference between the budgeted and the actual but leaving in 90 thousand for some salary adjustments that may be made during the year. So this is what I propose and I move as to amend the budget as circulated.

Ms. Yukimura move to delete a hundred sixty five thousand seven hundred dollars which is the difference between the budgeted and the actual but leaving in 90 thousand for some salary adjustments that may be made during the year, seconded by Mr. Bynum.

Mr. Rapozo: Mr. Chair, the Department Heads the Deputy Department Heads in all the departments but more specifically County Attorney and Prosecuting Attorneys the Deputy's salaries are set by ordinance. That is Salary Resolution when it gets adopted I believe requires the council to fully fund those positions. I do not believe we have the authority to set the salary or fund a salary. We have had this discussion numerous times in the salary commission/salary resolution hearings but I don't believe we have the authority to set any Department Head or Deputy Department Head at a rate lower than what is required by the ordinance. Obviously I cannot support this, I mean if we start manipulating the salary ordinance which is an ordinance, it's a salary ordinance it's a resolution that becomes law and because the department heads can set the salary less than what the salary commission has approved, we don't have the flexibility to cut the salary. We are required as I have been told many years passed we are required to fund those positions at the level that have been approved by the salary commission. So I am not going to be supporting this and in fact I think the County Clerk and if we can ask the County Clerk I think he has some history on this because it's been discussed so many times.

Mr. Furfaro: Okay, if we can reach out to the County Clerk and Mr. KipuKai you have the floor.

Mr. Kualii: Thank you, Mr. Chair. I actually appreciate what the Vice Chair is trying to do and I would love to see such an attempt at reducing the lapse in funding for salaries across the County. Of course I agree with Councilmember Rapozo and that in these particular positions that are set by ordinance much like the Deputy Prosecuting Attorney's as well as the County Attorney's and Deputy County Attorney's would require a change in the ordinance to have that flexibility in the range of the salary. As long as it's established by the Salary Commission and this council as the resolution comes before us and passes whether we act on it or not the top level is capped at where the position could be whether it is or not. Other than that and so in this particular case I cannot support it but I would love to see your formula apply throughout the county that eliminates the gap or at least half of the gap between what is put in the budget as the salary that would be paid and what is actually paid. I think being that salaries are our largest expense, that's where most of the padding if you will or lapse can be found and I appreciate the administration making the attempt to lesson that lapse by twenty five percent this budget cycle however I think we can do even better but I cannot support this at this time.

Mr. Furfaro: Anyone else wants to speak on this item for the first time? You have a question for the County Attorney? Where did the County Attorney go? Or there he is. Can we have the County Attorney up?

Ms. Nakamura: Al thank you for being here.

AL CASTILLO, COUNTY ATTORNEY, You are welcome, for the record Al Castillo, County Attorney and I'm not wearing my coat I have my official barong tagalong today. I'm sorry Councilmember Nadine.

Ms. Nakamura: Al, the question was raised whether we are able to budget at a salary lower then specified in the salary resolution adopted by the Council earlier this year?

Mr. Castillo: You know whether you are able to budget I don't know the specific answer to whether or not I know the salary ordinance and I don't have the salary ordinance with me right now. I can look into that but my understanding is I know how I do my budget where we are budgeted for the amount but we can pay less so I'm not familiar on how she's doing her budget so I can look at that.

Ms. Nakamura: So, your budget for the County Attorney's Office it specified what you, your deputy and your attorneys are paid by the budget salary resolution?

Mr. Castillo: Yes.

Ms. Nakamura: Do you when you prepare your budget, budget at amounts lower than what is in the Salary Resolution?

Mr. Castillo: No, in my budget if you saw it I budget the max amount allowable by the Salary Commission then I pay accordingly... well I adjust their salaries according to their skills.

Ms. Nakamura: And you do that just out of practice or you don't know whether...

Mr. Castillo: Yeah I'm sorry I don't...

Ms. Nakamura: So, we would need to get that opinion.

Mr. Rapozo: Al, this question is not about the Prosecuting Attorney's Office or the County Attorney's Office.

Mr. Castillo: I understand.

Mr. Rapozo: The question is the Salary Commission sends forth a resolution that this Council adopts.

Mr. Castillo: Yes.

Mr. Rapozo: Those salaries are fixed by the Salary Commission.

Mr. Castillo: Yes.

Mr. Rapozo: My question is - does this Council have the authority to set the salary lower then what the ordinance salary ordinance dictates?

Mr. Castillo: I would like to say that power is within the power of the Prosecuting Attorney.

Mr. Rapozo: No, I am not talking about what the Prosecutor does or you. Any department head, any appointing authority can set the salary lower that's not the question.

Mr. Castillo: Yes.

Mr. Rapozo: We are here with a proposal to drop the salary that was basically ordered by the salary commission, it's an ordinance.

Mr. Castillo: Okay then I will need time to get you guys an answer.

Mr. Rapozo: Okay that's fine.

Mr. Furfaro: Let me ask the County Attorney. Would you want a few minutes to look at the salary ordinance and some of these rules now?

Mr. Castillo: Yes and I don't know how soon you need this answer but I could go get the okay now.

Mr. Furfaro: We do today is the last day for us to conclude...

Mr. Castillo: Okay I got it I got it.

Mr. Furfaro: Okay now before I call for a recess, is there any questions that would like to be burdened on the county attorney at this time so when he's doing his research he's researching all the questions. Let's stay focused on that Mr. Bynum.

Mr. Bynum: We were talking about your practice and your office. Your Deputy County Attorney's are budgeted at 94 thousand 454.

Mr. Castillo: Yes that's the maximum allowed.

Mr. Bynum: And some of those attorneys's actual pay is less than that?

Mr. Castillo: That's correct.

Mr. Bynum: And is it like 40/50 percent less?

Mr. Castillo: No.

Mr. Bynum: Okay so salaries in the prosecuting attorney's office are budgeted for the deputy's at a 101 thousand, zero sixty six. There is one deputy that is being paid 55 thousand even though it's budgeted at 101.

Mr. Castillo: I see that.

Mr. Bynum: Is that similar to the kind of reduction that you have?

Mr. Castillo: No.

Mr. Bynum: Can you share with us how much differentiation a deputy might have from what's budgeted in your office?

Mr. Castillo: Not that's great percentage.

Mr. Furfaro: Take that we are only posing you questions to research. Could you research that question?

Mr. Castillo: Yes.

Mr. Furfaro: When we take this recess okay. I'm going to go down to Vice Chair Yukimura than to Councilmember Kualii. Again keep your questions focused on items that the county attorney may have to do research on.

Mr. Castillo: Excuse me, Council Chair for Councilmember Bynum's question it would be if the maximum is and just for instance 95 you said 94 something so let's just call it 95. It would be not less than 10-15 thousand less than that amount.

Mr. Bynum: So you budget at that range for new deputies in order for you to give some room to give some room to make increases for merit and that kind of thing?

Mr. Castillo: Yes.

Mr. Bynum: But not more than 10 thousand less?

Mr. Castillo: Yes.

Mr. Furfaro: Okay, Vice Chair Yukimura. Please again keep it focused so we can go on a break and get some answers.

Ms. Yukimura: I would like to request that the proposal that I'm making be given to Mr. Castillo?

Mr. Furfaro: I believe it was.

Ms. Yukimura: Okay you have it great.

Mr. Castillo: Yeah I was just given this a few minutes ago.

Ms. Yukimura: Okay great and I just wanted to show you that while I'm proposing to reduce the total salary amount based on the difference between the authorized and the actual. I'm also proposing to leave 90 thousand in the budget for salary adjustments. So I'm not saying that they have to stay at the levels that are budgeted. Do you understand what I'm saying?

Mr. Castillo: So correct me if I'm wrong. What you're doing is you would be and I'm looking at what is this? This proposal and I look at the actual salary so what you're saying is you will be going 90 thousand above these amounts?

Ms. Yukimura: Above the total of actual salaries to allow some adjustments that need to be made.

Mr. Castillo: Okay.

Ms. Yukimura: So it's not like tying them the prosecuting attorney to the salaries and there is leeway for adjustments.

Mr. Castillo: So basically what you're saying is although on the budgeted salary you're intent regarding this proposal is not to give all of the amounts but 90 thousand?

Ms. Yukimura: No the intent is to give six hundred eighty three thousand, two hundred sixty eight...

Mr. Castillo: Plus ninety?

Ms. Yukimura: I mean it still comes down to Councilmember Nakamura's question bottom line is whether the council is required to put in the authorized salary.

Mr. Castillo: Yeah the entire amount.

Ms. Yukimura: Rather than the actual with some for ability to shift and make adjustments whether up or down but actually up giving that leeway.

Mr. Castillo: Okay.

Mr. Furfaro: Okay is that as understood? So the question again at the 683 Vice Chair is saying we leave an allowance of 90 thousand for other salary contingencies. Mr. KipuKai. Did I get that right Vice Chair?

Ms. Yukimura: Yes you did.

Mr. Furfaro: Okay Mr. Kīpū Kai.

Mr. Kualii: Mr. Chair mine is more of a process question and I do want to say that every minute that goes by today is very vital to me because I have to leave at a certain time because I have a flight to catch and it is for council business. I want to see us not continue this discussion and let the attorney go get the answer because if the answer is that the salary commission says it's the caps and the caps have to be in place than this whole proposal is moved. So why argue it or question it, this is what the county attorney does and I would prefer if we not take a recess because I believe I heard Vice Chair say she had multiple proposals for the Office of the Prosecuting Attorney, so while this proposal is being investigated lest get on with the next proposal if possible thank you.

Mr. Furfaro: Okay well the recess was first for him to have 10 minutes to do some research, I don't think he can sit there and do the research to answer the questions. Secondly I have said that I would take this 10 minute recess to give him some time and if he comes back and says we need more time than that than we have to make a different type of decision. I'm going to ask Mr. Rapozo if you have a question.

Mr. Rapozo: Well I originally asked for the County Clerk to come up and...

Mr. Furfaro: I have the County Clerk ready for that we can do it when we come back from recess.

Mr. Rapozo: Okay.

Mr. Furfaro: Okay Al we're going to take a recess here so you can answer some of these questions. I'm not ending the meeting Mr. Bynum I'm giving him sometime to ask some questions.

Mr. Bynum: I know.

Mr. Furfaro: We're in a ten minute recess.

There being no objections, the Council recessed at 10:13 a.m.

The Council reconvened at 10:23 a.m. and proceeded as follows.

Mr. Furfaro:
the questions posed to you.

Mr. Castillo we're back in session if you could address

Mr. Castillo: Okay I guess a little bit backwards. On the exact amounts for the County Attorney's Office on the exact amounts for the County Attorney's Office Deputies, someone is getting that information for you because I don't have that information right now. In terms of whether or not this council has the ability to reduce the budgeted salary amounts as contained in the first column and the answer to that is no and it is guided by the salary resolution. So it would be in this case the 101,066 and in terms of the 50 thousand 533 and the 80 thousand, that's the prosecuting attorneys prerogative at that time in submitting her budget to you but the council would be your usurping the powers of not only the salary commission but the also the appointing body. If the council were to change the numbers do what's stated in the right hand column of this chart.

Ms. Yukimura: Thank you.

Mr. Castillo: You're welcome.

Mr. Furfaro: Okay any more questions Mr. Rapozo.

Mr. Rapozo: I don't have a question.

Mr. Furfaro: Okay thank you we're going to bring up the County Clerk now.

Mr. Rapozo: Mr. Chair we don't need the county clerk.

Mr. Furfaro: We don't need the county clerk?

Mr. Rapozo: Yeah because the county attorney has just made it clear.

Mr. Furfaro: I wasn't sure exactly your rationality and the next set of questions okay, thank you Al.

Mr. Castillo: You're welcome.

Mr. Rapozo: I just wanted to make some clarifications because I had the opportunity to work at the Prosecuting Attorney's Office for almost 2 years well a year and a half. I think first of all some of these salaries the actual salaries I mean I'm sorry the budgeted salaries you know some of these positions are grant funded partially grant funded so what we're reflecting are the salaries that the county pays. Also Mr. Bynum referenced the fifty five thousand and if you look on the text it says law clerk in parentheses because I think what the Prosecuting Attorney's Office does which I think is a smart thing is they hire law clerks which are attorneys that are either from another jurisdiction awaiting the bar or law school graduates that have taken the bar and are awaiting the results. They are hired as law clerks and they do all the research and all the legal work to help the attorneys and when they pass the bar they get bumped up to a prosecuting attorney's status. I think it's a smart way to budget because you get the use of an attorney although maybe not passing the Hawaii bar, you get the use of the attorney at a much lower pay. At that point that person passes the bar and becomes a Hawaii Attorney than the pay gets bumped so I just wanted to make sure the public understands some of the low salaries are partially grant funded so the county input is a lot less and the 55 dollar again as its stated in the text is not an attorney it's a law clerk and that's the reason thank you.

Mr. Furfaro:

Okay, Mr. Bynum.

Mr. Bynum: First of all, I would like to be able to make these comments uninterrupted and based on past experience I'm concerned that I will be. I accept and understand the county attorney's opinion here and Mel is correct it has been the practice of the current attorney to bring in people who have not passed the bar in the State of Hawai'i as law clerks at a lower salary, have them working in the office until they become attorney's and then pay them. Some of these are 30 thousand or usually they don't go to the 101 and usually in our budget we have 3 dollar funded positions that as far as we know are vacant and they've been filled with those salary savings. Of course I had to go to personnel to discover that because the prosecuting attorney wouldn't answer questions when she was here at budget. When she was here at budget she had a lengthy presentation and then we had a lot of discussion and recesses and both councilmember Yukimura and I asked for a budget call back in order to finish questions not related to POHAKU but to other elements of her budget. Also in writing when we asked written questions the prosecutor refused to answer those until she was given an attorney which has happened yet also the council funded an attorney. We have not been able to ask the questions on these positions, on a lot of the other things she presented that day, we have not done our full due diligence and we've been restricted from doing that by a refusal of the prosecuting attorney to answer our questions.

In addition to that so I'm left with having to get information from other sources and I was able to get information from personnel and discovered that some of the things that Mr. Kualii has been talking about filling dollar funded positions without informing the council. Morphing positions that say one thing and turn into something entirely different has been a common practice at the prosecutor's office. We have a position in here call Executive Protocol Officer that didn't exist prior to this prosecuting attorney. I was never able to ask the questions of what that position entails and how it was created and how it was morphed. There is also another position that seems to be dedicated to diversion programs and according to personnel records that individual was hired as a victim witness counselor and was in that position for 30 days and then the position morphed into a new title at a higher salary. I don't know exactly what that persons activities are, I can assume that they're for diversion programs based on other proposals. There are line items in here for 20 thousand dollars for diversion programs and I would like to know how that funding was used last year. The prosecuting attorney told us that when she created POHAKU that we would have a update and a briefing but subsequent to that without any discussion among the council new positions have been created, monies have been expanded that we don't know what they were for. I can make some assumptions that they were for the...

Mr. Kualii:

Mr. Chair, I would like to raise a point of order.

Mr. Furfaro:

Okay your point?

Mr. Kualii: I just want to let and in the interest of time, we had a motion, we had a second, we had the attorney come and tell us basically that what the motion was trying to accomplish we cannot do. So what we haven't had is we haven't had the motion and the second to remove that motion which is the logical thing to do so that we can move on. Instead what we're having is discussion that's going all over the place and we're not accomplishing what we need to get done so Mr. Chair, please move this along.

Mr. Furfaro:
ruling?

Mr. Bynum, do want to say anything before I make a

Mr. Bynum:

Absolutely.

Mr. Furfaro: To me, before I make a ruling.

Mr. Bynum: You know, I predicted I would be interrupted it's a common experience for me here at the Council. This motion came up, Mel spoke to it, then we got the ruling from the County Attorney and he spoke to it again and...

Mr. Kualii'i: And you just spoke to it.

Mr. Furfaro: Excuse me, Mr. Kualii'i let me handle these members, let me handle this. Mr. Bynum.

Mr. Bynum: I have a right to speak, it is being truncated and denied by these tactics and I believe I have a right to continue and to be engaged as a councilmember. We have to stop pretending like there are no problems at the prosecutor's office and we have to be able to speak about them...

Mr. Kualii'i: Not now.

Mr. Bynum: So in the interest of time Mr. Rapozo gets to speak but Mr. Bynum does not is what Mr. Kipukai...

Mr. Furfaro: I am making that decision and now you can address me go ahead.

Mr. Bynum: I will listen to your decision.

Mr. Furfaro: Okay and so I am asking since the advice we got from the county attorney was such that it was not recommended that we attempt to modify those particular pieces, do you have a new proposal?

Mr. Bynum: I will.

Mr. Furfaro: Okay.

Mr. Bynum: I think I should be afforded the same courtesy Mr. Rapozo had...

Mr. Furfaro: Don't imply that I did not give you the same courtesy. I asked you a question, I asked you a question. Do you have a new proposal?

Mr. Bynum: I will eventually.

Mr. Furfaro: Okay do you want to take a recess now to make that proposal?

Mr. Bynum: I want us to continue in the interest of time.

Mr. Furfaro: And I am not going to allow you more than 6 minutes for comments, that's the rules.

Mr. Rapozo: Mr. Chair, I want to raise a point as well. Rule 13C which is where members need to stay on topic. I spoke on the motion. I spoke on the proposed motion

that was presented by Councilmember Yukimura. I did not speak about an executive protocol officer, I did not speak about any other... those issues can be discussed at a later time.

Mr. Furfaro: And Mr. Rapozo I have made my statement and I am letting him have his 6 minutes which is covered in the rules. Please continue.

Mr. Bynum: Of course I do not remember where I was because I had my comments interrupted.

Mr. Furfaro: Okay let's take a recess.

Mr. Bynum: We do not need a recess, Chair.

Mr. Furfaro: Well then do not make the comment that you did not have your thought together. Please continue with your 6 minutes. Come on folks, we have a lot to cover here and I am quite exhausted myself so please continue.

Mr. Bynum: How do we make informed decisions when information that every other department head from this county has not provided us and in good conscious there are things that I can't vote for when I don't know how their used. That's why I was saying we funded an amount for diversion programs last budget and there are request for more funding, 10 thousand here and 20 thousand here that I assume for diversion programs but I don't know because I wasn't able to ask the questions. I don't know for sure but I do know and I want to know how those funds were spent previously. I believe that a significant amount of them was spent on POHAKU items like orange bags and orange brochures that were passed out...

Mr. Rapozo: Mr. Chair, I have to raise a point because we are not on the motion we are off the motion and Mr. Bynum will have an opportunity to remove these monies at a later time. Rule 13C is point that I am raising.

Mr. Bynum: Okay, I will be silence again Chair, you do not have to rule.

Mr. Rapozo: Okay, I call for the question, Mr. Chair.

Mr. Furfaro: Okay, on the motion.

Ms. Yukimura withdrew the motion based on the County Attorney's opinion, Mr. Bynum withdrew the second.

Mr. Furfaro: And I want to make something clear here, I am embarrassed here. I am embarrassed from both sides of the table so let's stay on point and if you're not happy with something then just vote no okay. Council women Yukimura you have the floor.

Ms. Yukimura: Thank you, my next proposal is being circulated.

Mr. Furfaro: Okay, would you see that we have a County Attorney in the audience.

Ms. Yukimura moved to approve proviso in Other Services and Community Prosecution that there be no funding for Diversion Programs accept for Teen Court or Drug Court without Council approval, seconded by Mr. Chang.

Ms. Yukimura: Yes Mr. Chair, thank you. This is designed to make sure that there is no funding for the future funding of the POHAKU Project. It is unprecedented that a department head would refuse to answer legitimate questions about our budget for no good reason and on that ground alone I think we have justification to remove the POHAKU Project from the budget. The goals of the project are very noble and inspiring, I agree and I think all of us agree that an effort to divert many first time offenders from incarceration is a good goal but we all know the adage that the role to hell is paved with good intentions and good intentions are not enough. Implementation is the key to any program and from what we've been able to tell based on public record implementation has been very disappointing and possibly not even legal. It's putting the credibility of the prosecuting attorney's office in question and possibly exposing the county to liability. As I mentioned everything I'm saying here is based on public record. So far as we can determine there is no contract between the Prosecuting Attorney's Office and the Strategic Justice Partners that allegedly is implementing the POHAKU Project and actually Dr. Blackwell verified that when she testified. We haven't been able to raise questions and it's unheard of that there's an ongoing county project without a contract. I think it actually raises questions as to whether the procurement laws have been followed. We are also apparently directing defendants or the prosecuting attorney's office to a contractor for which there is no contract which means there is no indemnification protection for the county.

There is an appearance of double dealing when the First Deputy is listed as the special agent of the contractor doing business with the office of the prosecuting attorney using the address of the county prosecuting attorney's office which is public property. We are having public property used as an address for a private company and there has been no evidence of competitive processing in selecting the POHAKU contractor which I find to be an insult to local non-profits which are highly qualified and deserve a chance to bid to deliver services for the county. There is also a requirement of 200 dollars for defendants in the POHAKU Project to pay in order to participate in the program which in my mind discriminates against those who cannot afford a 200 dollar fee. For all of these reasons It is unconscionable in my mind to allow the program to continue especially when the prosecutor will not avail herself to answer questions about it. That's why I am proposing this proviso that will not allow any monies to be used for a diversion program except Teen Court and Drug Court without council approval.

Mr. Rapozo:

Mr. Chair.

Mr. Furfaro: Before I recognize you on the floor, you know folks I want to tell you that you need to follow our rules and I want to make sure before this gets more difficult, I will take a recess when I think it's necessary and I reserve that right. When you make a motion or any member wants to get a ruling on a point of order you are required to state the point of order in the rule that you are taking. I will make that decision, if you are unhappy with the decision you may appeal it for a 4 person vote. Let's follow that and stop getting up from the table walking away and people standing up and so forth. Those are the rules okay those are the rules. So we've heard from Councilmember Yukimura and now I will recognize Mr. Rapozo as we did not have a second on the motion.

Mr. Rapozo:

Dickie, made the second.

Mr. Furfaro:
the floor.

Did we, thank you very much. Mr. Rapozo you have

Mr. Rapozo: I just wanted to say that the reason we didn't have the discussion of the POHAKU Program was because that was under the advice of the County Attorney. And I know that Mr. Chair because you were absent and I was here and that was the

reason and Mr. All Carillon can attest to that but the reason why we didn't have the discussion on POHAKU was not because the prosecutor did not avail herself it was because the county attorney had advised this council not to go there until further things. My comments are very simple, that whole POHAKU issue is moving through a process that we don't know what the outcome of that process will be. I'm not going to be supporting this motion simply because I believe the POHAKU Program is a good program, I believe that as I have spoken to the District Court Judge, Trudy Senda, I have spoken to some instructors and I have actually spoken to some of the clients that have participated. Now we're standing the question about procurement and that's being addressed, I'm talking about the program and this motion is about the program itself. Should the results of the inquiry find that procurement was a problem than I'm assuming that will be addressed? I don't want to hamper that success to that program at this point if in fact it is found that the program cannot be utilized than the program won't be utilized. At this point I think it's too premature to exclude the funds and again usurping the authority of the department head to utilize the funds as you see fit so I'm not going to be supporting this thank you.

Mr. Furfaro: You're correct in your statement that the POHAKU review is to be discussed on the May 23 Council Meeting so I just wanted to confirm that. Go ahead councilmember Nakamura.

Ms. Nakamura: Chair, I have a question for the County Attorney. Al, I have a question regarding this proposal before us. Only because I recall previous budget discussions that we're not able to approve the budget contingent upon further council approval and this does that. So I just wanted to clarify, do we have the authority to approve a budget line item with a contingent that you have to come back to the council?

Mr. Castillo: That is what probomatic in this proposal is without council approval and yes you have identified a problem here because it would be a second approval as you've stated. So I don't know well anyway I just wanted to answer your question and I agree.

Mr. Furfaro: Okay, stay right there. Mr. Kipukai.

Mr. Kualii: Mr. Chair in hearing that and I will keep my comments really brief. I just wanted to say that during the budget process Vice Chair Yukimura submitted several questions to the Prosecutor some including the POHAKU program and we got nearly 150 pages back from the prosecutor. More information, more micromanaging if you will by this department, by this council on this department than any other but a lot of information right here Vice Chair.

Ms. Yukimura: Except the contract which I asked for.

Mr. Furfaro: Excuse me, you weren't recognized and I can give you the floor, everybody lets control our temperament please. I will recognize you but I want to make a personal point of privilege right now Al. This is directed at the county clerk; please make sure that our staff breaks at lunch, some of them at 11:30 and some of them at 12:30 because we'll be working through lunch. Vice Chair Yukimura you have the floor.

Ms. Yukimura: Mr. Castillo without council approval is not on any program that's being approved in this budget so there is no second approval it's just saying that if you want any other proposal you need to come. I mean we could probably just take it out right and it would be fine?

Mr. Castillo: I think you're comment is a little bit different from Councilmember Nakamura's comment regarding coming in for a second approval after the item has been approved. I think that's kind of like two different things because one begs the second approval.

Ms. Yukimura: I mean so the question is whether this is actually a second approval and therefore inappropriate?

Mr. Castillo: Yes.

Ms. Yukimura: It is?

Mr. Castillo: It would be if there's a requirement to come in with a second approval after the approval for the line item has been approved.

Ms. Yukimura: Well it says that if you want another program you have to come in for approval, that's all it says so it's like a first approval.

Mr. Castillo: Than it would be clearer if there's line item and you approve that line item without any condition precedent.

Ms. Yukimura: There is no condition president it just says that it cannot be used for anything but Teen Court and Drug Court. So we'll take out without council approval.

Mr. Castillo: Than that's a restriction you're putting on.

Ms. Yukimura: Right and is the restriction itself not legal?

Mr. Castillo: Yes the restriction wouldn't be legal.

Ms. Yukimura: Okay thank you.

Mr. Bynum: Sorry than the restriction would not be legal?

Mr. Castillo: Well you're saying that your approving monies from certain programs and that would make it clearer.

Ms. Yukimura: Okay alright, alright.

Mr. Furfaro: You said that it would make it that much clearer is that what I heard?

Mr. Castillo: Yes.

Ms. Yukimura: So if I may...

Mr. Castillo: Well the way that it's stated...

Ms. Yukimura: Okay so what if we say funding shall be used only for Teen Court and Drug Court?

Mr. Castillo: You know I would appreciate prior discussion as far as what you intend to do and how you intend to do this.

Ms. Yukimura: We are intending to have this used only for Drug Court and Teen Court that's it. How can it be any clearer?

Mr. Castillo: Well that's what you're funding it for.

Ms. Yukimura: Right but we're saying it cannot be used for something like the POHAKU Project.

Mr. Castillo: Okay.

Ms. Yukimura: That's fine right?

Mr. Castillo: It would be cleaner if you just said this money is for the Teen Court Program and monies used for any other purpose will not be appropriate.

Mr. Furfaro: Okay thank you Al I'm going to recognize Councilmember Rapozo now.

Mr. Rapozo: I was going to ask you a real quick question a simple question, legal question. Does this language you (inaudible) the authority of the power of the department head?

Mr. Castillo: Yes because you are able to move monies around and so I don't know... yes.

Ms. Yukimura: Question? You're basically saying...

Mr. Furfaro: I will give you the floor again go right ahead.

Ms. Yukimura: You're basically saying we can't do a budget because we can't specify use of monies for certain purpose? Are you kidding... that's what budget is all about.

Mr. Castillo: No but what's happening the way that the question is... I think we should take a recess and I want to understand where you're coming from before I go back and forth with this dialog.

Mr. Furfaro: Okay Al I'm going to call for a recess to do this for 10 minutes at that time I want to talk to the clerk if I can orchestrate the timing of the breaks for the staff. We're on recess.

There being no objections, the Council recessed at 10:57 a.m.

The Council reconvened at 11:08 a.m. and proceeded as follows.

Mr. Furfaro: Okay I want to make sure we understand we have a time schedule today. Go ahead Al you can start, we're back from recess. Mr. Bynum I would appreciate it if you can come to the table if you're in the chambers. Go ahead Al.

Mr. Castillo: Okay under normal circumstances if you have a budgeted item and you don't use all of those monies for that particular budgeted item nothing prevents the department head to move funds within his or her budget. To words of restriction without doing extensive legal research on this to me is a question of separation of powers because

you're trying to dictate to the department head as far as what to do within that particular persons department. Now another way of addressing this issue would be to say I see how you have 20 thousand here but you could come in a fund if you're worried that funds are going to be used for any other program than one of the things you could do is cut that fund as far as 10 thousand and if more funds are needed to support the Teen Court Program then more funds could be requested from the council. I'm just throwing things out there and I don't want to tell you how to complete your legislation but it is a separation of powers issue that we're asserting.

Mr. Furfaro: Okay Mr. Bynum.

Mr. Bynum: I'm going to have 2 or 3 questions relating to this. The first is so a department head if we have a line item for community prosecution, they can move that anywhere they want into salaries and travel and?

Mr. Castillo: Yeah well normally and what we normally do is have the authorization with our Finance Director. Yes you can move monies within your department.

Mr. Bynum: And if there was a similar item in the last budget for 10 thousand is the council entitled to know how those funds were actually expended?

Mr. Castillo: Entitled?

Mr. Bynum: Yeah.

Mr. Castillo: Right now I don't know whether or not there is a requirement that requires the department head to notify the council of any movement but I know there is a requirement here that calls for a monthly report so...

Mr. Bynum: Al I want to make sure you understand my question.

Mr. Castillo: Okay.

Mr. Bynum: If there is a budget line item that we approved last year, is the council entitled is the public entitled to know how those funds were actually spent?

Mr. Castillo: I cannot answer that question I don't know about entitled.

Mr. Bynum: Unbelievable isn't it public knowledge if the county money gets spent? Isn't that public record?

Mr. Castillo: Well you said entitled and I'm only dealing with where in the Charter, does it say that the department head has to report to the council but I can look that up.

Mr. Bynum: One of the questions I wanted to ask was how these funds were expended? What did you use them for already not what you intend to use them for.

Mr. Castillo: Than I think that is fair gain for the department head for you to ask those questions.

Mr. Bynum: Well I wasn't allowed that opportunity but I want to ask you this legal question. Isn't it public record and available to any member of the public to know how county funds are actually expanded?

Mr. Castillo: Yes it's public record but you're talking about entitled and I'm talking about what is the requirement of the department head to this body.

Mr. Bynum: I wanted to know how positions moved around I had to get that information from personnel but its public record.

Mr. Castillo: I'm sorry I don't know what the reporting requirements are at this point and time.

Mr. Furfaro: Will you yield the floor to councilmember Yukimura?

Mr. Bynum: Yes.

Mr. Furfaro: Councilmember Yukimura you have the floor.

Ms. Yukimura: So when we had solid waste programs once it was in a CIP Budget we've listed some of the kinds of things and I think the administration did but the council put in a restriction that it could not be used for waste to energy. I believe that was a totally legitimate part and it's a definition of what monies can be spent for and that's what a budget is a definition of what money can be spent for. It also tells the administration you may not spend it for this or this. Whenever there's a general topic of programs and you want to give leeway but you want to make sure it's not spend for a particular item you say it shall not be spent for this. I hope you will say that is a legitimate budgetary line description.

Mr. Castillo: Well councilmember Yukimura I'm not prevue to the set of circumstances that you're talking about and I don't want to speculate as to what happened.

Ms. Yukimura: I'm talking about past budget practice.

Mr. Castillo: That's the thing when you talk about past budget practice and what happens in the past, I would prefer getting a set of circumstances where I could do the research and come out with an answer. I don't want to speculate as to what...

Ms. Yukimura: Well you have the circumstances right in front of you right now which you're saying except for diversion... any oh how does it go sorry. Shall not be expanded for any diversion program except teen court and drug court and that is not legal?

Mr. Castillo: what I answered before is that the way that I can answer that is if the council now would authorize a 20 thousand dollar budget for teen court and or drug court in the event that not all of those monies are spent and there are extra monies, those extra monies could be used for something else pursuing to the discretion of the department head.

Ms. Yukimura: Excuse me?

Mr. Castillo: Putting a restriction on extra monies that the department head could use is not within your powers. That would be crossing the line on the separation of powers.

Ms. Yukimura: What! I am sorry the budget is what tells the department heads what they can spend it on.

Mr. Castillo: Yes and...

Ms. Yukimura: So another way of telling people what they can spend it on is telling them what they cannot spend it on.

Mr. Castillo: Instead of calling me here and showing me this paper I would really prefer that I know what you're questions are now and let me go do the research and because I told you what my position is and I'm not going to move on that position. I'm saying that it would be cleaner because if you say that you're going to give 20 thousand dollars to teen court and or drug court than that's what it is.

Ms. Yukimura: Okay so shall be used only for teen court or drug court is fine according to you?

Mr. Castillo: Well if there's a challenge to that I can't say what the answer will be at that point in time.

Ms. Yukimura: Okay but is it okay for us to go ahead there is no challenge right now?

Mr. Furfaro: Al would you be prepared to have that discussion with us on the 23?

Mr. Castillo: Yes I will I would like some time too because this is a touchy situation regarding the diversion programs of the Prosecutor's Office.

Mr. Furfaro: And let me also say that I will share with you the format that I use when I transfer funds within the council budget from account to various accounts with an explanation signed off so if there's a deviation from the budget there's at least an audit trail. I would hope that is the practice throughout the county that for the finance department when funds are transferred from various accounts there would be an audit trail.

Mr. Castillo: That's my understanding to, Council Chair.

Mr. Furfaro: I want to make sure we're all understand that a budget is a forecast, a budget is a forecast about revenues and expenses that are supported by a plan and in this case the plan is the various department heads who come up and explain those expenses. Would you be prepared to answer some of these questions on the 23?

Mr. Castillo: Yes I would.

Mr. Furfaro: Thank you. Mr. Bynum you have the floor.

Mr. Bynum: I understand you need time to do this and I was actually waiting for you to say that but what you're saying is no matter what we approve in the budget department heads can move it any way they want. In addition to that you wouldn't answer my question as to what they actually spend... are we entitled to know that? Right because I don't know that, I don't know how these funds were used last year right. So I would ask you to research the second question, isn't anybody entitled to know how county funds are actually expanded?

Mr. Castillo: Okay, I hear your question on whether or not you're entitled and what the law requires and we'll get back to you on that.

Mr. Bynum: I don't think departments can keep secrets on how they spent their money.

Mr. Castillo: And I'm not saying that anyone is suggesting that anything is kept secret from councilmember's or anything is kept secret from the general public you're putting me in a position where you're telling me am I not entitled to this and I'm coming from the view point of the county attorney to give you an answer.

Mr. Bynum: I will await your written response.

Mr. Furfaro: He's going to wait for that response and we'll have that discussion on the 23. Folks I want to get back to the business at hand here, business at hand during budget decision making there is a proposal about handling some changes to the supplemental budget as it relates to programs for teen court and drug court.

Mr. Rapozo: Mr. Chair?

Mr. Furfaro: Yes let's stay on that subject public you're putting me in a position where you're telling me am I not entitled to this and I'm coming from the view point of the county attorney to give you an answer.

Mr. Bynum: I will await your written response.

Mr. Furfaro: He's going to wait for that response and we'll have that discussion on the 23. Folks I want to get back to the business at hand here, business at hand during budget decision making there is a proposal about handling some changes to the supplemental budget as it relates to programs for teen court and drug court.

Mr. Rapozo: Mr. Chair?

Mr. Furfaro: Yes let's stay on that subject.

Mr. Rapozo: I would like to call for the question.

Mr. Furfaro: Okay we have call for the question.

Ms. Yukimura: Mr. Chair.

Mr. Furfaro: One moment please before we go to the call of the question Council member Nakamura asked me if she could have Wally available to her and be ore you go I'm going to give Al the action plan at the council when we transfer funds so that you can use this for researching. It's very simple moving funds from account to account with the approval of the administrator who is the council chair.

Mr. Rezendes: That's not necessary we have that already exactly the same process.

Mr. Furfaro: I just want to reassure the audience because some statements have been made that we do have controls and Al acknowledged by a shake of the head, Ernie did that we have it so I'm offering this to him and I will still offer it to him because he's

required to do some research for us and you can start with this formality please. Okay Wally you were asked up by councilmember Nakamura.

Ms. Nakamura: Yes Wally based on some of the concerns raised about the POHAKU Program I just want you to answer one question. Is that program operating today?

WALLY REZENTES JR., DIRECTOR OF FINANCE: I'm sorry Wally Rezentes Jr., Director of Finance. I have been notified by e-mail from the prosecutor's office that that program has ceased.

Ms. Nakamura: Thank you.

Mr. Furfaro: Okay.

Ms. Yukimura: What was that I'm sorry?

Mr. Rapozo: They ceased it's not going.

Mr. Furfaro: Pau and that's P.A.U. for the writer not pow and I will send you a list of local terms but that program is pau. Okay thank you for the question Vice Chair Yukimura.

Mr. Rezentes: Okay I'm sorry maybe the more appropriate term is suspended.

Mr. Furfaro: Suspended thank you and there's no confusion on the spelling on suspended so.

Ms. Yukimura: Who can un-suspend it? How is it suspended what do you mean by suspended?

Mr. Furfaro: I'm going to caution all of you we're going to get a report in executive committee on the 23 of May and the way you're going at this and you should speak up AL that we could be compromising some of the process for the 23. Am I correct?

Mr. Castillo: Council Chair yes and I wasn't going to interrupt.

Mr. Furfaro: Well I said it for the third time, it is an agenda item for the 23 of May, Vice Chair we have an inquiry to call for the question?

Ms. Yukimura: Yes Chair so I just want to understand so the POHAKU Project was part of the budget proposal right so there are monies in here for it so that means we can take it out if it's pau or suspended not unless there's a possibility that its un- suspended and it will be proceed because its authorized here. Right that's what I'm trying to make sure that...

Mr. Furfaro: I think we understand what your point is but we can't deal with all the facts until the 23. We were promised this an agenda item on the 23.

Ms. Yukimura: Well then I think we should remove any funding that might be used for the POHAKU Project in this budget and if for some reason it's going to be re-authorized it should be a formal process of re-authorizing that would bring accountability because there would be clarity about what's going to happen and how it's going to happen.

Mr. Rapozo: Okay the motion on the floor is this and I'm calling for the question.

Mr. Furfaro: The question has been called for and I have a second.

Mr. Rapozo: Thank you.

Mr. Furfaro: Lets close the other one and if we arrive here at 2:30 and we don't actually vote on the budget I want to say that we're going through all these motions for 20 thousand dollars when we have 161 million dollar that we have to approve. You all knew that I've said it earlier about the 23 we're having this discussion but I want to make sure we understand where we're at.

Ms. Yukimura: Mr. Chair I just want to move ahead by...

Mr. Furfaro: Okay so did you withdraw your earlier amendment?

Ms. Yukimura withdrew the motion of the proviso in Other Services and Community Prosecution that there be no funding for Diversion Programs except for Teen Court or Drug Court without Council approval, based on the advice from the attorney, Mr. Chang withdrew the seconded.

Mr. Furfaro: Thank you.

Ms. Yukimura: Okay, so I think the no funding for any diversion program except teen court or drug court... anyway we'll just go with that and vote it down if you don't agree.

Ms. Yukimura moved to remove ten thousand dollars from line item and removing totally the Community Prosecution line item of ten thousand dollars, seconded by Mr. Bynum.

Mr. Furfaro: Okay I have a motion and a second and I'm calling for the vote. We've had discussion on this...

Mr. Bynum: I am sorry, Mr. Chair.

Mr. Furfaro: I am sorry too.

Mr. Bynum: I would like to have discussion like we've done in every single thing.

Mr. Furfaro: I am sorry to I am calling for the vote.

Mr. Bynum: I object.

Mr. Furfaro: So noted.

Mr. Bynum: Point of order.

Mr. Furfaro: So noted.

Mr. Bynum: Point of order.

- Mr. Furfaro: State the rules.
- Mr. Bynum: My constitutional rights are being violated right now.
- Mr. Furfaro: Okay, call the rule you want interpreted.
- Mr. Bynum: I want to have discussion on this item like we have every other single item.
- Ms. Yukimura: I believe Roberts Rules of order allows discussion.
- Mr. Furfaro: We will go to our rules. You have just pointed me as someone who does not follow the... I just want to get to the end of our budget package. We are in decision making process during the time that Vice Chair introduced the first one that was withdrawn we discussed this item okay so let's not go where we don't need to go on tons of new discussion and you have the floor Mr. Bynum and you have the floor Mr. Bynum.
- Ms. Yukimura: Go ahead.
- Mr. Furfaro: You have the floor Mr. Bynum.
- Mr. Bynum: This is the motion I was going to make to remove some of this funding that's being used for diversion programs. We were not allowed to ask the questions when we put the questions in writing the Prosecutor responded in writing... I'm not going to answer these questions until I have an attorney aside. It is unprecedented to need an attorney to answer budget questions. We had this similar item in last year's budget, I wanted to know how it was spent but I can assume based on my own observations that a significant amount of this money was spent making program materials for the POHAKU Program that was colored orange that had bags and brochures with the Prosecutors picture on it that were distributed at the Farm Fair that most people assumed was a booth for the campaign of the Prosecutor.
- Mr. Furfaro: Okay that is... We're on recess.
- Mr. Rapozo: Point of order.
- Mr. Bynum: So, I'm not allowed to speak my mind.

There being no objections, the Council recessed at 11:29 a.m.

The Council reconvened at 11:36 a.m. and proceeded as follows.

Mr. Furfaro: Okay we are back in session here and going forward I want to make sure as I read half an hour ago if you feel a rule has been violated you need to state the rule. I would also like to make sure I am extremely concerned with my earlier statement as we have procedures going on that will be reviewed on May 23. I also do not believe that I violated someone's Civil Rights because right here at the table is your rights as a member as a body so I would like to take Vice Chair Yukimura who had something new to offer. I will recognize her on the floor.

Mr. Bynum: Didn't I have the floor? When we broke did I have the floor?

Mr. Furfaro: Yes you did Mr. Bynum, Vice Chair Yukimura asked me for the floor when we came back okay. So Vice Chair I will not recognize you Mr. Bynum has the floor again. Mr. Bynum.

Mr. Bynum: Now did someone raise the point of order as to why I am not allowed to speak my opinion or my views?

Mr. Furfaro: Can you quote the rules?

Mr. Bynum: Can you quote the rules that say I'm violating it by speaking what I choose to speak.

Mr. Furfaro: Okay Mr. Bynum, you have the floor for an additional 3 minutes.

Mr. Bynum: How can we in good conscience for funds that we know may be misused when we've been given no accountability when the prosecutor has come here and basically pled the 5th amendment and said and said I can't answer your question until I'm represented by an attorneys. I think it would be uncontainable to leave these line items at the same amount so I'm supporting this resolution and I object strenuously to be repeatedly cut off and I believe at least my rights as a member of this body are being violated.

Mr. Furfaro: Okay so noted if you would like to file a complaint against the Chair you are so allowed. Vice Chair you wanted the floor?

Ms. Yukimura: Yes, this has been a moving target so I'm going to withdraw my last memo and I promise you this is the last version of this motion and if it can be passed out. I'm going to withdraw it and ask for the second to withdraw the second. Given the fact that we've been told that the POHAKU Project has ceased, I'm just being really clear in my motion that monies shall not be used for the POHAKU Project. It was part of the budget and I'm removing 10 thousand from it in the line item of other services which is a Teen Court-Drug Court service and so it can be used for Teen Court and Drug Court but not for POHAKU. I'm also proposing to remove the community prosecution line of 10 thousand dollars which I think is approximately what the POHAKU Project probably was going to take but since we couldn't talk to the prosecuting attorney we have to work with estimates or approximations and if somehow we're wrong and she's willing to talk to us then we can always alter it. My motion, that's my motion and I need a second?

Mr. Chang: Second.

Mr. Furfaro: Second by Mr. Chang now Mr. Rapozo.

Mr. Rapozo: Mr. Chair, maybe I miss understood what the County Attorney said earlier and I'm not going to be supporting the motion. I do believe that and now when I rehash this debate I'm just going to say that I'm not supporting the motion. Department heads as our department head this department ourselves have the flexibility to move funds, spend funds as far as how they want to and I think to specifically restrict is not number one I don't think it's legal but I'm not going to get into the legal debate I'm going to vote no thank you.

Mr. Furfaro: Councilmember Nakamura did you want the floor?

Ms. Nakamura: Yes, you know the timing of this is not perfect because we really have not gotten our full briefing from the county attorney which I understand now from Council Chair that's is scheduled for My 23. We have heard from the Finance Department that the

POHAKU Program is suspended and I would like to understand the results of the inquiry and review of that program. A lot of allegations have been tossed around and really for myself need to get to the bottom of it and I think the briefing on May 23 will enlighten us so I think the part that you said Tim is which is we know their maybe funds that have been misused and that's right from what you said, there may be funds that have been misused. I think it's important that we have that briefing and I reserve my right to review this following that review.

Mr. Furfaro: Okay any other commentary?

Ms. Yukimura: Yes, I just want to say that the County Attorney according to him and councilmember Rapozo was the one who asked or declared that we shouldn't ask questions because the prosecuting attorney has asked for a special council and she could have raised her rights so it was really under her control...

Mr. Rapozo: Excuse me and I want to raise a point I want to raise a point.

Mr. Furfaro: Excuse me, you made a point so refer to a rule number 13.

Mr. Rapozo: Excuse me, Rule number 13-C which is where the members are required to stay on point. The motion is to remove funds and we've heard this discussion for a long time Mr. Chair this was suppose to have taken 45 minutes and we're now almost at noon and we're not going to have a lunch break and I don't want to hear about that already. The motion she can justify her motion to remove the funds and we've heard it for a long time so I want the discussion to be on the money. If you don't feel comfortable that the money was spent properly than vote no or vote yes in this case but to have to go through this again Mr. Chair I think it's unnecessary and I my biggest issue is Mr. Kualii will be leaving on a jet plane and we're going to lose a vote.

Ms. Yukimura: That's not related to the point.

Mr. Rapozo: Well it is because I want to move this along.

Ms. Yukimura: I know but Mr. Chair.

Mr. Rapozo: My point is that we're off the motion, thank you.

Mr. Yukimura: Excuse me, Mr. Chair I was responding to a point that Councilmember Rapozo made in this discussion and I feel it's part of the discussion. May I continue?

Mr. Furfaro: You may continue.

Ms. Yukimura: So it's not like it was a county attorneys ruling it was the prosecutor that has asked for special council that caused the limitation on the debate and I want to also say that in the questions and I will just read this and be done. As related to the POHAKU Program and Strategic Justice Partners, please provide the following information and this is our request. A copy of the contract between Strategic Justice Partners and the Office of the Prosecuting Attorney, written documentation confirming Strategic Justice Partners coinsures the county was a competitive procurement process followed in selecting Strategic Justice Partners. Please provide the request for proposal or any related documentation. The answer that we get in writing is until special council is appointed to advise the office of the Prosecuting Attorney we will not be able to provide the requested information.

Mr. Furfaro: On that note I would like to call for the vote, we have a motion and a second. I would like to remind everyone as I said we have an opportunity for a better understanding and considerations on this when we have our briefing on the 23. May I have a roll call vote please?

FOR APPROVAL:	Bynum, Chang, Nakamura, Yukimura, Furfaro	TOTAL-5,
AGAINST APPROVAL:	Kuali'i, Rapozo	TOTAL-2,
EXCUSED & NOT VOTING:	None	TOTAL-0.

Mr. Topenio: Two no's, Five ayes.

Mr. Furfaro: Okay so we would like to move in to other areas and I'm going to remind everyone that was a 10 thousand dollar decision that took us 2 hours. Unbelievable we are trying to get the 168 million operating budget so let's move on.

Ms. Yukimura made a motion on the program assistant 9093 is the position that was being used for POHAKU and so my proposal is to change it back to the original position of the person which was victim witness counselor at the same salary at 55 thousand. This is just another way of removing POHAKU from the prosecuting attorneys budget, seconded by Mr. Chang.

Mr. Furfaro: Okay I'm going to allow people to have one round on this folks or we're not going to make the deadline here, I have already cancelled half the staff's lunches to get us to the right point. Did we give Mr. Barreira a copy of this budget decision making, Ernie could you acknowledge if you have one of these in front of you?

Mr. Barreira: I do not Chair.

Mr. Furfaro: Okay here's a copy. Now we have a motion and a second so I will recognize Mr. Rapozo first.

Mr. Rapozo: I would ask if we can have the prosecutor since his here, I just had a question about the Program Assistant position.

Mr. Furfaro: Okay Prosecutor if you can come up?

Mr. Rapozo: I have a question?

SHAYLENE ISERI-CARVALHO, PROSECUTING ATTORNEY: For the record, Shaylene Iseri-Carvalho, Prosecuting Attorney.

Mr. Rapozo: The... and it's the first I have seen of this so I obviously didn't have an opportunity to check with your office but the motion is to change the title of the Program Assistant to the Victim Witness Counselor. Can you describe what your program assistant does?

Ms. Iseri-Carvalho: We have the job description however I don't have it present a I was not aware that this was a something that the council was even considering. However that position is totally separate from a victim witness counselor. The job description is totally different.

Mr. Rapozo: Is the programs assistance function to run is it the POHAKU position?

Ms. Iseri-Carvalho: You know I here all you guys talking about this POHAKU Program and the issues that have arisen from the POHAKU Program is not that we have are not able to operate it. There may be some operational issues as far as how it's being handled but our office can internally run the POHAKU Program which we will continue to do almost immediately. That is a program like teen court, like the mental health diversion, that is something that as long as there is not an outside vendor our office is more than free to look into these types of programs. So I don't know what you guys are talking about what POHAKU Program that you guys are aware of. We have not had any discussion, we have not had our special council even appointed to us, and we have not had a single call from the county attorney's office despite the fact that you guys have already allowed us a special council. We've been asking, I have sent over letters and we've wanted to move this thing along and we have not gotten the information from the county attorney's office. I have asked what are the steps to get the special council once it was approved by the county. I have asked who are we suppose to contact. I have asked when we are going to get a list of names. I have been more than accommodating to the county attorney's office to get assistance and we have not been able to get that assistance from the county attorney's office.

Mr. Rapozo: Okay so are you in concurrence with moving the program assistance position to the victim witness counselor?

Ms. Iseri-Carvalho: Absolutely not.

Mr. Rapozo: Okay.

Ms. Iseri-Carvalho: Our program assistant does not only handle POHAKU, we will continue to do POHAKU internally within our office as long as we don't have an outside vendor we can continue to run with our own employees.

Mr. Rapozo: Okay thank you.

Mr. Furfaro: Okay Mr. Kualii.

Mr. Kualii: Thank you Mr. Chair I have just one quick question. So the program assistant as it exists has been in place for how long and is there an incumbent in that position for how long?

Ms. Iseri-Carvalho: There is a person in that position, I don't have the information.

Mr. Kualii: You can approximate.

Ms. Iseri-Carvalho: You could text probably from April first I believe.

Mr. Kualii: Of this year?

Ms. Iseri-Carvalho: No last year.

Mr. Kualii: So over a year?

Ms. Iseri-Carvalho: Yes.

Mr. Kualii: And would that person even be qualified to be a victim witness counselor if we just changed his or her position on her?

Ms. Iseri-Carvalho: Would she be qualified? She would be qualified to do the victim witness counselor position but that position would have to go out for bidding all over again.

Mr. Kualii: So basically this would be...

Ms. Iseri-Carvalho: It's a position that needs to go through personnel and you need to get a list and that list would have to go through the hiring process.

Mr. Kualii: So this move as proposed would be laying off that person?

Ms. Iseri-Carvalho: Yes.

Mr. Kualii: Thank you.

Mr. Furfaro: I want to make sure everybody answers and I'm going one time to recognize you okay. Vice Chair.

Ms. Yukimura: So who is in that program assistant position right now?

Ms. Iseri-Carvalho: Why does it matter who the person is?

Ms. Yukimura: Because we need to know who you're talking about.

Ms. Iseri-Carvalho: You make your decisions based on the person and not something objective?

Ms. Yukimura: Are you refusing to answer the question?

Ms. Iseri-Carvalho: You can get it from Personnel.

Ms Yukimura: Okay, its Lianne Parongao, thank you but wasn't she hired as a victim witness person when she was first hired?

Ms. Iseri-Carvalho: She initially was hired as a victim witness person, that's correct.

Ms. Yukimura: Okay so she's qualified and this is not a civil service position so you would be able to move her back very easily.

Ms. Iseri-Carvalho: That is not true.

Ms. Yukimura: Why not?

Ms. Iseri-Carvalho: We would have to open it up for applications.

Ms. Yukimura: It's not a civil service position.

Ms. Iseri-Carvalho: Even if it's not a civil service position we opened it up and we hired from the list that was provided from Personnel.

Ms. Yukimura: And you would choose from the list right and she would be qualified from the list thank you very much.

Ms. Iseri-Carvalho: No, I would hire from someplace else. If you have a list then that's where you have to choose from you know that you've worked for the county before.

Mr. Furfaro: Okay, Mr. Bynum:

Mr. Bynum: When this person moved from being a victim witness counselor to this new position, did this position exist in you previous budget?

Ms. Iseri-Carvalho: This position did not exist in our previous budget.

Mr. Bynum: So you created this position.

Ms. Iseri-Carvalho: It was a position created to handle all of the diversionary programs.

Mr. Bynum: Did you put a list out to hire for that position?

Ms. Iseri-Carvalho: The program assistant was one that was classified by personnel as exempt. It was a position description that was provided to personnel and personnel evaluated the position, evaluated the job duties and provided us with the status of that position.

Mr. Bynum: So you didn't have to get a list to move this...

Ms. Iseri-Carvalho: According to Personnel, they informed me that we did not have to provide a list for this position because there were non-other I believe may have been unique job descriptions or something like that.

Mr. Bynum: So to create this position you had to morph another position?

Ms. Iseri-Carvalho: To create this position we went to personnel to say this is the needs for our office and this is what personnel came up with. They looked at our job description and that was approved by personnel and that the SR number or an exempt status but whatever the status was that was something that was approved and created by personnel.

Mr. Bynum: But you had to change some existing positions to create a new one right?

Ms. Iseri-Carvalho: I don't know if it was a dollar funded position I would have to check which position was changed to create this program assistant position.

Mr. Bynum: So is there a way for us to determine how much funds were spent on POHAKU last year?

Ms. Iseri-Carvalho: We have not spent any funds on the operations of POHAKU.

Mr. Furfaro: Okay Councilmember Nakamura.

Ms. Nakamura: Hi Shaylene.

Ms. Iseri-Carvalho: Hi.

Ms. Nakamura: Just a question. The program assistant does she look at all diversionary programs and monitor the programs?

Ms. Iseri Carvalho: Yes, well what she does is we have different and our diversionary programs are in different types of court. We have mental health diversion that's in District Court. We have drug Court which is an off-shoot of Circuit Court. We have teen court which is an off-shoot of juvenile court and the POHAKU Program is an off-shoot of adult misdemeanor court. So she would review all the applications or people that want to participate in those diversionary programs.

Ms. Nakamura: Thank you.

Mr. Furfaro: Shay, I'm going to ask you to step down because I want to speak to the County Attorney.

Ms. Iseri-Carvalho: Sure.

Mr. Castillo: Council Chair, County Attorney, Al Castillo and Councilmembers.

Mr. Furfaro: Al, I'm going to bring up a piece of weekly correspondence that I sent over to the Mayor on the actions taken by the council in the next day I pretty much sent correspondence over. In that one I acknowledged on May 9 that we had approved the special funding for the prosecutor. What is the normal other than I send it to the administration, what is the normal interaction on something like informing different department of action that you've taken by the council especially a matter like this?

Mr. Castillo: I'm sorry what is the...

Mr. Furfaro: I give a weekly report to the administration saying what action we took. What is the typical way to communicate that I just want to know. Is it a week lag time, is it by phone, or by correspondence, how does that happen?

Mr. Castillo: Council Chair, I'm not prevue to what you send over to the Mayor and I don't know and I know that the Mayor has his weekly department head meetings on Monday, some of which are mentioned so I don't know.

Mr. Furfaro: Okay for this intent and purposes I want to let you know I will send you a separate correspondence other than what I sent to the administration on the actions that the council took.

Mr. Castillo: Okay.

Mr. Furfaro: And I will get that out to you today, but there is a regular piece of correspondence that goes over to the administration and my assumption is that it is handled with the Mayor and his Department Heads.

Mr. Castillo: Okay.

Mr. Furfaro: I will get you a separate piece of correspondence. Will the staff so note please that going forward please see that my letters go to the county attorney's office each week.

Mr. Castillo: Thank you.

Mr. Furfaro: Okay I'm going to call the meeting back to order. We have a motion and a second and I would like to call for a roll call vote.

The motion to change the program assistant 9093 back to the original position of the person which was Victim Witness Counselor at the same salary at \$55,000.00, was then put and carried by the following vote:

FOR APPROVAL:	Bynum, Yukimura,	TOTAL-2,
AGAINST APPROVAL:	Chang, Kualii, Nakamura Rapozo, Furfaro	TOTAL-5,
EXCUSED & NOT VOTING:	None	TOTAL-0.

Mr. Furfaro: Is that a 2-5?

Mr. Topenio: Yes, 2-5 sir.

Mr. Furfaro: Okay let's be moving on here and I want to see that Al gets a copy of this. Al we're going to make you a copy but my correspondence will be coming afterwards. Okay are we finished with the prosecutor's office? Okay now as promised we're going to go back to Real Property Tax Assessment Division and we're going to start and I have to excuse myself to go to the little boys room so If I can take a five minute recess and Ernie will start by Mr. Bynum time for his presentation. We are in recess for 5 minutes members.

There being no objections, the Council recessed at 11:53 a.m.

The Council reconvened at 12:11 p.m., and proceeded as follows:

Mr. Furfaro: Okay we are back in session and are you ready
Mr. Bynum? I postponed this for 3 days.

Mr. Bynum: I know and I can get started.

Mr. Furfaro: We're going to do provisos and you can be excused
while we do provisos how's that?

Mr. Bynum: Yes.

Mr. Furfaro: You're excused.

Mr. Bynum: Let me just say this on the record because as we have discussed here a number of times the statistics that have been provided us regarding who pays what taxes are not accurate and I want to make sure that what I present is accurate. The numbers I got this morning from Real Property I'm not clear that they're accurate so I'm asking for Mr. Hunt to come and...

Mr. Furfaro: Oh I already sent for him, I had him paged.

Mr. Bynum: So I am ready to make a presentation, I have a proposal but I want to make sure that I give accurate numbers about the impact.

Mr. Furfaro: Well of he comes over why don't you visit with him a little bit we're going to start on provisos.

Mr. Bynum: Okay.

Mr. Furfaro: Okay we're rolling right? Okay Mr. Kipukai you have the floor and Mr. Rapozo will be here shortly.

Mr. Kualii: Thank you Mr. Chair and since we are going a little out of order I'm not sure if the staff is here we're kind of scrambling right now to pass around. I will start with a simple one.

Mr. Furfaro: Okay we'll start with simple I like simple.

Mr. Kualii: This is for section 25, so if you look in your provisos as they are currently written section 25 is about county vehicle use. Because some people from the community expressed some concerns to me I thought it was appropriate to add a little bit and make this proviso even clearer. Right now the proviso says no personnel shall use county vehicles for personal business or personal transportation. My proposal was to add that no individuals from the public and in parentheses (County Employees, Interns and Contractors of the County) are excluded should be transported in any county vehicle other than for Police or Fire transport. I think it's fairly simple and straight forward and they may already be other rules in the county someplace but because I saw this proviso here I thought it would be fairly simple to add this to the existing proviso.

Mr. Kualii moved to add (County Employees, Interns and Contractors of the County) are excluded should be transported in any county vehicle other than for Police or Fire transport, seconded by Ms. Yukimura.

Mr. Bynum: I hear may be a number of instances where it's appropriate that members from the public ride in a county vehicle. Well such as I very rarely use county vehicles but once I did to with a group of people to look at a route for the Kauai Marathon and whether there was maintenance needs or not I can't remember all who was present in that vehicle but it may have been members of the public that were involved in that project. I hadn't thought or knew about this proviso but I don't know that there aren't instances where it would be appropriate for members of the public to ride in a county vehicle if it was been driven by a county employee.

Mr. Furfaro: Okay let me see if the county attorney has anything to comment on it at this point.

AMY ESAKI, FIRST DEPUTY COUNTY ATTORNEY: Currently we have a task force that working on county vehicles but looking at this proviso I would recommend we amend the second sentence as a underline and instead we can probably say no individual other than county employees interns and contractors of the county shall be transported in any county vehicle other than for Police or Fire transport. That would pretty much say what I think was intended for that. Oh Amy Esaki, First Deputy County Attorney.

Mr. Furfaro: Go ahead Mr. Bynum.

Mr. Bynum: Well I've never done this but I will use myself as an example. The County Council has like a van and if I were working on some public issue like litter on the roadside and there were citizens who did litter pick up and I wanted to go with them to look at certain sites and I'm the county employee and I'm driving the vehicle but I have members of the public that's working on a parks project or a litter project, would that be a problem? I don't understand how that would be a problem.

Ms. Esaki: I guess your intending to provide transportation for volunteers, is that what you're looking at?

Mr. Bynum: Okay I will go back to the real world. I think I'm only driven a county vehicle one time in the entire time I've been in the county. It was to look at the route for the Kaua'i Marathon and there were members of public works present and trying to remember who was present but it might had been one of the organizers of the event who would not be a county employee. That's just an example and I could think there might be other instances that we transport members of the public when they're involved with private/public partnership kind of activities. I would be really surprised if I had a member of the public who was engaged in this effort present with other county employees, I would be wise enough to know the member of the public can't drive that vehicle. If it's a county employee than and I just don't want to restrict us from engaging in these public/private partnerships. We have members of the public involved in managing and servicing parks and doing maintenance and all kinds of things.

Ms. Esaki: Well again Councilmember Bynum there is a task force that's looking at take home vehicles as well as county vehicles and I think the goal is to come up with a policy as far as the usage of county vehicles and tie it in to that. We have a Risk Manger who's working on it and tying it into the insurance requirements of the county as well.

Mr. Furfaro: Amy can you tell me who's on that policy committee or a loss prevention manager, who's on that committee?

Ms. Esaki: Currently we have Janine Rapozo who spear heads the committee, Gerald Estenzo, Kenneth Villabrille and myself.

Mr. Furfaro: Okay very good so there is an attorney on that committee?

Ms. Esaki: Yes.

Mr. Furfaro: Okay Vice Chair Yukimura.

Ms. Yukimura: I can think of another example because I was thinking about our housing advisory committee taking a tour of housing projects and some might travel individually but there's a potential of taking these people in a van. I understand there is a car use policy that's pretty old but there is one in existence.

Ms. Esaki: As far as a take home policy yes there is an old one and as far as the use of a county vehicle I think there may have been an old one but very very...

Ms. Yukimura: Is it in effect or not?

Ms. Esaki: I believe it's an old one that's probably in effect. I know we have one that's for a take home vehicle that is in effect.

Ms. Yukimura: Okay because I think these are covered and what's covered here is covered in the use policy but if it's being updated it probably should be. It takes into account these different times of travel.

Ms. Esaki: If that's a pleasure than delete the second sentence and leave it up to the task force that's coming up with the policies.

Ms. Yukimura: Thank you.

Mr. Furfaro: Okay let me give some clarity to everybody. We had jumped to this one because it was not very complicated but I want to make sure does everyone have this list?

Ms. Yukimura: What is it?

Mr. Furfaro: It's of all the provisos. Can we get copies of this and I want to make sure that the first four should draw the most dialogs because they are in fact new. One to seven is actually revisions of the provisos that exist. So when we finish this one I want to go to the new ones and we'll get that now that the staff has pushed out the various...

Mr. Kualii: Mr. Chair I wanted to ask a process question as far as the votes and how it applies to a new proviso or amending a proviso.

Mr. Furfaro: We probably should get 5 votes either way.

Mr. Kualii: Five votes okay and considering all the discussion and the controversy over this very simple matter and considering that the attorneys are saying that they're working on it, I'm happy to pull this.

Mr. Furfaro: Okay.

Mr. Kualii: So next.

Mr. Furfaro: Okay but Amy would you make note that we would like a presentation when the committee is finished with their business. Mr. Chang.

Mr. Chang: Just a quick question also does this include the buses you know our buses also?

Ms. Esaki: No I don't believe that's for the buses.

Mr. Chang: Okay thank you.

Mr. Furfaro: Okay so if it is passed out if I could have an acknowledgement the first new proviso is dealing with Mr. Kipukai relating to vacant positions. I'm going to recognize Mr. KipuKai then I'm going to ask for a second before we have discussion.

Mr. Kualii: I would just say that last year I submitted and we passed a proviso and it was included in the final approved budget by this council but in our submittal this year from the Mayor both the March and the May was removed and that was number 30 so this has to be submitted new again and I actually did two in relations to that item. One was with regards to vacant positions and the other was in regards to dollar funded positions. The one

with vacant funded positions is simply appropriations or authorizations for positions in this ordinance shall constitute establishments of such positions. Departments that wish to amend a vacant positions title unless involving class action classification amendments or salaries must first notify the council of such action prior to hiring. So this council had talked about approval and we've been advised last year by the attorney and also by our staff about how it's going to far by requiring the approval. However this must first notify has to be stressed that the administration is obligated in best serving the public and this council to notify us in advance of hiring. They can have the leeway based on operational needs to alter the position and change the duties and hire who they need with the different set of skills for the different requirements but they should notify prior to hiring. It's to ensure that we're not put in the position than because that would be our ability to disagree with what they've done by removing the funding for such positions that was created if this council as a body disagrees with that. It would be unfortunate for this council to be put in that position when an incumbent is already put in place by the administration.

Ms. Nakamura: Second.

Mr. Furfaro: And there's a second by Councilmember Nakamura. Before we go any further staff I'm very disappointed for the first time in years on the council you didn't number these. Let's make sure that we reference something on the page or the section before we have dialog. Go right ahead.

Ms. Nakamura: This is a question for Councilmember Kualii, thank you for introducing this. Do you want to use the word "must" or "shall."

Mr. Kualii: Shall.

Mr. Furfaro: Okay.

Ms. Nakamura: As amended.

Mr. Furfaro: Are you going to introduce an amendment to this...

Mr. Kualii: Let me ask the attorney a question. Do you think it would be clearer that it was mandatory? To use "shall versus "must."

Ms. Esaki: Well actually I would like to point out to section 7.05C of the Kauai Charter. In that section it does say that the Mayor has the authority to create positions authorized by the council but a monthly report of such action shall be made to the council. So there is no requirement that he must inform prior to it's just that he has to make a report to the council. Therefore I was going to recommend an amendment to that section and I was thinking of wording it as such as the dollar funded positions in this ordinance maybe failed by the department with the dollar funded positions and that have sufficient funds. Departments that wish to amend the specified dollar funded positions titled classification salaries shall inform the council and of course with section...

Mr. Kualii: Thank you, thank you Mr. Chair. I think you answered my question, I'm going to stick with my original proposal and I'm going to actually stick with "must" as well and we'll have the next one to deal with the dollar funded positions. This to be clear is talking about amending of each individual vacant position as they happen so departments that wish to amend the vacant positions title or salary must first notify the council of such action prior to hiring. So notification for each indication and not that it should show up in a monthly report but it should be notified as they happen because it would make sense for us to know before they hire. Thank you.

Mr. Furfaro: Okay we have some discussion here. Mr. Bynum than
Councilmember Yukimura.

Mr. Bynum: I have a question for Councilmember Kualii and then
a quick one for you. This would apply to all departments in the county?

Mr. Kualii: That's correct.

Mr. Bynum: Including those that have commissions?

Mr. Kualii: I would say that there is another proviso in here that
t5alks about the police and I think they have some special powers for their recruitment proviso or
section 24.

Mr. Bynum: But it would apply to Planning, Police Fire the
Prosecutors Office?

Mr. Kualii: Yes.

Mr. Bynum: Thank you and Amy if we approved a position and
changes were made that we are uncomfortable with mid-year can the council remove funding?

Ms. Esaki: Yes I believe so through an ordinance.

Mr. Bynum: Okay I'm in support of this proviso as written.

Ms. Esaki: Within the proviso that mentions 7.05 CB of the
Charter. Section 7.05 C of the Charter says that the Mayor may create positions authorized by the
council but the monthly report of such actions shall be mad to the council so it's a monthly report.

Mr. Bynum: Right so that would be in addition to this proviso.

Ms. Esaki: In accordance and the proviso will say in accordance
with section 7.05 C the Kaua'i County Charter.

Mr. Bynum: I think what Councilmember is saying is he wants
that not recorded after the fact but acknowledged and recorded before the fact.

Mr. Furfaro: Let me just tell you someone has to sharpen the pencil
here. The last time we got a report was 59 days later okay and there's an obligation that needs to be
sharpen and we hope can be done in the new H.R. Department and in the meantime let me ask a
couple other questions. I didn't want you to be blindsided we're not getting it on a timely basis.

Ms. Esaki: We will communicate that.

Mr. Furfaro: Okay Mr. Rapozo than Vice Chair Yukimura.

Mr. Rapozo: Amy I think you cite 7.05 C but 7.05...

Mr. Furfaro: Amy this question is directed at you.

Mr. Rapozo: Amy, you cited 7.05 C but 7.05 C talks about the Mayor's authority to create positions that are authorized by the council and for which appropriations have been made. The proviso that's basically the first part of his proviso but the proviso says that when the department wants to amend a vacant positions title which is no longer the approved position. 7.05 C talks about positions that have already been approved and this proviso says if one of our approved positions wants to be amended that the notification must come to council prior to hire. So 7.05 C I don't believe represents what Mr. Kualii is trying to cover this is on amended positions because that happens a lot. You take a position number reclassify it and when it becomes reclassified it's no longer the position that this body approved. So 7.05 C is not relevant to this proviso, this is really to strengthen the notification process for this body that if they want to amend one they need to come back here and let us know before they are hired.

Ms. Esaki: Again it will be just for notification purposes right.

Mr. Rapozo: Correct.

Mr. Furfaro: So noted, Vice Chair.

Ms. Yukimura: So you've cited section 7.05 C a couple of times so are you concerned that this proviso might violate the Charter?

Ms. Esaki: Yes I think that's a concern.

Ms. Yukimura: And the reasoning is that the Charter already has a requirement of monthly recording and this... What is your concern I'm sorry?

Ms. Esaki: Yeah the concern is that there is a requirement that there would be a monthly reporting by the Mayor regarding positions. I guess this is requiring him to do a little more than that.

Mr. Furfaro: And the personnel department is required to give us a report in 10 days after the ending of the month.

Ms. Esaki: And again we will relay that message to personnel.

Mr. Furfaro: Thank you.

Ms. Yukimura: Is there any concern that appropriations or authorizations shall constitute establishments of positions when in fact it's only the Mayor who can create them too?

Ms. Esaki: The positions probably would be in the budget like the vacant positions either dollar funded or just vacant.

Ms. Yukimura: Okay so that's not the line that troubles you?

Ms. Esaki: No.

Ms. Yukimura: Because in fact that is what is being created whenever there's...

Ms. Esaki: Right it's the timing of the reporting.

Ms. Yukimura: The timing of the reporting. And what was the suggested amendment? How do you think it could be reconciled?

Ms. Esaki: I would just say that in accordance with Section 7.05 C of the Kaua'i County Charter.

Ms. Yukimura: Oh I see okay. And as the Chair pointed out the administration has not been real successful in following the Charter?

Ms. Esaki: I will have to check on that and if so we'll report that and have the report.

Ms. Yukimura: So I'm just wondering may I ask the maker of the motion.

Mr. Furfaro: Sure, Mr. Kualii, the Vice Chair wishes to address a question to you.

Ms. Yukimura: So if the county can do their reporting in a timely way every month that does not satisfy your needs or does it?

Mr. Kualii: No, we're talking about vacant positions specific so if we and believe me this is an effort to work with the administration so that it doesn't force the hand of the council. The only way we can take action on a change position and filled position that we disagree with that is different from what we approved on while doing the budget than the only way we can take action is to remove funding from a position that you hired someone in which is not what anyone wants to do. So we're just saying timely means when that happens and I hope that it's not happening so much that you can't handle reporting it and you can only handle reporting it monthly. This is rare instances changing the direction of what this council does during the budget process with regards to positions. Right now we are only talking about vacant positions but the same argument would apply for dollar funded positions. The whole idea is it's there to allow the flexibility but the council has a responsibility and if you only notify us first, we removed the concern you had last year about approval. You said that would be crossing the powers and that we couldn't do that so we removed that and we're just saying first notify. In fact that's what was in place last year but we were not firstly notified. In fact if we weren't paying attention things happen without us knowing and we would have to come after the facts and sometimes months later and if we wanted to take action and the only action we could take is to remove the funding when there was an incumbent already in place.

All we're saying is first notify, we've removed the earlier request from last year of approval and this is an effort to get the administration to work with the council. None of us are in the position so that when we disagree with how the tax payer's money is misused if a majority of us feels that then we don't have to be forced to vote on removing funding from and incumbent. The timeliness is important and we addressed your approval versus informed before but it's not going to be useful to us if we're not being informed, in advance, when it happens, when the changed amendments are made, so we can voice our objections if that would be firstly before. The Mayor can disregard our objectives and go ahead and hire it but again that would be on the administration however this is an attempt to work together.

Mr. Furfaro: Okay Amy I would like to say if there's amendments that pass here and you folks alimentally disagree, then you need to write us okay?

Ms. Esaki: Okay.

Mr. Furfaro: We need to hear the legal rationale why we couldn't do something okay?

Ms. Esaki: Sure.

Mr. Furfaro: We got 22 minutes on this one discussion and we have 10 more of these and we will run out of time. We need to get to a point when we vote on it "yay" "naye" it passes it will go in for narrative on the budget and if there's a legal challenge to us then write us.

Ms. Esaki: Got it.

Mr. Furfaro: Okay so we're on the second proviso dealing with vacant positions, we have a motion and a second and I would like to ask for a roll call vote.

The motion to approve proviso number 2 dealing with vacant positions, was then put and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL-6,
AGAINST APPROVAL:	None	TOTAL-0,
EXCUSED & NOT VOTING:	Bynum	TOTAL-1,
RECUSED & NOT VOTING:	None	TOTAL-0.

Mr. Topenio: Six ayes.

Mr. Furfaro: The next item is a dollar funded position and that's you again, Mr. Kualii?

Mr. Kualii moved that the first line is appropriations or authorizations for position in this ordinance shall constitute the establishments of such positions. Departments having sufficient funds may hire dollar funded positions established by the Council. Departments that wish to amend the specified dollar positions title, classifications or salary must first notify the council of such action prior to hiring, seconded by Mr. Rapozo.

Mr. Furfaro: Thank you. Before I go any further on this one, I do want to note with Federal and State regulations there are some dollar funded positions that we cannot override. I don't know what they are right now but it's important that we have some kind of notation here. Like for HUD funding and so forth there are certain positions in Housing that have to happen.

Mr. Kualii: I assume that it was understood that this was County funded dollar funded positions. We do have dollar funded positions only. We do have dollar funded positions by grants and that's not what we're talking about here.

Mr. Furfaro: Okay do you think we need to put that in the verbiage here "County Funded Position" Okay could someone make...

Mr. Kualii: The staff also mentioned that they could put it in the message.

Mr. Furfaro: Okay and to the Prosecutor's Office, she can use that third seat right there. We want some gravity here because we have a lot to cover but we can recognize you.

Ms. Iseri-Carvalho: I just wanted to clarify that some of that dollar funded positions also maybe matched so we would be required to fund those dollar funded positions.

Mr. Kualii'i: Fully funded?

M. Iseri-Carvalho: Yes, so maybe if you said fully funded because we gave certain grants that rely on the county to provide a 10 percent match or a 20 percent match that may have a dollar funded line item.

Mr. Furfaro: Thank you. Mr. Kualii'i was someone working on that piece?

Mr. Kualii'i: Yeah, okay we'll add fully County funded.

Mr. Furfaro: Okay.

Mr. Kualii'i: Or whatever the appropriate way to say that.

Ms. Iseri-Carvalho: Thank you.

Mr. Furfaro: So on that note that's what we're going to vote on. Can I have a roll call vote please?

The motion for approval that the first line is appropriations or authorizations for position in this ordinance shall constitute the establishments of such positions. Departments having sufficient funds may hire dollar funded positions established by the Council. Departments that wish to amend the specified dollar positions title, classifications or salary must first notify the council of such action prior to hiring, was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii'i, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL-6,
AGAINST APPROVAL:	None	TOTAL-0,
EXCUSED & NOT VOTING:	Bynum	TOTAL-1.

Mr. Topenio: Six ayes, Mr. Chair.

Mr. Furfaro: Okay the next one is again Mr. Kualii'i and the one after that is Vice Chair Yukimura.

Mr. Kualii'i moved to add a new section number that is still to be determined and the language goes: The Director of Finance shall provide to the council on an annual basis on overall written asset inventory report on or before October 1 for all county property as follows. Vehicles, large equipment valued at 15 hundred dollars or more, small equipment valued at less than 15 hundred dollars, large furniture valued at 15 hundred dollars, large furniture valued at 15 hundred dollars or more and small furniture valued at less than 15 hundred dollars. The report shall provide the department division asset number, year and make, value of each asset in dollars and any additional criteria status update or comments deemed appropriate, seconded by Mr. Rapozo.

Mr. Kualii: This is just for us to get more information and its asking for it in October and I think than we have a complete detailed report that we can utilize come budget time.

Mr. Furfaro: Okay, I do want to speak on this one. In fairness to the accounting department we do this 13 month billing piece and honor before October 1 and pretty much the first month of July is kind of shot to reconcile the closing year. I may not support this Mr. Kualii but I wanted to give you my rationale on that before we call for a vote, Mr. Rapozo than Councilmember Nakamura.

Mr. Rapozo: Mr. Chair is your concern the date?

Mr. Furfaro: Yes the date.

Mr. Rapozo: So if we move the date.

Mr. Furfaro: To November 1.

Mr. Rapozo: November or even December whatever...

Mr. Furfaro: Than I'm fine with that.

Mr. Rapozo: Okay, can I make the motion to amend the October 1 date to November 1?

Mr. Furfaro: At this point yes than we have the County Attorney speaking to us on something.

Ms. Esaki: I would like to have an opportunity to check a particular section in the statue which may already have the requirement in there and I believe it's HRS 103D/1208, so we would just like to confirm whether that requirement is already required by state statue.

Mr. Furfaro: Okay Ricky could we ask Peter or Christiane to look at that right now?

Mr. Watanabe: We're pulling that up.

Mr. Furfaro: Oh you're pulling it up okay. So right now it's been I'm going to just vote on the amendment and see where we go okay?

Mr. Rapozo: Yes.

Mr. Furfaro: Councilmember, go ahead.

Mr. Rapozo: I would like to re state my motion if I may. I withdraw my old motion.

Mr. Kualii: Second.

Mr. Rapozo moved to amend the October date to December 1, seconded by Mr. Chang.

Mr. Furfaro: Thank you, Councilmember Nakamura.

Ms. Nakamura: I would also like to add art work because we have donated art work according to the managing director we have no accounting for. I believe it's an asset that we should know where...

Mr. Kualii: So (inaudible) would be art work, second.

Mr. Furfaro: Okay then it becomes how do you define that... It should reference (inaudible) da art, anything of value, vases, paintings and that is the appropriate terminology for going that way. Okay so we have a date an amendment and we would also like to include assets that touch on the various (inaudible) da art. Yes Wally?

Mr. Rezendes: I just wanted to let you know that your staff had pulled up 103D/1208.

Mr. Furfaro: Oh okay staff can you tell us what is says.

Mr. Kualii: I have a matter of process. You had mentioned earlier about the attorney and that if we're open to them participating in the process and making recommendation like it would better if you do this and that, that's not the same as can we do this or not. I think you've already said we want the legal rationale?

Mr. Furfaro: Yes.

Mr. Kualii: But if we can do something we're going to do it if we have the votes and later if there's a problem legally they can tell us.

Mr. Furfaro: Okay.

Mr. Kualii: I don't think somebody should mention that oh but the HRS already does this because that doesn't mean we can't do it.

Mr. Furfaro: Okay we're going to move forward Amy and we're not going to sit here and spend half an hour to get an interpretation. That's your and we want your Kokua on that.

Ms. Esaki: It does say each year within 45 days following the close of the county's fiscal year shall prepare and file with the council.

Mr. Furfaro: Got it, okay but I spoke in favor of giving them more time because they're not going to make the 45 day deadline when they have the 13 month in closing the county's books. So we have an amendment that references by December 1. Okay can I get the light back on okay referencing December 1 and I would like to call for a vote on the amendment just a voice vote. All those in favor signify by saying "aye."

The motion to amend the date from October 1 to December 1 was then put, and unanimously carried.

Mr. Furfaro: Okay, now to the main motion as it is by Councilmember KipuKai. Can I have a roll call vote please?

The motion to add a new section number that is still to be determined and the language goes: The Director of Finance shall provide to the council on an annual basis on overall written asset inventory report on or before October 1 for all county property as follows. Vehicles, large equipment valued at 15 hundred dollars or more, small equipment valued at less than 15 hundred dollars, large furniture valued at 15 hundred dollars, large furniture valued at 15 hundred dollars or more and small furniture valued at less than 15 hundred dollars. The report shall provide the department division asset number, year and make, value of each asset in dollars and any additional criteria status update or comments deemed appropriate, as amended to December 1 was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL-6,
AGAINST APPROVAL:	None	TOTAL-0,
EXCUSED & NOT VOTING:	None	TOTAL-0,
SILENT:	Bynum	TOTAL-1.

Mr. Topenio: Seven ayes Sir.

Mr. Furfaro: So is that six and one silent which goes with the majority. You have the floor next.

Ms. Yukimura: Oh is my amendment next?

Mr. Furfaro: Your amendment is up.

Ms. Yukimura: Ok well I want to withdraw that I'm not going to put it forward. Also I have to step out for 20 minutes, it's a photo.

Mr. Furfaro: Do you want me to set the timer but I believe you 20 minutes. Okay the next one is introduced from Councilmember Nakamura and can you take a moment to explain your piece please?

Ms. Nakamura moved to add to the existing proviso that puts in some language here that gives the departments the ability to do 89 day contracts to help to train and do succession planning within the departments. So before that valued employee leaves the county we have someone in training and it gives them (2) 89 day consecutive contracts and that would be up to management to decide whether they just need one which you could do within 89 days or 2 consecutive, seconded by Mr. Kualii.

Mr. Furfaro: Okay we have a second now discussion. Mr. Rezentes did you come up because you want to comment on that?

Mr. Rezentes: Yeah the only concern with that is if you hire an 89 day contractor that 89 day contract employee wouldn't be able to be hired on a full time basis and therefore you would be training someone that may not get ultimately the civil service job. So I don't think that adding 89 day contractors will help with the intent. You would have to basically be allowed to have an overlap of a civil service hire with the person that will be vacating as well as the new person coming in so you would have to be able to recruit in advance on the civil service basis to have that overlap.

Mr. Rapozo: So a person on an 89 day contract cannot be hired for that position?

Mr. Rezendes: Well what is the likely hood of someone wanting to leave their current position that has benefits and you hire them on a contract 89 day than what is the likely hood of that person succeeding there on. I think you would have a difficult time recruiting someone to take over a fulltime position if you only can commit to them 89 days.

Mr. Rapozo: Well I've seen that done quite a few times in the county. You see the contract worker than all of a sudden boop, boop their fulltime.

Mr. Rezendes: On a Civil Service type of position?

Mr. Rapozo: Well maybe not Civil Service.

Mr. Rezendes: Yeah because I think most of these are civil service type positions that we're trying address.

Ms. Nakamura: So Wally you're saying that rather than an 89 you need to have 2 civil service overlap positions?

Mr. Rezendes: You need to be able to recruit on a civil service basis with sufficient time to overlap with an incumbent so to speak. So you almost have to have you know if a department has the availability of funds they would have to have the ability to at least temporarily create a new position that will end up being the position that will take over a position fashion when the veteran employee so to speak is still around.

Ms. Nakamura: So they almost have to have two side by side positions that overlap at the same time?

Mr. Rezendes: I believe if that is your intent is to bridge that gap and have a better transition.

Mr. Barreira: So Councilmember Nakamura excuse me that would be money as well as the actual position count that's where the challenge would be.

Ms. Nakamura: I see.

Mr. Rapozo: So Wally, are we not allowed though to... that's the second time that happened already.

Mr. Furfaro: Mr. Clerk, we're trying to talk to Wally the body is.

Mr. Rapozo: Are we not allowed Wally to recruit for an anticipated vacant position.

Mr. Rezendes: You're allowed in Section 3 but I think the current provision only allows you to hire a temporary hire.

Mr. Rapozo: But we can recruit, we can go out and start our recruiting 6 months in advance of the anticipated retirement?

Mr. Rezendes: But you only could hire them temporarily yeah.

Mr. Rapozo: No I'm not saying hire them, I'm saying recruit them start the recruiting process the interviews and so forth because it takes so long over here to hire

someone. So you start the process 6 months in advance, do you need a vacant position to recruit and to start doing interviews and so forth?

Mr. Rezendes: You can recruit in anticipation of a vacancy if you know that that far in advance.

Mr. Rapozo: Right, right.

Mr. Rezendes: Ultimately when you hire you need a position number to hire that person into.

Mr. Rapozo: Right but you can do all the screening in advance. I mean obviously your announcement is going to say we're accepting applications for the position of whatever, start date February 2013 so they know going in that okay I'm going through a process but the position isn't open yet. Is it legal to do that?

Mr. Rezendes: Yes I believe so but again the current section...

Mr. Rapozo: I'm not talking about this thing here but not this proviso but just as a general rule we're allowed to do that?

Mr. Rezendes: You're allowed to recruit in advance of an anticipated vacancy yes that is true. You can go through certain...

Mr. Rapozo: Do we do that?

Mr. Rezendes: I believe on some instances we do yes.

Mr. Rapozo: Okay so that seems to work I would guess.

Ms. Nakamura: Chair I think what I'll do is I'll pull this and work with the administration to see if we can come up with some better language.

Mr. Furfaro: Okay if that's your choice we will not go any further on that proviso discussion but it was a meaningful one and one that probably needs some discussion. Okay our next one I think we are back to Mr. KipuKai.

Mr. Kualii moved to add the proviso by adding/amending Chapter 17 which talks about expenditures for equipment furniture and vehicles. It adds reporting on the very last bottom it states: The Director of Finance will also provide to the Council a written county wide equipment replacement schedule and equipment replacement report on an annual; basis on or before August 1 and November 1 respectively. So August 1 for the equipment replacement schedule and November 1 for the equipment replacement report. The schedule and report shall include but not be limited to department, division, equipment number, year make, mileage, original purchase price, total replacement cost and any additional criteria status update or comments deemed appropriate. Now we do already get some of this information but I would like to see it all in one place and for the entire county which is what we're asking for, seconded by Mr. Chang.

Mr. Furfaro: Thank you can we have discussion now.

Mr. Rapozo: I think your same concern may apply in this specific with the dates and I'm not sure but correct me if I'm wrong Councilmember but the idea is to get all

this relevant data before we enter the budget process so we can actually have better data. So our process we get the first submittal in March so November and February or just December 1? Why don't we just amend that, I will make a motion to amend the dates remove August 1 and November 1 and replace that with December 1.

Mr. Rapozo move to amend the dates remove August 1 and November 1 and replace that with December 1, seconded by Mr. Chang.

Mr. Furfaro: Okay Wally you have the floor.

Mr. Rezendes: Yes, I believe Councilmember Kualii has 2 amendments that he's proposing, one for Section 17 and another one that's somewhat similar on Section 23. I guess you can look at equipment and vehicles and you can look at heavy equipment and vehicles and other equipment under 2 different lights and one of the things we would want to suggest is in Section 17 make the statement that "Except for vehicles and heavy equipment the Director of Finance shall also provide the council" and keep on going with that. I when it comes time for Section 23 I have a suggestion there because the management of heavy equipment and vehicles are really under the Department of Public Works Automotive, change the Director of Finance to the County Engineer. They are the ones that provide to the council the vehicle replacement schedule and they manage that process.

Mr. Furfaro: To me that sounds reasonable.

Mr. Kualii: It does and I was just assuming that the representative of the administration when it comes to financial reports is the Director of Finance so if he needed to get it from Public Works or whoever I assume he would get it. But if he's saying and more appropriately comes directly from any other department director I'm okay with that. I just figured it would come through finance.

Mr. Furfaro: Okay and that was for number 23 Section 23 right?

Mr. Rezendes: Yes and the one for 17 was to separate out the vehicles and heavy equipment and just accept for vehicles and heavy equipment add that in front of the director of finance. So you're taking care of heavy equipment and vehicles on Section 23 and you're taking care of all the other equipment in Section 17.

Mr. Kualii: Do you have a term for all the other equipment or just other than heavy equipment?

Mr. Rezendes: Just except for vehicles and heavy equipment so that's it.

Mr. Kualii: So the amendment would have in addition to the change of date to December 1 and the second line where it says and equipment replacement report, it would say and equipment excluding heavy equipment in parenthesis maybe?

Mr. Rezendes: Yeah.

Mr. Kualii: Replacement report.

Mr. Furfaro: Okay we're going to need a second for that amendment?

Mr. Kualii: Oh in both places we would need to say excluding heavy equipment.

Mr. Furfaro: That's correct.

Ms. Nakamura: Second.

Mr. Furfaro: Okay any further discussion? If not I would like to call a roll call vote. Let's do on the amendment first just a voice vote. All those in favor of the amendment as applied signify by saying "aye."

The motion to amend was then put, and unanimously carried.

The motion that Mr. Kualii stated as amended was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Furfaro	TOTAL – 5,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Bynum, Yukimura	TOTAL – 2.

Mr. Topenio: Five ayes, Sir.

Mr. Furfaro: Five ayes okay. I think where we're at now?

Mr. Kualii: Mr. Chair I think it makes sense to jump right to the one about Section 23 where the Director of Finance was referring too.

Mr. Furfaro: Vehicle replacement?

Mr. Kualii made a motion to the proviso that says the Director of Finance shall on an annual basis provide a written county wide vehicle replacement schedule and vehicle replacement report for to the council on or before August 1 and November 1, respectively the schedule and report shall include but not be limited to department, division, vehicle number, year, make, mileage, original purchase price, total replacement cost and any additional criteria status update or comments deemed appropriate, seconded by Mr. Chang.

Mr. Kualii: Than the 2 similar amendments would be changing August 1 and November 1 to December 1 and adding after between the words vehicle replacement. In both instances where it talks about the written schedule in the report would be vehicle and heavy equipment replacement schedule and vehicle and heavy equipment replacement report. Yes can I have it propose/moved?

Ms. Nakamura: Second.

Mr. Furfaro: We have it okay, any further discussion? If not I would like to vote on the amendment. All those in favor signify by saying "aye."

The motion to amend the dates August 1 and November 1 to December 1 and adding after between the words vehicle replacement, was then put, and unanimously carried.

Mr. Furfaro: Okay now going to the main proviso as amended. Can I have a roll call vote please?

The motion to the proviso that says the Director of Finance shall on an annual basis provide a written county wide vehicle replacement schedule and vehicle replacement report for to the council on or before August 1 and November 1, respectively the schedule and report shall include but not be limited to department, division, vehicle number, year, make, mileage, original purchase price, total replacement cost and any additional criteria status update or comments deemed appropriate, as amended the dates August 1 and November 1 to December 1 and adding after between the words vehicle replacement was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Furfaro	TOTAL – 5,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Bynum, Yukimura	TOTAL – 2.

Mr. Topenio: Five ayes, Chair.

Mr. Furfaro: Okay and is the next one withdrawn?

Mr. Kualii: No.

Mr. Furfaro: Okay.

Mr. Kualii: Nice try.

Mr. Furfaro: You are on a roll, this is the last one.

Mr. Kualii: Is this Section 19 next?

Mr. Rapozo: Yes.

Mr. Kualii: This one has to do with the quarterly reports regarding vacant...

Mr. Furfaro: Excuse me, Mr. Kualii can I have a member of the staff find Mr. Bynum because it is five after one and I hope he's ready with his tax piece. Go ahead Mr. Kualii and thank you for the moment of personal privilege.

Mr. Kualii moved to add at the bottom to Section 19 that the Director of Personnel Services shall provide written quarterly reports in the same date period September 30- December 31- March 31 and June 30 in the next fiscal year. To the Mayor that include all county positions and this report shall include and it has a detail listing of position numbers, position titles, position creation date, salary range, current salaries, departments and so forth. Also a vacancy report which is what we had before and a report on the transition of positions and this report will include positions that are within transition within the 12 month period and they would include what we also had before. New hires, transfers, reclassifications, reallocations and approved promotions and the report should be I think we might have increased it from 10 days to 15 days and besides a hard copy that it be an electronic soft copy format, seconded by Mr. Chang.

Mr. Furfaro: Discussion? Hearing none roll call.

The motion for the add was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Furfaro	TOTAL – 5,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Yukimura	TOTAL – 1,
SILENT:	Bynum	TOTAL – 1.

Mr. Topenio: Five ayes, Sir and one silent.

Mr. Furfaro: Okay we are done with provisos.

Mr. Kualii: No.

Mr. Furfaro: No?

Mr. Kualii: It will be quick though.

Mr. Furfaro: Yeah, okay I see the copies now.

Mr. Kualii moved to add that these reports include but not be limited to separate summary reports with departmental subtotals and county wide grand totals for each of the specific line items as follows: It lists salaries, overtime, social security contribution, health fund contribution, other employee benefits, opeb, consultant services, electricity equipment, automobiles, vehicle leases, equipment purchases, equipment leases and special projects. And that these should be supported and written quarterly updated reports as identified in this section and that it be provided electronically as well. So the point here was just to have besides the general ledger hit the print button and we get 248 pages or 3 thousand pages or whatever, you get some summary and some of the things that matter like salaries are the biggest items that we are responsible for to have summary reports, seconded by Mr. Chang.

Mr. Furfaro: Okay Wally comments?

Mr. Rezendes: I want 25 positions please. Well one thing that I know we can't comply with is the 20 days and I think we've been a lot quicker on the monthly reporting than ever before but we historically don't close our books within 20 days after the quarter. I think the reporting requirements that exist the timeline on that I forget whether its 30 or 45 days is more appropriate for us but 20 days I can tell you we won't be able to make that.

Mr. Furfaro: Can you do 31?

Mr. Rezendes: What is our current reporting requirement schedule and I think that date that council has already established is doable for all but one quarter and that quarter is the closing for the end of the fiscal year.

Mr. Furfaro: Yeah the closing.

Mr. Rezendes: So I would need to go look at what that language is off the top of my head I don't have it now.

Mr. Furfaro: If we would put 30 days in this it's fair and reasonable for us to have an expectation and maybe set the bar a little high but there's got to be reach in it and I would like to think if 30 days is acceptable by the introducer than...

Mr. Chang: Second.

Mr. Furfaro: Okay may I have someone to amend that.

Mr. Chang: Second.

Mr. Furfaro: Okay discussion councilmember Nakamura.

Ms. Nakamura: Thank you I think this would be a very good tool for the council to have quarterly because when we get a stack of information this high it's unwieldy and just not beneficial from a corporate point of view. I think 2 line items that are also important are travel and training.

Mr. Furfaro: Okay you want a new amendment to add travel and training?

Mr. Kualii: Okay so to the list you got OMP travel and training.

Mr. Furfaro: Okay.

Mr. Chang: Second.

Mr. Furfaro: Okay there's a second on that. Voice vote all those in favor signify by saying aye?

The motion to amend the main motion was then put, and unanimously carried.

The motion to add that these reports include but not be limited to separate summary reports with departmental subtotals and county wide grand totals for each of the specific line items as follows: It lists salaries, overtime, social security contribution, health fund contribution, other employee benefits, opeb, consultant services, electricity equipment, automobiles, vehicle leases, equipment purchases, equipment leases and special projects. And that these should be supported and written quarterly updated reports as identified in this section and that it be provided electronically as well. So the point here was just to have besides the general ledger hit the print button and we get 248 pages or 3 thousand pages or whatever, you get some summary and some of the things that matter like salaries are the biggest items that we are responsible for to have summary reports, as amended to 30 days was then put, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Furfaro	TOTAL – 5,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Yukimura	TOTAL – 1,
SILENT:	Bynum	TOTAL – 1.

Mr. Topenio: Five ayes, one silent, Sir.

Mr. Furfaro: Mr. Kualii, you still have the floor this is the last one than we will go in to the tax piece.

Mr. Kualii moved to add to Section 21 and it's the combined statements of cash receipts and disbursements and all this is doing is adding the summary balance reports with the vision subtotals, department subtotals and county wide grand totals. When that again that the

information be submitted additionally in an electronic soft copy format, seconded by Mr. Rapozo, and carried by the following vote:

FOR APPROVAL:	Chang, Kualii, Nakamura, Rapozo, Furfaro	TOTAL – 5,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Yukimura	TOTAL – 1,
SILENT:	Bynum	TOTAL – 1.

Mr. Topenio: Five ayes, Sir, one silent.

Mr. Furfaro: Okay members we are into the completion of the provisos and the last piece in this section is Real Property Assessment Division and I'm going to immediately ask the staff if you have the material that Mr. Bynum wants to present? Okay and Mr. Bynum will have he's acknowledged a 14 minute set for his clock and we're going to do a five minute recess, five minutes members.

There being no objections, the Council recessed at 1:12 p.m.

The Council reconvened at 1:22 p.m., and proceeded as follows:

Mr. Furfaro: Okay for our discussion on the Real Property Assessment and Steve I'm going to ask you to move because Mr. Bynum is going to have the floor for a presentation.

Mr. Bynum: So I have a power point. So what we've learned in the last several weeks at Council and discussed was that the data that's been provided to us since 2004 is not accurate. Certain categories are overstated and other categories are understated but the data shows us the trends or how these taxes moved up and down. The first chart is tax collections and dollars by class over the last since 2002 and the ones that are doing the standard normal curve at the top are our single family residential agriculture apartment and... It's kind of hard to see on this chart but the homestead class is the green line in the middle of the page and it starts out and then you see that the dollar amount goes down in 2004 and then goes up every year basically since then. Again these numbers the amount paid by the homestead class is understated in this data it actually paid more and the amounts paid in single family residential and Ag are overstated, they actually paid less but it does give you an accurate picture of the trends. The next slide... yes question?

Ms. Nakamura: So this slide shows that single family residential paid the most in 2012 in just total taxes?

Mr. Bynum: Yes because there are a large number of parcels.

Ms. Nakamura: And followed by Hotel and Resort, followed by Apartments and Agriculture, so those four paid overall higher taxes than homestead?

Mr. Bynum: In dollars.

Ms. Nakamura: In dollars yes just in pure dollar terms.

Mr. Bynum: In pure dollars terms absolutely.

Ms. Nakamura: Okay thank you.

Mr. Bynum: So the next slide and I don't have the clicker. These are the percentages of the total tax version paid by each class and again the percentages for those four classes single family residential, apartment are overstated they actually paid less. But again the trends are accurate using because they are consistently inaccurate but basically the homestead classes again this light green line in this chart that in 2003 was paying about 12% and during the years the cap was in play and the economy was booming it effectively lowered the percentage paid by the homestead class which is the majority of resident homeowners. Everyone in the homestead class is a resident homeowner and when the economy started being more difficult the percentage has climbed each year. Now again these percentages are understated and the actual percentage is higher but this u shaped curve is accurate. The next slide is these are accurate numbers of the total property tax revenue collected from all classes over a ten year period and it again follows that sort of bell shape curve. In the increasing economy our revenues went up pretty dramatically and in a decreasing economy they have been coming down. This next is a blow up of just the homestead class showing the u-shape curve that came down and resident homeowners were paying at the low of 7.38 percent of the tax burden and now it's up into the eleven and a half percent range again and that's part of my concern. In my time in the county we all agreed that resident homeowners in my view should pay less of the tax burden as a percentage and it came down, but when it started going up the proposals in 2008 that would have kept that trend from going up did not pass and so we ended up with this result. Now this is taxes by class since 2008 or since the peak of the market but it doesn't have all of them but it has the ones that have residents in them. You can see single family residential on the top and remember that single family residential are primarily homes that are revenue generated, that they're rental units, their TVR's, their second homes and although in this class there are a number of single family residential people and that's why that hasn't been factored in and that's why these numbers are not accurate but we're getting there.

So single family residential you can see the decrease and the year over year decrease so this class this year if there's no changes will pay 3.7 million less this year than they did in 2008. This class is the hotel resort and they have had a decrease over the last four years and if we don't make any changes if in the March proposal that the Mayor gave us they will pay 2.7 million less than they did in 2009 or in 2008 even though it went up a little bit in 2009. The next class is the green one is I'm sorry this top green one is apartment and the apartment class this year without any changes in tax rates will pay 3.3 million dollars less than they did in 2008. So you can see their tax burden has reduced. The agricultural class will pay 3.4 million less this year than they did in 2008 and this bottom chart is the homestead class which is made up entirely of residential homeowners and they will pay 1.5 million dollar increase if we make no changes in rates, more than they were paying this year they will pay 1.5 million more than they did in 2008. That's the point I've been trying to make for a couple of years now that I'm fine with these classes having tax reductions because we were collecting 2 at the peak too much from all tax payers. During the down turn I'm glad that these classes are paying less tax but during the down turn homeowners have paid more, resident homeowners and that's my concern. I have showed this chart many times but if you say if the rates would have stayed the same in 2008, how much more have these classes paid over a 3 year period between 2008 and 2011. When you combine the reductions from each year the single family residential had a 6.6 million dollar less taxes, apartments 4.1, agricultural 8.3 million, conservation and so on, hotels and resorts 3.6 million reduction over a 3 year period while the homestead class had a 3.1 million dollar increase. So that's the increase they paid over a 3 year period compared to if the rates or if their tax bill would have stayed the same in 2008. So I have this chart that we made during the break because I wanted to make sure that the numbers were accurate and that's the one I would like to put up now which isn't part of this power point. This goes to what is being proposed and the first thing I have to say is that May thank you very much is the March. In the March submittal now these are actual numbers real numbers because when I finally got the data that I was asking for, for a long time we are now able to calculate the actual for those 2 for the current year and what is being proposed. Is everyone following this because these are real numbers?

Mr. Furfaro: Mr. Bynum your 14 minutes have expired but go ahead.

Mr. Bynum: Really I have been up here for 14 minutes.

Mr. Topenio: He has 5 more minutes Sir.

Mr. Furfaro: Oh I thought I heard it go off.

Mr. Topenio: No, no.

Mr. Furfaro: Clarification you have 5 more minutes but since I interrupted you set it for 6 minutes right now.

Mr. Bynum: Okay so in the March proposal if I went back the number we were working off for the homestead class, I mean for single family residential was 18,250 and I said that those numbers are understated and the actual figure is 17.8 so it's less. In the homestead class the data we were provided said that the homestead class was paying 9 million fifteen thousand but in reality it's 9 million nine hundred and twenty six. So when you look at these real numbers in the March submittal the homestead class would pay 9.9 million. Under the proposal I'm offering today to set the tax rate at 305, three dollars and five cents would reduce that roughly by 1 million dollars. So resident homeowners are paying 1.5 million this year than they did in 2008 more and under this proposal they would pay 500 thousand more. They are still paying more but it's like let's not have another year where residents pay increases. So I started this year saying that I thought residents deserved a 5 million dollar reduction in order to bring them down back to the 7 or 8 percent of tax burden that they were in that I think we all intended. That didn't fly so I suggested a proposal for 2.7 million and that didn't fly which would have brought homeowners back to where I personally think they should be in terms of paying a tax burden. Now I'm giving the most modest proposal of all that we set the rates to realize to realize a 1 million dollar reduction for the homestead class and that's on the bottom line here homestead. So if we do nothing the residents will pay 9.9 million of the tax burden, if we accept a 305 tax rate it will be 8.9 million. The 2 numbers above the Mayor said single family residential should pay 17.8 million in March but his re-submittal increase the land rate and would generate 20 million. So when we looked at this budget and said this is the Mayor's proposal, the Mayor's proposal at hotel and resort which he has stated and is accurate is roughly revenue neutral.

The Hotels and Resorts paid 14.4 million last year under the Mayor's proposal its 14.9 so roughly in round numbers the same amount, and again to put that in perspective if we can go back to the power point. I can't see these numbers but before we got accurate data well so the Mayor's proposal you've seen this reduction in the single family residential and under the mayor's proposal he's saying in essence you're going to pay if his proposal succeeds, more than you did last year but about the same as what you paid 2 years ago. So that increase doesn't take that single family residential and in that single family residential are primarily homes that are transient vacation rentals, second homes that are owned by people who live elsewhere but have a second home here or they are also rental properties and there are about 15 hundred single family residents that have exemptions. They will be protected by the cap and their maximum increase will be 3.7 percent. The bottom line of all of this is I'm proposing a 1 million dollar rate reduction, a reduction in resident home owner's taxes rather than allowing them to pay 1.5 million more than they did in 2008 while other people are paying these reductions. I think it's fair and reasonable and I would hope that the Council will support it. The other advantage it says land and building are both 305, so it moves us to where we have to be next year with tax rates for land and building the same. Any questions? Yes Councilmember Yukimura.

Ms. Yukimura: Oh yes that's the sheet I want. Actually if you could create those numbers under proposals are a mix of the Mayor's proposals and your proposals.

Mr. Bynum: That's correct.

Ms. Yukimura: It would be much easier to see March. May and than what you are proposing.

Mr. Bynum: Well for single family residential the Mayor proposed this in March and he has proposed no changes in tax rates.

Ms. Yukimura: I know but your proposal is not to increase the taxes in the single family residential.

Mr. Bynum: No, that's the Mayor's proposal.

Ms. Yukimura: That what I mean so if you would just to be clear show March/May as the second column and than your proposal I think it would be clearer.

Mr. Bynum: Well if you change the proposal to May than that would be accurate. This is what the Mayor proposed in March and this is what he proposed in May.

Ms. Yukimura: But you would have to show the homestead at 926 right in May?

Mr. Bynum: I understand your point, if you put this number Ashley in this box and my proposal in this box.

Ms. Yukimura: Yes than it would be clearer I think. Because you're not proposing any increases in any other class your just proposing a decrease in the homestead class right?

Mr. Bynum: That's correct.

Ms. Yukimura: Okay and where are you proposing to take the, what did you say 1 million from?

Mr. Bynum: I'm sorry... well we're going to determine that in budget right we've already done a million dollars worth of increase overall in our 3 day process here right? We've eliminated some spending, we've increased some and we had that chart up there just before we went to this break of a million dollars difference. This would reduce revenues by a million dollars and so that brings me back and thanks JoAnn for this input and I hope that makes it clearer. This is the March submittal, this is the May submittal and this is the change that I'm suggesting for the homestead class. If you can go back to the power point one more time thank you. These are actual numbers from the CAFR and I have made this point repeatedly. Our actual reserve at the beginning of this fiscal year was 51 million dollars and we will know when we get the next CAFR if that got reduced or increased. We can already project based on the projections that it's likely to be reduced a little but not much and that's my own view of it right now. So where does that million dollars come from? It comes from either cuts we make or from this reserve which we have at the beginning of this fiscal year of 51 million dollars and these charts say what it is. These are not budget numbers but these are actual numbers and the chart reflects the general fund balance, end of the fiscal year minus committee and restricted funds. The sources, the CAFR and the percentages

here are the percentage of the fiscal years general fund expenditures plus transfers out, it's based on that number which we agreed is the number we're going to use.

Mr. Furfaro: So, Mr. Bynum, you're time on the Real Property tax piece you have made your presentation.

Mr. Bynum: Yes and I am just answering questions.

Mr. Furfaro: Yes well you can come back to the table for that. Do I have all the members here?

Ms. Yukimura: Councilmember Rapozo.

Mr. Furfaro: Mr. Rapozo where's Mr. Rapozo? Okay this is a critical part of our budget piece. Is there testimony from people in the audience? Mike come right up.

MIKE DYER: Thank you Mr. Chair my name is Mike Dyer thank you for the time I know you're time is really tight today and I appreciate it. Just a couple of things these graphs are very ,very interesting to me it's obvious that the system that we have in property taxes right now is kind of a live by the sword and die by the sword kind of a thing. If you're living by market value and things are going up like crazy and the money comes flowing in taxes go up for your resident voters and you have to do something to keep them from getting increased taxes so you put a cap on so the residents go off the market value system. So for a good deal of our property tax system right now the market value no longer applies. With respect to the single family resident class I think one of the things that's important to add into the single family resident class is there are a lot of properties in there that are vacant lots. We are a low growth island and since I've been here for 4 years we've been a low growth island yet marker value driven taxation like this is called highest and best used. You try to force out the guy that doesn't build on his lot and you do it by making the prices go up and you want the guy that's going to actually go in and build a house on those lots. That maybe a good thing or maybe a bad thing but I think you need to work that into your equation when you talk about as the Mayor is raising the rate on land which is the market driven side of the equation. The building stays pretty consistent as Steve Hunt and his group keeps the buildings pretty steady they don't change too much with market value but the land is what takes off. A lot of the stuff that's included in your single family category that the Mayor's proposing is to increase the millage rate by about 22/23 percent. In this particular bite it's going to be more of the same market value drive people out and try to get houses built on vacant lots and so I think that's a good thing but remember those are vacant lots that don't really get any services so a lot of that money you're getting is from land that Police don't have to do anything for, Fire Department don't have to do anything for, so great graphs great information but we still need property tax reform on this island, thank you.

Mr. Furfaro: Mike, were you part of the original taskforce?

Mr. Dyer: Yes, I was.

Mr. Furfaro: Mr. Bynum has a question for you.

Mr. Bynum: Thank you, for being here and making that point. I agree there are many ways that I as a councilmember who sets these rates want to be able to analyze exactly what the implications are for all these circumstances and you've mentioned one of them. But until recently I couldn't tell which of those properties in that class was land only and building only. I can only tell you that for this year and it it's not in a format that I can analyze as of yet and that's something we talked about at length and the administration and the Council is going to rectify that before we're here next year so we can work with Real numbers, thank you. And I do

have a question? I think you just saw that people in the homestead class is paying 1.5 million more this year than they did when all these other classes were paying less. I'm suggesting a million dollars of rate change. Is that a proposal that would make sense to you?

Mr. Dyer: Yeah that's fine Mr. Bynum I'm a homesteader of five so save me some money and I'm happy because I'm paying a lot on other types of properties. I don't have a problem with that and it seems pretty minor in the big picture but particularly it looks offensive when you chop it off in the last 3 years and you go back to the original picture and you look how much I saved as a homesteader or property owner. Its fine you can give me back my little piece of change but I saved a lot of money by the cap during the 7 or 8 years previous.

Mr. Bynum: Thanks and that's why I showed both charts.

Mr. Dyer: Thank you.

Mr. Furfaro: Do you know how much was saved on the cap for that period Mike?

Mr. Dyer: By me personally?

Mr. Furfaro: No by the cap guard?

Mr. Dyer: No, I don't.

Mr. Furfaro: It was 70 million dollars.

Mr. Dyer: That's a big number.

Mr. Furfaro: Seventy million dollars of relief.

Mr. Dyer: Yeah and I appreciated that thanks.

Mr. Furfaro: I'm going to ask the Finance Department to come up now for questions. Thank you Mike, thank you very much. Steve did you bring by chance a category of rates that if it went up on the screen we could see it?

STEVE HUNT, REAL PROPERTY ASSESSMENT: A category shown...

Mr. Furfaro: A category of rates being proposed by the...

Mr. Hunt: Being proposed yes.

Mr. Furfaro: And we can see it?

Mr. Hunt: I believe I gave Scott some handouts as well.

Mr. Furfaro: Okay I'm asking for a screen so the public will be able to view it.

Mr. Hunt: Sure and I brought 2 sets one was the May 8 submittal the proposed budget by the Mayor and one was the hybrid including the mayor's proposal and the decrease rates that councilmember Bynum had asked for comparison purposes.

Mr. Furfaro: Okay can you tell us a little about it?

Mr. Hunt: Well again the premise for having the higher single family land rate was really sort of a make-up for something that happened in fiscal 2006 when the rate was dropped a dollar fourteen and came in to line with the homestead rate being the same rate as the homestead. Two years after that that rate was even dropped lower to 395 which was five cents lower than the homestead. The Hotel and Resort class these 2 rates were again raised from 690 on the land to 714 and from 790 to 820 on the building to get us to a revenue mutual position with fiscal 2012. Because the land rate was so different for income properties and all other categories except for the single family we felt that restoring that historical difference between those classes the homestead and the single family and still being far below any other class made sense. With respect to the properties that are in this class Mr. (inaudible) is correct there are vacant lands in this category but there is also vacant land in all other classes. In relative to 485 being proposed relative to the next closes rates of 690, there is still quite a bit if difference between those rates.

Mr. Furfaro: If I look at your sheet the PHU eligible there are 12 hundred and 12 thousand two hundred ninety two people that basically will not experience more than a 3.7 percent increase?

Mr. Hunt: That is correct.

Mr. Furfaro: regardless of what category they lived in because they are scattered between residential, homestead, apartments and so forth? Twelve thousand which makes up about a third of our totals?

Mr. Hunt: Yeah I believe there are about 34 thousand taxable's so that's about right.

Mr. Furfaro: So a little more than 33, about 37 percent will have the cap?

Mr. Hunt: On a parcel cap that's correct.

Mr. Furfaro: Okay questions for... Mr. Chang.

Mr. Chang: Thank you Mr. Steve Hunt. Hey help me out please so as far as the homesteaders are concerned, how many homesteaders' families will benefit if there was some sort of refund? About how many do you know?

Mr. Hunt: No I don't have that number I know how many are eligible for benefits but I don't know how many would actually benefit. There are some issues with our software determining how many are capped and by category. We can look at it from a bulk basis and I believe there are about 88 hundred through all the categories that were benefiting, I believe that number comes down a couple hundred with the proposed rate change by Councilmember Bynum. The total impact in terms of credits to that homestead category I believe is about a million twenty one thousand. Mostly it's going to be benefited by the people that are paying market taxes now that are not under the cap or those that are marginal benefits when that rate comes down they may actual get off the cap and have the cap reset.

Mr. Chang: So there is no way to average out about how many we have ballpark or what the average redemption?

Mr. Hunt: No and even that you're talking about some people that's going to pay 3.73 percent more even with this rate reduction.

Mr. Chang: I understand.

Mr. Hunt: And probably I wouldn't say that vase majority but probably more than half majority would pay 3.73 percent more but some would fall off and they're particular benefit especially at the higher end would receive more.

Mr. Chang: Okay.

Mr. Furfaro: Mr. Rapozo:

Mr. Rapozo: Thanks Steve, I had a question regarding the single family homestead and do we have a number of lots?

Mr. Hunt: Vacant lots? Not off the top of my head.

Mr. Rapozo: Is it substantial, is it significant, is it?

Mr. Hunt: I really don't know off the top of my head I would have to run a job within that class to get a count of improved versus vacant.

Mr. Rapozo: Okay thank you.

Mr. Furfaro: Mr. Kualii.

Mr. Kualii: Thank you Mr. Chair. I had a question about the charts and how they show the property tax increasing or decreasing. Because the rates have stayed the same it's primarily due to the assess values. So in a downturn economy for the last 5 or more years, the fact that that line kept increasing, the rates stayed the same because the values either held value or increased in value?

Mr. Hunt: Well depends on what category?

Mr. Kualii: Homestead.

Mr. Hunt: within the homestead okay. Within the homestead what you saw was a run up in value but a very straight line capping it became very predictable because of the 2 percent. The only variance to that line was resets when someone who had a property that had or they were paying maybe 500 dollars in taxes and their market taxes were 15 hundred dollars and they sold that property, the new owner would than pay 15 hundred and if they came in as a homeowner they are starting at a 15 hundred bench mark. All of a sudden that thousand dollars additional tax gets added to the homesteads and it was appreciating faster than the 2 percent line but individually all those who held their properties have not appreciated faster than that.

Mr. Kualii: So like the China man who testified earlier he said by having the cap in place in essence removing that one class out of the market value system because now this line doesn't really... there's at least 3 different factors that doesn't give us a good representation because the cap is applying to some and there's the new buyers that when it resets...

Mr. Hunt: Correct.

Mr. Kualii: And so those different values some people are paying more some people are paying less but as a group they are paying more but do we know if as a group the values have held or... because if they were as a group the value plays a big role right?

Mr. Hunt: Sure.

Mr. Kualii: So if it was going down like in other categories and the reason other categories are paying less and not because we lowered their rates but it's because of the economy.

Mr. Hunt: Right and that's also what you saw when you started seeing the percentage taxes being shifted to other classes as you saw a very stable tax coming out of the homestead class where you saw a huge increase in run-ups by other classes. On the tail end as we've come down for the last 4 years you have seen the opposite effect as the values are declining and people that are paying directly as taxes are associated with the value coming down, now the proportion that homestead is paying is increasing not that they're contributing a whole lot more taxes it's just they're paying a more stable tax and the other classes are now paying less of the total pie so their proportion is now expanding.

Mr. Kualii: Thank you, Mr. Chair.

Mr. Furfaro: Mr. Bynum:

Mr. Bynum: There are two things the increase over the last four years in that class has two factors. Those that still have the cap going up 2 percent a year and this year 3.7 and probably a larger factor the reset, any home that changed ownership and I've showed these graphs over and over again that could go from 300 to 900. So those combinations of those resets plus the increases that all the cap folks are paying correct?

Mr. Hunt: Right and we're also not talking about necessarily the same set of owners so someone who started with a condo that had a value of 150 thousand when they started the cap and now they migrated and they were homestead in the condo have now migrated in to a single family home. Now that home is a five hundred thousand dollar home and it ran up higher and so now you have all these dynamics as to the differences in homeowners and what properties are actually in that homestead class.

Mr. Bynum: Right and the other point you made earlier was we didn't change the exemptions, we didn't go big with a big reduction for the class and so this 1 million dollar reduction primarily will go to the people who are paying the highest differentials the ones who are not in the cap. So the people in my opinion are paying the highest most unfair taxes will get this relief and it will narrow that gap so it moves us in the right direction to equitable. Most of the people have the cap in the homestead class will pay a 3.7 percent increase. This million dollars will go to the people that's paying the highest tax bill and in my opinion the most unfair and I feel good about that. Hopefully my colleagues agree to what Mr. Dyer said that in the bigger picture these million dollars is not that big a deal and it moves us in the right direction.

Mr. Furfaro: Steve I have to ask you Mr. Bynum is talking about the million as the relief and the sheets you gave us when I go to a particular category called homestead its going from 13 million 10 to 10 million 5 and its actually a change of 2.5 million. Are you saying because we can't work out the particulars on a cap?

Mr. Hunt: No if you look at the sheet to the very far right column you will actually see the actual taxes now. So if you're looking at 13.1 as the potential taxes and after

application of this 3.16 in credits they're actually paying about 9.948 in taxes and under the proposal made by Councilmember Bynum at the 305 rate even though that 13.1 drops to 10.5 the credits are now reduced from 3.1 to 1.65.

Mr. Furfaro: And that's how you get to the 8.9?

Mr. Hunt: That's correct so that's the million 21 differences what they would pay with the caps at 9.9 versus 8.9.

Mr. Furfaro: Okay so the line item sheet to sheet I shouldn't compare? I should stay one line on the proposed 3.05?

Mr. Hunt: Well you could look sheet to sheet to sheet as long as you're looking at the second well there's 2 columns at the very end of the percentages but right before that it says amount raised by taxation. If you compare the two sheets line by line you can see what they actually paying after the application with credits and that is a fair comparison.

Mr. Furfaro: Okay Mr. Kualii:

Mr. Kualii: Thank you Mr. Chair. So again that chart that was showing the increases in fact it's showing the increase by the class but you could separate out between the class for people who have stayed in their houses and the cap applying to them year after year and the houses that were sold and was reset. So the huge increases if it made that line go up was coming from just that group of houses, I mean the ones that sold and reset because it can reset higher than the cap to market?

Mr. Hunt: Right and it does rest at market.

Mr. Kualii: Like 10, 15, 20 percent?

Mr. Hunt: Correct.

Mr. Kualii: Much higher you said?

Mr. Hunt: Yes.

Mr. Kualii: So, to look at it as a group and to not sort of like accept or respect the fact that when the cap was created it allowed for that or it wanted that. It wanted it to reset when the property sold otherwise if they would have said no it will just tie in to the property no matter what happens to it. If someone sells and a new one comes in it to will just cap, cap, cap and continue capping and not reset. And if that was the case than obviously the increase would go in a more gradual paste, but it's because it sold and it reset?

Mr. Hunt: Right and I think that was the intent that was the ability of new buyers they may have more resources that there would be a reset at the market value at that time.

Mr. Kualii: So now we have a disagreement with that and that's what we should change to correct it if you think it needs correcting. My other question had to do with you talked about 12, 292 in your sheet it says PHU eligible parcels with a similar figure from before, do you know how many people actually invoke it or utilize it or need it? Because based on the rates maybe a lot of people taxes and the value are not even going up higher than 3 percent so they don't get to invoke the cap because they are lower than that.

Mr. Hunt: Right and what you're saying is that downward trend is exactly that, that people are actually coming off the cap because the values have declined.

Mr. Kualii'i: Right.

Mr. Hunt: People who started the cap in 2006, 07 and 08 have now seen actual declines and basically every year they set a new cap so they start at a new tax base and if your market calculations of taxes because of lower value are lower than their cap tax. In other words if it decreased more than 2 percent, than their having an actual drop in taxes and that actually sets a ceiling for the next year. So if there is a turnaround and value starts to rise they will immediately get hit by that ceiling. Right now they are in a fall and a reset fall and a reset fall and a reset for the last 3 to 4 years.

Mr. Kualii'i: Thank you, thank you Mr. Chair.

Mr. Furfaro: Okay I want to say that we have a couple other pieces of business to finish up of which I will want you to come back because I think it will have an impact on some of the discussion about the tax piece and so can you stay close.

Mr. Hunt: Okay I do have a commitment after 3:30.

Mr. Furfaro: We might need to get some other business cleaned up okay. Okay members I'm going to ask if we can shift our gears here for a second and Mr. Bynum I want to clear up some other business so that people can have an opportunity to...

Mr. Bynum: Well I can't make a motion and vote on this proposal?

Mr. Furfaro: If you want to end the discussion yes but I want to go back on some other items so that it might... well fine we'll do it that way than.

Mr. Bynum: I'm just asking your guidance.

Mr. Furfaro: Well follow my lead if you follow my guidance.

Ms. Yukimura: Can we just make a motion and...

Mr. Furfaro: I'm going to tell you it might help some people with their decisions and that's why I'm going to go where I'm going okay, is everybody okay with that.

Mr. Bynum: Mr. Chair.

Mr. Furfaro: Yes.

Mr. Bynum: This will take less than a minute there's just one more thing I would like to display. I have one more thing I would like to display it should take less than a minute.

Mr. Furfaro: I will give you that minute when I finish what I wanted to handle.

Mr. Bynum: Okay.

Mr. Furfaro: Folks when we were dealing with the CIP piece we took a 300 thousand dollar item which was intended for Drug treatment Facility okay and we only moved 150 thousand and because it's general fund money and not bond money I want to see if I can get a motion to move that balance to the operating account. It will help us reduce the 1 million 48 thousand that we had to add and it will bring that line down to just around 900 thousand.

Ms. Yukimura moved to take three hundred thousand dollars which was intended for Drug Treatment Facility, and moved one hundred fifty thousand dollars from the General Fund money to move that balance to the Operating account, to reduce the one million forty-eight thousand that was added and it will bring that line down to just around nine hundred thousand, seconded by Mr. Chang.

Mr. Furfaro: Any discussion on that item?

Ms. Nakamura: Council Chair, when we added the Wailua Golf Course piece to the CIP Budget we also had to come up with 38 thousand five hundred.

Mr. Furfaro: Right.

Ms. Nakamura: So would it be possible to do less that amount?

Mr. Furfaro: I think we already put the 38 thousand in there.

Ms. Nakamura: Oh, did you already find it?

Mr. Furfaro: Yes, I think we did that already.

Ms. Nakamura: Oh, okay, to me it was a missing piece.

Mr. Furfaro: Am I correct, Tim? The 38 thousand, Scott was on the list as part of the million 48, am I correct?

Ms. Nakamura: Thank you.

Mr. Furfaro: Okay so I want to look at the 150 thousand that was left on the other general fund item and I have a motion by Vice Chair Yukimura and a second by Mr.Chang, any further discussion, all those in favor signify by saying aye?

The motion to the one hundred fifty thousand dollars that was left on the other General Fund item was then put, and unanimously carried.

Mr. Furfaro: Okay, and Scott do you know the number that that is reduced by and what our new number is? This will just take a moment, Mr. Bynum why don't you go up and make your presentation while we're waiting for this number.

Mr. Bynum: I just want to...

Mr. Furfaro: Mr. Bynum, let me just get a all those in favor signify by saying aye?

Councilmembers: Aye.

Mr. Furfaro: We did I'm sorry I was just following the numbers.
Okay Mr. Bynum.

Mr. Bynum: I passed out these charts to councilmember's before, the yellow one at the top and because I say we now have accurate data right for the last 2 years and that's the accurate data the yellow at the top. The 2 at the bottom is what was reported to us and so we thought last year that the homestead class paid 8.9 million in the taxes and 11.29 percent, but it actually was 9.9 million and the percentage was 12.7. We thought that this year's calculations was initially was shown to us at 9 million but it's actually 9.9. If you look at the top at single family residential paid 18.3 last year but they actually paid 17.8. So that's why I'm saying that those ones at the top of the graph were overstated what they actually paid so I just wanted to show that. So the proposals that the Mayor put forward and that I put forward are based on actual real data. I want to thank Scott our analyst who originally was able to take the data I got and calculate these.

Mr. Furfaro: Okay Steve could I ask you to come up again. Steve I'm going to number these two schedules that you gave us the schedule as originally submitted by the homestead class shows the homestead rate at \$3.77?

Mr. Hunt: The \$377.8 and that actually is a unified rate if you were to consider doing one rate this year you could put that as an alternative.

Mr. Furfaro: Got it but I'm going to call this schedule A.

Mr. Hunt: Okay.

Mr. Furfaro: Members could you show your piece as schedule A. Than Steve the piece that references the 305 as a blended rate I'm going to call that schedule B. Therefore as we start to get in to motions and so forth here there is no confusion okay and we just roughly readjusted our overage in rough numbers right now at 898 thousand so this would change and I want to reconfirm the schedule B would take the amounts raised by taxation at that rate for the homestead class to 89.264.48 correct?

Mr. Hunt: Correct.

Mr. Furfaro: Okay members anymore questions for Steve?

Ms. Yukimura: I'm sorry what exactly is the significance of schedule A?

Mr. Furfaro: Did you hear the question?

Mr. Hunt: Yes the significance?

Ms. Yukimura: Yes.

Mr. Hunt: The significance is this is actually what was submitted as the Mayor's...

Ms. Yukimura: Oh this is the May's submittal.

Mr. Hunt: Yeah the May 18th submittal.

Ms. Yukimura: Okay right.

Mr. Furfaro: And the second sheet which is now schedule B is the one that reflects Mr. Bynum's counts.

Mr. Hunt: And I would call the BA hybrid as it includes the Mayor's May 8 proposal with the one exception being the change to the homestead rate.

Mr. Furfaro: Okay well I think for the vote we can just do it with schedule B.

Mr. Hunt: Yeah schedule B.

Mr. Furfaro: Questions for Steve if not I have to tell you that we have 5 minutes to take a tape change and then we're going to move to see if we can get a vote on these revenues. Five minutes, if you're not here you miss out on the vote.

There being no objections, the Council recessed at 2:13 p.m.

The Council reconvened at 2:21 p.m., and proceeded as follows:

Mr. Furfaro: Okay, before we go out to establish the tax rates I want to make sure I share with you folks what I think our options are here. Regardless if we vote for schedule A, which is the original piece that will come over with the May 8 budget or we go with schedule B that I labored to get us just to call it schedule B. We need to have an understanding because we only did it quickly that any money we move in the general fund CIP because we're going to balance out these pieces will end up in the general fund operating. The example I gave was 150 thousand and I just want to make sure we can vote on that today. With the 948 and the million one if we move or we adjust, if we adjust the un-appropriated surplus around 2 million dollars that will leave us about 15.2 in our reserve and it will still keep our reserve pretty much intact. I can see the Finance Director shaking his head but what I'm worried about is that it's consistent with our policy especially before we go up for the bond refinancing and that's the issue. So with that number right now in the upper left hand corner of our sheets says we're about 12 million 9 starting our budget but to get this thing balanced if we do the following pieces we're going to have to move about 2 million to give this tax release relief. Ernie do you have that number up in the corner that I was referring to?

Mr. Barreira: Chair, are you talking about the fund balance?

Mr. Furfaro: Yes the fund balance.

Mr. Barreira: Yeah for fiscal year 13 that's 12 million five hundred fifty three thousand, two hundred seventy two dollars.

Mr. Furfaro: Okay, so we're going to have to boost that up to fourteen and ask the Finance Department to adjust that appropriately that's just an overall blanket coverage of what I'm saying. Now if you recall in my presentation and I didn't quite agree with all of Mr. Bynum's numbers and maybe presently I still think we have the opportunity to see about another million five carried over from the balance of this year in salaries and I think you folks remember my presentation here. I just want to make sure that I get those pieces understood by all you folks so before we go to the real property tax piece may I ask to get a motion from one of you for whatever the final adjustments are from the CIP General Fund that we're in agreement that we will move whatever is the variance. We will move it to the general fund operating.

Ms. Yukimura: So second.

Mr. Furfaro: May I have a vote on that and just a voice vote would be good.

Ms. Yukimura: So Chair our previous motion about...

Mr. Furfaro: The previous motion was only on that one account but I think we have a few more here 20 thousand here 15 thousand here.

Ms. Yukimura: So we're just dealing with whatever balance...

Mr. Furfaro: That's what I said the CIP General Fund balance.

Ms. Yukimura: Okay thank you.

Mr. Furfaro: All those in favor for that please signify by saying aye?

Councilmembers: Aye.

Mr. Furfaro: Okay the other thing I want to share with you is what we might have to do to adjust the un-appropriated surplus if we go with this 2 million it will maybe have some impact on whatever appropriations we might have as we end the year but also could have some effect on our bond deal on the Mainland. They may look at us using money from that account even lowering it as an indication that we might use more funds in the future and I'm just saying I wanted to make you aware of it. Now we will talk about establishing a real property tax rate and we'll use what is called schedule A or schedule B.

Mr. Rapozo: Mr. Chair?

Mr. Furfaro: Yes.

Mr. Rapozo: I just would like to entertain the possibility of a schedule C as well and the schedule C for the purpose of discussion would be the March 15 tax rates what was submitted on March 15.

Mr. Furfaro: Okay.

Mr. Rapozo: That would be schedule C.

Mr. Furfaro: Okay.

Mr. Kualii: Second.

Mr. Furfaro: Okay now I will recognize Mr. Bynum.

Mr. Bynum: I would like to move that we adopt schedule B first.

Ms. Yukimura: Second.

Mr. Furfaro: There's a second. Discussion or I'm going to go ahead and do a roll call vote on schedule B and if we do schedule B we will confirm with 5 votes or we can accept four? Okay because we're reducing that amount it will be a vote of four affirmative okay. We

have discussion now. Mr. Clerk, can you come up to a mic in case there's procedural questions? Okay Mr. Bynum.

Mr. Bynum: I just would say that I think this is a modest and appropriate proposal, I think a small reduction in our budgeted reserve is not going to impact our bonding that's in the bigger scheme of things minor compared to all the other issues we have for bond. Like our very low debt amount compared to most municipalities but if we don't adopt some relief for the homestead class we're in essence saying you're going to pay 1.5 million more this year than you did in 2008 and every other tax class is going to pay substantially less. If we adopt schedule B we're saying you're paying 5 hundred thousand more than you did in 2008 and virtually everyone else is paying less. I think it's very modest and it moves us in the right direction and I would ask for the support for our residents.

Mr. Furfaro: Mr. Clerk can I see you and Jade in the back and on the same side I want to make sure I wasn't saying what was manini or what was maximum I just want to disclose it to you folks okay. I have been to the bond hearings and I know what's manini and what is not but I didn't say that I just wanted to make you aware of that. I will share this with all the members at the same time, in consulting with the County Attorney as well as our staff... Eddie why are we passing this out right now? We don't need this, this is... thank you Eddie. So the interpretation is that the May 8th proposal that came up over from the Mayor is only handled as a communication. The difference in the amounts regardless of what was proposed to us because the final authority is with us and the 83 million in point 3 in general funds on schedule B which is the Council's amendment is actually an increase over what was submitted March 15 and therefore our vote will require 5 votes. I'm sorry I had thought the difference was on the May 8 piece and I stand corrected. So Mr. Bynum had the floor.

Ms. Yukimura: I just wanted to clarify...

Mr. Bynum: Than maybe we should take these votes separate because for the Mayor it's an increase to take five right? And for my proposal it's a decrease and it takes four.

Mr. Furfaro: No because the May 8 proposal is handled as a communication I was just informed we have to deal with the March 15 and the March 15 both proposals are increases and they require 5 votes. That's the interpretation I just got.

Mr. Bynum: The homestead rate would increase?

Mr. Furfaro: Any increase for the total piece.

Ms. Yukimura: We need the tax rate resolution.

Mr. Furfaro: Mr. Clerk.

RICKY WATANABE, COUNTY CLERK: Okay given the different scenarios here the only bill pending before this Council is the bill that was submitted by the Mayor on March 15. The May 8 submittal is a supplemental communication so we have to amend the March 15 bill. Because of that in the March 15 the Mayor's real property tax revenue was at 77.3 million and...

Mr. Furfaro: Eighty point three that's what I just shared.

Mr. Watanabe: That's right so that an increase of the budget and it requires five votes to increase the budget.

Ms. Yukimura: Chair I have a question.

Mr. Furfaro: Go ahead Vice Chair.

Ms. Yukimura: Shouldn't we just be doing this on a tax rate resolution?

Mr. Watanabe: The tax rate is part of the budget in fact it's the major part of the budget and it determines the amount of your budget.

Ms. Yukimura: I know but shouldn't we increase the rates via the resolution?

Mr. Watanabe: The rates will be inflated by the resolution however the revenues are part of the budget ordinance.

Mr. Furfaro: Okay Mr. Bynum.

Mr. Bynum: I have real concerns about whether this is an accurate interpretation and I can't do anything about it right now but...

Mr. Furfaro: I want you to know that the County Attorney was present when I raised that question.

Mr. Bynum: Well when we set tax rates I have always thought that was a majority vote and in essence that's what we're doing here is setting tax rates.

Mr. Watanabe: As I said the rates are part of the revenues of the bill and the Charter requires us if you're going to increase the budget that the Mayor submitted you need five votes.

Mr. Furfaro: Okay Al will you come up Al?

Mr. Bynum: Can I ask Rick?

Mr. Furfaro: Yes Rick I'm not relieving you he can join you.

Mr. Bynum: Rick the Mayor's rate changes and increases revenues right? But the proposal I'm putting decreases revenues so why aren't they treated separately?

Mr. Watanabe: Because the mayor's May 8 is not a bill it's a supplemental communication per the Charter.

Mr. Bynum: Right but the proposal I have reduces it from the March.

Mr. Watanabe: No it increases it.

Mr. Bynum: While in the homestead class?

Mr. Watanabe: No you're looking at tax revenue.

Mr. Bynum: Right and so we have the Mayor's proposal and we have my proposal. The Mayor's proposal raises revenue from March 8 and my proposal reduces revenue as compared to March 8.

Mr. Watanabe: No it doesn't.

Ms. Yukimura: Mr. Chairman.

Mr. Furfaro: Let me just clarify this. The May 8 with the amendments made and what the mayor sent back to us in a communication was I will anoint Steve Hunt's communication. It's a hybrid but the bill that came over to us we're comparing it against the march 15 and we will need five votes on this item right?

Ms. Yukimura: Mr. Chair.

Mr. Furfaro: Yes I heard you, I can't stop and recognize you and not finish my statement but you have the floor.

Ms. Yukimura: True I just wanted to make a suggestion that maybe we vote on the Mayor's budget we amend it according to how we do it than we take the proposal from Mr. Bynum as well as the additional that we need to... well we should put the additional and the changes to the un-appropriate or what do you call it the fund balance? All in one vote and Mr. Bynum's in a separate vote so that it's clean and we can find out later because Mr. Bynum might get five votes and it will be settled and if he doesn't than he doesn't. It's probably affordable thing on his reduction but the rest is a five vote.

Mr. Furfaro: Okay I haven't heard from some councilmember's and I'm wondering if I shouldn't ask if I could have some commentary on schedule B? Mr. Kipukai.

Mr. Kualii: Mr. Chair I just want to say as with our discussions on other very similar matters I would support targeted tax relief but a blanket relief across the category I cannot support that at this time. Not to give this cuts to some while we're giving increases to others or while we're dipping into the reserve.

Mr. Furfaro: Okay Mr. Rapozo.

Mr. Rapozo: I was hoping we could get through the vote before Mr. Kualii had to leave because his vote may be important but I know he's got about 4 minutes left here. As I said I wanted to introduce what do you call this schedule A or?

Mr. Furfaro: Schedule C which is what came over on the march...

Mr. Rapozo: Exactly and I think for various reasons but I think Mr. Dyer hit it right on the head earlier and I appreciate Mr. Dyer you coming today and testifying and I really appreciate your honesty about the cap. We haven't heard that where Mr. Furfaro did mention the 70 million dollars in relief and if you go back in the program and I appreciate your honesty in saying thanks that helps but really what we're really looking for is some major, major tax reform something that you participated in years ago. Again I appreciate your service and something that I'm hoping the tax office and this body understands that what we really need. We need comprehensive tax reform, not the band aid approach and what's being done here. I'm going to stick with the March 15 tax rates and I'm not going to support any tax increases or any tax decreases. I think as we move forward with some new tax methods next year with the single rate system we can better understand how the allocation of taxes are made throughout the tax payers, but for this year

and I agree with Councilmember Kualii that it needs to be a lot more and I think the Mayor's Office by the way not the Mayor's Office but the Finance Department Tax Office is working on targeted tax relief that seems to be working quite well from the last numbers I saw. I want to give them that opportunity to move forward with that and expand that. I cannot support tax increases on the single family residential because of the people that own lands. I've gotten calls from people that own just empty lots like you mentioned that's going to get hammered and I don't think that's fair either.

When the tax rate increase was applied to the land which is really the more aggressive market changing rates, so I'm not going to support A or B I'm going to support C, I don't believe schedule C requires any action because it is what's on the table the March 15 tax rates are what's on the table and I don't believe that requires any action from this body thank you.

Mr. Furfaro: Not other than an understanding that we're going to have to dip into the reserve deeper because it's only 77 million there.

Mr. Rapozo: But Mr. Chair before we start talking about the dipping into the reserve or expanding the surplus I do want to have an opportunity to and maybe give us sometime whether it's 15 minutes or 20 minutes to review some further cuts in the budget whether or not we can make that happen.

Mr. Furfaro: Okay this is my point we have spent 2 hours talking about 10 thousand dollars today and now we're trying to pass a hundred and sixty eight million dollar budget inside of a time that the sand hour glass is running out on us. Okay Mr. Kualii than Mr. Bynum.

Mr. Kualii: Okay just process wise I would like to see us vote on this matter before us as quickly as possible as I'm stretching my schedule another ten minutes.

Mr. Furfaro: Okay and the matter in front of us is schedule B?

Mr. Kualii: Schedule B and then schedule A and then schedule C.

Mr. Furfaro: Okay I want you folks to know that I do plan to support schedule B so I will let the votes fall where they may okay. I'm going to call a... you want to speak?

Ms. Nakamura: I just think in the interest of time I would like to go along with it but I would like some time later to explain.

Mr. Furfaro: Okay I will give you time later to explain your vote. I would hope I would have the same time to since I just indicated where I'm going at this and I will be supporting schedule B. Okay roll call vote please? The roll call vote is based on the motion about approving schedule B. Schedule B is a hybrid between the mayor and Mr. Bynum's presentation and a lot of the other dialog we've had in the last 6 months, Roll call.

The motion for schedule B was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Yukimura, Furfaro	TOTAL-4,
AGAINST APPROVAL:	Kuali'i, Nakamura, Rapozo	TOTAL-3,
EXCUSED & NOT VOTING:	None	TOTAL-0.

Mr. Topenio: Four ayes, Sir.

Mr. Furfaro: Okay, so the motion fails.

Mr. Kualii: Can we vote on schedule A?

Mr. Furfaro: We can vote on schedule A. Let's get a motion for schedule A. Let's get a motion for schedule A.

Mr. Chang: Second.

Mr. Rapozo: There's no motion, if there's no motion it doesn't go to schedule C.

Mr. Bynum: Second.

Mr. Kualii: There's no motion.

Mr. Bynum: No, he said we're going to vote on schedule A.

Mr. Furfaro: Hold on, I heard can I get a motion for schedule A, than Mr. Chang second it but we didn't have a first motion.

Mr. Bynum moved to approve schedule A, seconded by Ms. Yukimura.

Mr. Furfaro: Okay and further discussion, Mr. Bynum.

Mr. Bynum: I'm going to support schedule A. It's the Mayor's proposal, and it is revenue neutral for the Hotel and Resort class. It raises the land rate and single family residential but those tax payers as a class will still be paying less taxes than they did 2 years ago. Ninety cents and we've talked about people with land, if you have a piece of land valued at a hundred thousand dollars, a ninety cents increase is ninety dollars okay so we're not talking about getting hammered. I agree that that's a concern but not enough to put us in a situation where we don't have enough revenue to balance our budget.

Mr. Furfaro: So I would like to call for the vote. Okay call for the vote please on schedule A.

The motion to approve schedule A was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Yukimura, Furfaro	TOTAL – 4,
AGAINST APPROVAL:	Kualii, Nakamura, Rapozo	TOTAL – 3,
EXCUSED & NOT VOTING:	None	TOTAL – 0.

Mr. Topenio: Four ayes, Sir.

Mr. Furfaro: So, that fails as well.

Mr. Kualii: Upon a personal privilege, I do have to leave. I Am going to do Council business and I'm sorry I couldn't be here longer. I appreciate all the hard work that everyone is doing especially the staff and the administration thank you.

Mr. Furfaro: Thank you.

Mr. Rapozo: Mr. Chair, I've been advised that we still need to vote on schedule C?

Mr. Furfaro: Yeah, I've been saying that for a long time.

Mr. Rapozo moved to approve schedule C, seconded by Mr. Kualii.

Mr. Furfaro: Okay, do we have a discussion, Vice Chair Yukimura.

Ms. Yukimura: I need to understand the implications because I think we have a huge deficit with schedule C.

Mr. Furfaro: Or we take out more money from the surplus or we start taking out items from the budget that were put in.

Ms. Yukimura: And how much money are we taking out of the surplus?

Mr. Furfaro: About 3.8 million it looks like. Go ahead oh I'm sorry I have recognized Mr. Bynum than I will recognize you, Mr. Bynum.

Mr. Bynum: Mr. Rapozo said a few minutes ago that he's not going to vote for any tax increases or decreases and voting for schedule C means that resident homeowners will pay increase for sure and single family residential and hotel and resort will have a reduction for sure. I mean let's deal with reality; reality is reductions are built in if we keep the rates the same for every class except the homestead class which will pay increases so I will not support schedule C.

Mr. Furfaro: One moment staff, based on the numbers that came into the budget for operating cost in this discussion I would like you to subtract that number and unfortunately I used some rounded numbers okay, Councilwomen Nakamura.

Ms. Nakamura: Thank you, Chair. By not instituting the proposed tax increases and reductions, we will need to come up with 2 million 8 hundred eighty nine thousand, two hundred and one dollars.

Mr. Furfaro: Okay Mr. Bynum could you be here at the table please.

Ms. Nakamura: In addition the Council has added approximately eight hundred ninety eight thousand dollars. So the total is about 3.8 million dollars that we would need to find in this budget so that we will not raise the tax rates this year or make any reductions. So my proposal was to do a combination of looking at the fund balance, increasing the fund balance by 3 million dollars and at the same time adjusting the reserve fund downwards by approximately 1.8 million dollars. Those two actions would prevent us from having to institute a tax increase this year.

Mr. Furfaro: Okay further discussion?

Mr. Kualii: Well I think it's important that we support this proposal and I think not giving tax increases or tax decreases to anyone at this time. Waiting a year to see all the programs, new programs that are put in place to see what that brings and to see further and make a real comprehensive tax reform and review the rates next year thank you.

Mr. Furfaro: Mr. Bynum.

Mr. Bynum: I would like to see Mr. Hunt up here please? Steve thanks, if we leave the tax rates at the March submittal that would mean a reduction for single family right?

Mr. Hunt: Yes.

Mr. Bynum: And it will mean a reduction for hotel and resort right?

Mr. Hunt: Reduction between fiscal 12 and fiscal 13 projected revenue from that class.

Mr. Bynum: Right a decrease.

Mr. Hunt: Correct.

Mr. Bynum: And for conservation and apartment and commercial.

Mr. Hunt: Correct.

Mr. Bynum: They will all have reductions in tax bills correct?

Mr. Hunt: I believe there might have been one or two classes that were close to neutral it might even have a slight ag and industrial maybe.

Mr. Bynum: And the majority of resident homeowners will pay increases if we change nothing?

Mr. Hunt: I would say that's an accurate statement.

Mr. Bynum: Okay so people are saying they don't want to lower or raise taxes but that's what we're doing. We're lowering taxes for virtually every tax payer except resident homeowners who will pay an increase.

Mr. Hunt: The only concern I have and we don't have a quote unquote schedule C present, but that number was a projection that was a 773 based on appeals...

Mr. Furfaro: No, no, no, let's make sure I don't want too... it was 77 that you passed over and when you certified it was 78.

Mr. Hunt: Correct.

Mr. Furfaro: So Councilwomen Nakamura's number was off by about a million dollars.

Mr. Hunt: Okay.

Mr. Furfaro: But still we had to tap the other reserves.

Mr. Hunt: Right.

Mr. Furfaro: Depending on which number she used in her math.
Okay any questions further for Mr. Hunt?

Ms. Yukimura: Well I need to know what the accurate numbers are.

Mr. Furfaro: Okay let me have this shared with you folks. When we
got the first March 15 number Steve, it was seventy seven three hundred thousand in round
numbers.

Mr. Hunt: Correct.

Mr. Furfaro: After the certified tax role came in it was 78,338,499 a
difference of a million thirty eight thousand, four nine, nine, right?

Mr. Hunt: Right.

Mr. Furfaro: So regardless of going back to the March 15 submittal
the actual cash income from the property tax role was a million higher than March 15 right?

Mr. Hunt: Correct.

Mr. Furfaro: We are at a million twenty three thousand for ads
right? We're going to take a recess and I'm sorry Mr. Kualii will probably not be here for the vote but
we have to put the right numbers up on the board. Make something quickly here, Mr. Kualii do you
have any more questions?

Mr. Kualii: What numbers do we need?

Mr. Furfaro: We're going to need about ugh Scott what's the
number right now for total operating expenses?

Scott Sato: Annual 1.023.

Mr. Furfaro: To what number? Added to what number? That's the
number I think we're looking for. Any answer yet? Mr. Chang if I can have you at the table,
Councilwomen Nakamura we wanted to have some discussion with one of the members to answer a
question. Go ahead.

Ms. Nakamura: In terms of the impacts to the reserve fund which was
your questions too was that and I asked Jade to do a quick calculation...

Ms. Yukimura: We're on record?

Mr. Furfaro: We're on record.

Ms. Nakamura: So I asked Jade to do a quick calculation to see that if
we took 2 million from the reserve based on the increase in the supplemental budget than how would
that impact the percentage set aside for the reserve. She came back with a number of 15.2 percent.

Mr. Furfaro: That was the number for schedule A and that's what I
was concerned with because the bond company is going to look at what our amount is against our
operating expenses.

Ms. Nakamura: This number was also the number that she gave me based on schedule C.

Mr. Furfaro: Okay it's the same number that I had and you know once we go below 15 it could have some effect on our bond rating with our ability to borrow future money.

Ms. Nakamura: So this one is 15.2 percent?

Ms. Yukimura: But we are raising taxes and we aren't raising rates but we are going to be raising taxes by the tax rates schedule that we're developing.

Mr. Furfaro: Yeah and I think what everyone forgets is when you compare stuff 3 years ago to now in certain classifications, hotel, apartments, industrial, they didn't grow. The category that grew was residential and homesteads so I couldn't tell you how they're going to view that in those last 3 years. That's where most of our construction has been. Do we have a number yet? Mr. KipuKai I don't have a number for you and...

Ms. Yukimura: Oh there it is now.

Mr. Furfaro: Oh okay well you can all see it I can't so. Would you go to the mic Jade? Okay so Jade, using the submission of March 15 from the Mayor and then you've added in the other revenues caught with the certification and based on where we have added to the operating expenses, the short fall will be what?

JADE FOUNTAIN-TANIGAWA, DEPUTY COUNTY CLERK: Jade Tanigawa for the record, its three million, nine hundred twelve thousand, 201.

Mr. Furfaro: Okay and that's what will come out of the reserve if not the other option is to begin attacking operating expenses.

Ms. Tanigawa: Yeah I mean in essence that's what the council needs to find.

Mr. Furfaro: Okay Jade stay right there so everybody understands what the impact is of going to schedule C.

Ms. Nakamura: Jade we could also just take a portion of it from the reserve and than a portion on the fund balance.

Ms. Tanigawa: The un-appropriated surplus?

Ms. Nakamura: That's the proposal I was looking at when moving forward.

Mr. Furfaro: I think we already had that piece on their on the first schedule B, some would come from the fund balance and some would come from the surplus, so it's the same thing.

Ms. Nakamura: Same concept.

Mr. Furfaro: Same thing. Council Vice Chair.

Ms. Yukimura: What is the proportion being proposed?

Ms. Nakamura: So 2 million from the fund balance and the remaining
from the reserve fund.

Ms. Yukimura: Which is how much?

Ms. Nakamura: One point nine.

Ms. Yukimura: Which leaves what percentage?

Ms. Tanigawa: About 15.2 percent.

Mr. Furfaro: It's the same as the first proposal.

Ms. Yukimura: It is 15.2?

Mr. Furfaro: Yes 15.2.

Ms. Yukimura: Two point nine and oh wait...

Ms. Tanigawa: Two million.

Ms. Yukimura: Two million and 1.9, okay.

Mr. Kualii: Can I call for the question please?

Mr. Furfaro: Being called for the question.

Ms. Yukimura: And we're going to be able to discuss it afterwards?

Mr. Furfaro: Yes, okay. So it is as summarized using some bond
money and some monies from other surplus accounts and if that's the right terminology at this point.
Call for the vote.

The motion to approve schedule C was then put, and carried by the following vote:

FOR APPROVAL:	Kuali'i, Nakamura, Rapozo	TOTAL-3,
AGAINST APPROVAL:	Bynum, Yukimura, Furfaro	TOTAL-3,
EXCUSED & NOT VOTING:	None	TOTAL-0,
SILENT:	Chang	TOTAL-1.

Mr. Furfaro: Okay, so we're at a point where the Mayor might
actually write his own budget. Mr. Bynum.

Mr. Bynum: We're in Alice in Wonderland territory here. We're
talking about taking 2 million dollars from this reserve account or that reserve account. The fact is
we started this year with a general fund reserve of 51 million dollars, it's not 22, its not 12, it's not 6.
The bonding agents are going to look at what we do with taxes and they're going to look at that
general fund and reserve and say that's the biggest one I've ever seen. I just can't believe that we...
the Mayor's proposal A was a reasonable proposal adding some relief for resident homeowners was a
reasonable proposal. All of this expression concerned about dipping in to the reserve and some
members want to have the biggest dip of all. More than the Mayor's proposed and at first in this

process people were saying oh the Mayor reduced the dipping into the reserve by 6 million good for him. We need to deal with reality, these are budget numbers their not real and we have real numbers and we're ignoring them. Thank you.

Ms. Yukimura: Yeah I mean we're at an impasse but I would like to suggest that we take a recess and have some time to think about some other combinations that might be acceptable. It will certainly take some creativity and focus but there are still a lot more combinations that we could look at so I think we should take the time to do that. We were scheduled to adjourn at 4:30 and we still have an hour and a half.

Mr. Rapozo: I don't know what the process is but if I understand the process as I believe it is and we don't agree on any of the amendments than the March 15 budget as it was submitted would stand, which would basically be you schedule C. That's how I understand it so it's not an impasse I mean we're an impasse between the A & B but the schedule C as the Mayor has provided in the ordinance which is the March 15 submittal is the rates that would stand.

Mr. Furfaro: I actually want to take a recess and I want to see the Finance Director and I want to see the County Attorney while I'm on that break to get some clarity. I want to make sure you folks understand, everyone here had a wish list and I introduced 2 items. I introduced 64 thousand dollars for the CAC in Kekaha and I introduced 90 thousand for the Salt Beds geological survey. You folks went shopping and that's one of the reasons we are probably at this impasse right now. I will let Mr. Bynum speak than I will have a consultation with the County Attorney, the Clerk and the Finance Director and we'll have more dialogs we are scheduled today until 4:30, go ahead.

Mr. Bynum: The first vote we took here was on B it had 4 votes and I would like someone during this break to tell me where is it in the Charter that says we need 5 votes to set tax rates?

Mr. Furfaro: That's why I'm meeting with the County Attorney.

Mr. Bynum: Okay and that's why I want to renew my objection to the way this came down. Its different than any other one I've done and maybe it does say that in the Charter but I don't recall but I don't think setting tax rates requires 5 votes.

Ms. Yukimura: I share that concern.

Mr. Furfaro: Okay well on that note to the County Attorney to the Finance Director and to the Clerk and the Deputy Clerk, may I meet with you and I'm going to meet with you and I want to make this a 20 minute break, 20 minute break. Some of you may want to go out and grab a tuna sandwich or something.

There being no objections, the Council recessed at 3:05 p.m.

The Council reconvened at 3:45 p.m., and proceeded as follows:

Councilmember Kualii excused at 3:05 p.m.

Mr. Furfaro: I just want to reconfirm some things with you Al first and I would like the County Clerk up here too.

AL CASTILLO, COUNTY ATTORNEY: For the record Al Castillo, County Attorney.

Mr. Furfaro: Thank you Al.

Mr. Castillo: Before Councilmember Chang reminds me.

Mr. Furfaro: Ricky could you introduce yourself.

RICKY WATANABE, COUNTY CLERK: For the record Ricky Watanabe, County Clerk.

Mr. Furfaro: First of all there is there any change in the interpretation that deals with the fact that the technical budget that was submitted to us on March 15 is the piece that we need to work with?

Mr. Castillo: Yes and there is no change to that.

Mr. Furfaro: No change to that?

Mr. Castillo: Yes.

Mr. Furfaro: Okay I'm going to ask a series of questions before I recognize anybody. The supplemental piece was in fact a communication but how does that measure up when I had the group agree that we would be working off of the May 8 piece?

Mr. Castillo: I think that's a starting point for your discussions as a Legislative body. It doesn't necessarily take away from the fact that the numbers that we would be looking at and considering regarding whether or not it is an increase. I'm not saying just because you said that's the starting point it doesn't take away from the fact that March 15 is what we actually work on when we determine whether or not...

Mr. Furfaro: Well I'm just saying there's 3 pieces here to me that are quite backwards because the way we approach this we always have dealt with the expenditures first. Then we get a certified tax role and we revisit this process based on the fact knowing that we're trying to wait for the Legislature to conclude their business so we know plus and minuses, what effects the State had on us. What I'm saying is I got a vote from members that we're going to work off the May 8 piece. I didn't get a vote from the members that we're going to work off the March 15 piece.

Mr. Castillo: Okay maybe...

Mr. Furfaro: Is there anything you can add there.

Mr. Castillo: Maybe Mr. Watanabe can add.

Mr. Furfaro: Rick?

Mr. Watanabe: If that's how you started the decision making by getting a vote to accept the May 8 as the starting guide, than in essence I would interpret that as you have amended the March 15 with the May 8 and you should have got the differences in the variance column to know what you changed and what changed between the March 15 and May 8 which I think you guys did. So given that and this is just my interpretation and not a legal opinion that you need to really go and complete doing what you did for expenditures as far as revenues are concerned. Meaning if you worked off the May 8 with expenditures than you need to continue with revenues and be consistent.

Mr. Furfaro: Okay I'm going to go through my questions so you folks can hear them before I recognize...

Mr. Watanabe: And ultimately Chair the County Attorney is right, March 15 is the only bill on the table, it's the only bill on the table, and May 8 is a communication.

Mr. Furfaro: We need to pass a budget by June 7, is that correct?

Mr. Watanabe: Yes per Charter.

Mr. Furfaro: Okay. If I ask for a reconsideration of these schedules no matter how many members are here I still need 5 votes?

Mr. Watanabe: Yes given the scenario that the May 8 and perhaps the Deputy Jake, May 8 the total number for the real property as compared to the different A, B and C exhibits. How does that compare? Okay so on the May 8 we had 81.2 million on exhibit (B) we have 80.2 so that would be a decrease from the May 8 and I'm missing (C) I don't have (C). And (C) is the inclusive of the certified role is 78 I think Jade? The March 15 inclusive of the certification.

Ms. Tanigawa: Seventy eight.

Mr. Watanabe: Okay so (A) would be an increase, (B) would be... okay on the March 15 it was 77.3 per the certified role and it came on March 30, it was 78.338.499 and on May 8 the submittal was 81.227.700 eighty one million, point two. So what I believe we're working off of was given the scenario that was stated up front is the 81.2 Million.

Mr. Furfaro: Okay I'm going to finish my questions now first. So why do we work off of the re-submittal of May 8 of which I got 7 members confirming but the numbers and I'm sorry I don't mean to... the numbers that came to us on March 15 quite frankly were ugly. So we had all this dialog, we pointed out the things that needed to be massaged and so forth, we got a re-look a re-forecast and I hate to use that term but there was places that things didn't even tie together on. So than I get a support and a vote to accept May 8 as the starting point and what we're saying is perhaps I shouldn't have done that. Why do we even do a re-submittal than? Why do we even do a re-submittal than? Here's how I see it, every time an item came up forget the 2 hours we wasted in the Prosecutors Office today about 10 grand. When we talked about big numbers I stated the rules to the members here that if they wanted to make a change I was looking for 5 votes, I was looking for 5 votes so I could sustain a veto to the Mayor and I made that very clear and we were working off the May 8 piece. There are parts in our rules that imply to me that was the correct thing for me to do, constantly remind the members that anything we change on May 8 submittal would require five votes. That's the purpose of the May 8 submittal it gives everybody the times after the Q & A to evaluate the value of those changes and see it in a new picture based on the questions we sent over than amend if we see necessary. With five votes on those items not to pass it but to protect us to override a veto if it existed, so I'm sitting here now saying I need five votes on passing this budget that every item that was changed I got 5 votes on. I mean something is not right there, so I guess I want to ask this question before I go any further. Is anyone that voted (NO) on the (A) schedule or if there is anyone that voted (NO) on the (B) schedule, would like to reconsider their vote? Members I'm looking for anyone who voted (NO) to make a motion to reconsider their vote either on the (A) schedule or the (B) schedule? There is no one? Okay my comments are pau now and we have no one that would ask that so I will recognize Mr. Bynum first, Mr. Rapozo second and councilwomen Yukimura third. Is that the order that the hands went up? Was that? Okay.

Mr. Bynum: I asked before the break that you show me in the Charter where it says that it takes five votes to set tax rates.

Mr. Castillo: That's a... well let me answer your question in that manner in the manner that I'm going too. What you're doing now is you're doing a budgetary measure which does take into account the tax rate. Yes you are correct that when you do a tax rate resolution it doesn't take five votes but that's not what we're doing now. Right now what is operable is Section 19 of the Charter which the subject matter that we're talking about is the tax revenues so that's why and your question is we are not setting the tax rate because that's not what's on the agenda right now.

Mr. Bynum: Okay and so that's a bizarre answer so I will just go on the...

Mr. Castillo: You say that's a bizarre answer but the question that you asked me was what about schedule (B) and you are contesting that schedule (B) is not an increase, but rather schedule (B) is an increase and schedule (B) has nothing to do with setting tax rates.

Ms. Yukimura: That's not true.

Mr. Castillo: Setting the tax rates is done by resolution and we went through that process right?

Ms. Yukimura: No.

Mr. Bynum: Excuse me if I may continue?

Mr. Castillo: Sure.

Mr. Bynum: So the issue is because schedule (B) was an overall increase it required five votes, is that your position?

Mr. Castillo: And that's the reason why I am saying that section 19 applies.

Mr. Bynum: And I said before the vote that we should take them separately because my proposal is a reduction. And I said let's take them separately.

Mr. Castillo: And you did not?

Mr. Bynum: Because I was told I was wrong. So I ask you this right now, if I made a proposal that wasn't schedule (B) that just said we're going to base this budget on a 305 tax rate than I need 4 votes because it's a reduction.

Mr. Castillo: And the question that I would have is whether or not the measure could be done separately, I don't know.

Mr. Bynum: Of course it can be done separately why can't.... This is... I'm sorry maybe I didn't hear the answer. If I propose the budget be based on a tax rate in the homestead class of 305 which is a reduction from the March and may submittal, take your pick because it's exactly the same as related to that tax rate than it requires 4 votes right?

Mr. Castillo: Well the Council can structure how you want to... the Chair can structure how you implement the budget and now the way it was done like I said I don't know what you're trying to do separately.

Mr. Bynum: Okay if I propose that the budget be based on a homestead tax rate of 305 it requires 4 votes if that is the only question before the Council. Not wrapped in with the Mayor's proposal.

Mr. Castillo: I'm sorry I don't know the answer.

Mr. Bynum: You don't know the answer.

Mr. Furfaro: Excuse me, I just want to state something Mr. Bynum. That's not the only question that's on the table I still want to have an answer too. When I got a 7-0 vote to accept the May 8 submittal that is still out on the table.

Mr. Castillo: Yes and I can...

Mr. Furfaro: I just wanted to add that Mr. Bynum, you still have the floor.

Mr. Bynum: I'm waiting for an answer.

Mr. Castillo: Council Chair, I don't have an answer.

Mr. Bynum: The answer is you don't know.

Mr. Castillo: I don't know the answer is I don't know and the answer to your question Council Chair is I do agree that the Section 19 where it talks about May 8 does concern me and how this Council implements that.

Mr. Furfaro: Okay I'm going to recognize Mr. Rapozo I can come back to you Mr. Bynum.

Mr. Rapozo: Thank you I have a legal question Al. This is my eight budget and it's never been this complicated and I just wanted to make sure of one thing and it has been said I think a couple of times in your earlier discussion or in Ricky's but... March 15 is the bill that's before us?

Mr. Castillo: Yes.

Mr. Rapozo: Not the modification?

Mr. Castillo: Yes.

Mr. Rapozo: The bill that we are addressing today is what was submitted on March 15?

Mr. Castillo: That's correct.

Mr. Rapozo: The vote that was taken by the Council to have a starting point was simply that and that's how it was explained. We needed a number to put in the block to start.

Mr. Castillo: Yes.

Mr. Rapozo: I made the motion I said let's just start with the May 8 number because it was the most current but we did not amend the bill. The bill was never amended.

Mr. Castillo: Yes and where this Council decided on what the starting point was or is...

Mr. Rapozo: Is of concern.

Mr. Castillo: Yes or it may be irrelevant to the real number that we should be looking at which is the March 15 numbers.

Mr. Rapozo: Right but having said that whatever number we picked to start this decision making and this is also just decision making so we don't even set the tax rates yet and you're right we do it when we do the resolution and when we pass the budget ordinance. But this is the period that we use to have the discussions to determine what that will be.

Mr. Castillo: And that was for was for your discussion purposes.

Mr. Rapozo: Exactly so what I'm saying is...

Mr. Furfaro: Why did I take a vote?

Mr. Rapozo: I'm sorry?

Mr. Furfaro: I took a vote.

Mr. Rapozo: Right but the vote was just to have a starting point.

Mr. Castillo: So that all of you could agree to something.

Mr. Rapozo: But we did not amend the bill.

Mr. Castillo: It was an amendment.

Mr. Rapozo: It was not amended, it was not amended and people can disagree. I'm just saying when you follow a parliamentary procedure until the bill is amended we're working off of the original bill.

Mr. Castillo: Yes.

Mr. Rapozo: So when you're comparing numbers for today's purposes in my opinion and I'm not a Parliamentarian but I have been through enough of these stinking meetings that we're working off of the March 15 bill.

Mr. Castillo: Yes.

Mr. Rapozo: We cannot change that until we make a formal motion to amend and approve the amendment.

Mr. Rapozo: Than you should have told me that when I posed the question to you and the next time I ask for consideration to take the main piece I will do it to amend, okay?

Mr. Castillo: Okay but...

Mr. Furfaro: And I'm going to ask the Clerk to get some clarification from the minutes but you can just as well have told me that answer that I couldn't do that.

Mr. Castillo: No as the Council Chair to have the Council agree on where the starting point is that's your prerogative and how that affects the existence or how valid the March 15 is apples and oranges.

Mr. Furfaro: That's if the March 15 thing was perfect and it was ugly. Mr. Rapozo you still have the floor.

Mr. Rapozo: Thank you, Mr. Chair. So we shouldn't assume that having the starting point that we did we could have picked any number really but it's not illegal?

Mr. Castillo: That's right.

Mr. Rapozo: And it was a number that we needed to start with.

Mr. Castillo: It's a starting point for all of you yes.

Mr. Rapozo: So that doesn't affect anything that we do today it's just and what I'm trying to say is when we get to our and I guess it's what day is that Mr. Chair that we go back to the May 23 or May 21?

Mr. Furfaro: I'm actually considering having a posting of a continuation of this meeting on May 23 so I'm having them check that out right now.

Mr. Rapozo: Okay.

Mr. Furfaro: Because we're required to give 6 days' notice.

Mr. Rapozo: Okay because that's when whatever is decided here gets put on the paper and gets put on the paper and gets introduced as the amendments and so forth.

Mr. Castillo: Yes.

Mr. Rapozo: Okay so that's really all I have and I just want to make sure that it was clear that the March 15 budget was never amended and that's what we're deliberating today. Thank you.

Mr. Furfaro: Okay you've heard what I have said and I don't want to cover much more detail on this. I think we need some time to digest things so I will go around the table one more time, Mr. Bynum.

Mr. Bynum: If we voted early this session to say we're going to base all of this budget deliberation on May 15, I mean March 15. Why couldn't that easily be

interpreted as we adopted that budget in total and then started making changes from that. We voted on it that's the Chair's point.

Mr. Furfaro: That's my point we voted on it 7-0.

Mr. Bynum: We said this is the budget we're going to adopt and then we're going to make changes based on this vote and we all agreed okay this is it. You could easily interpret that as saying now that's the budget we amended the March to the May and now we're going to see if we want to do further amendments. I think that's the Chair's point and I agree with him and I still think we've set tax rates and I didn't get an answer to my other question? Maybe I'm going to end up in court with this one because I've been here for six budgets, five six, five to add and four to decrease. I believe the vote that we took that went four is a valid vote that we have already adopted plan B and before me made that vote I said okay if you're going to say any increase takes five than I want to separate this vote.

Mr. Castillo: And I think I heard the Chair say that this will be revisited on the 23.

Mr. Furfaro: I want to see when we can quickly re-post but my point here Al is we posted this and this was posted and it references the Mayor's May 8 re-submittal. Before we started I got agreement from the group that that was going to be where we start of modifications of which we made a million forty eight thousand dollars worth of it, so if you're telling me that I should have made a motion to amend the budget submittal, hey live and learn and such is life. This is the way I perceived it and I posted it and such.

Mr. Castillo: Council Chair I didn't say how this council proceeded on May 8 was wrong and I'm basically saying that that's what was discussed and agreed upon by all of you.

Mr. Furfaro: Well I appreciate that but I did hear you say to Mr. Rapozo that I should have moved to modify it and forget what I posted I should have moved to amend I'm sorry. So any way live and learn such is life and I think my position is I want to continue again in the next 6 days because we only have until June 7. Is there any more discussion here before I ask to consider not doing anything more than... here am I recessing the Committee to May 26 or am I re-posting a new committee? It's something I want to get some consideration from... We're going to make a short recess of ten minutes and I said we would be done with this session by 4:30 so let's take a 10 minute recess.

There being no objections, the council recessed at 4:10 p.m.

The Council reconvened and 4:28 p.m., and proceeded as follows:

Mr. Furfaro: Okay we're back in session and as I mentioned if we're at an impasse today I would find myself asking for a "Special Meeting," but before I ask for the special meeting I'm going to ask if and I'm going to give it my last chance if I can ask for a reconsideration on the tax schedule, schedule B and I would like to look for anyone that voted in the affirmative to make a...

Ms. Nakamura moved to reconsider schedule B, seconded by Mr. Bynum.

Ms. Yukimura: I think since you voted in the negative it has to be one of us to make the motion.

Mr. Rapozo: No, it's the prevailing side.

Ms. Yukimura: Well, okay. Sorry, thank you.

Mr. Bynum: Well she made a motion and I second it.

Mr. Furfaro: Who is she now?

Mr. Bynum: Councilmember Nakamura.

Mr. Furfaro: Very good and you second it.

Mr. Rapozo: I have a question real quick.

Mr. Furfaro: Go right ahead.

Mr. Rapozo: Mr. Chair, we're talking about an impasse but are we voting, we're not voting on the budget at this point.

Mr. Furfaro: We're voting on the reconsideration on the tax rate.

Mr. Rapozo: Right so once the tax rates are set than we go in to plus and minus and we eventually have a budget that we have to agree on so I just wanted to get clarification that we're only voting on the tax rates at this point?

Mr. Furfaro: We are voting to reconsider schedule B on this particular piece than we will vote again after the reconsideration. So we have a motion and a second so may I have a roll call vote. Oh one moment please Councilmember Nakamura would like to have time. I will give the floor to Councilmember Nakamura.

Ms. Nakamura: I thought I was going to have time earlier today to make my statements but because Councilmember Kualii had to leave I did not have an opportunity to so I guess this is the time to do it. Councilmember's Bynum's proposal too...

Ms. Yukimura: Excuse me, is this on the motion to reconsider because we haven't voted on it.

Mr. Furfaro: We haven't voted on it yet so we need to do that first.

Ms. Nakamura: Okay fine.

Mr. Furfaro: Lights please. Okay we have a motion and a second and Mr. Clerk could we do a roll call.

The motion to reconsider schedule B was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL-6,
AGAINST APPROVAL:	None	TOTAL-0,
EXCUSED & NOT VOTING:	Kuali'i	TOTAL-1.

Mr. Topenio: Six ayes, Sir.

Mr. Furfaro: Okay, so we have six yes's on the reconsideration. Now to the Clerk I want to ask before we go to actually vote on the schedule, would I need a motion and a second and then give Councilwomen Nakamura the floor as she has requested?

Mr. Watanabe: Yes, Chair.

Mr. Furfaro: Okay, so I'm looking motion and a second to approve Schedule B.

Mr. Bynum moved to approve schedule B, seconded by Ms. Yukimura.

Mr. Rapozo: I think we already had the motion she reconsidered so that motion is on the floor. She did a motion to reconsider so that motion sits on the floor, if she didn't and I don't know what motion she's reconsidering because we had A, B and C.

Mr. Furfaro: I did say B.

Mr. Rapozo: Okay, so B is already on the floor.

Mr. Furfaro: So, B is on the floor now.

Mr. Watanabe: Chair, I believe it would be real straight forward if we did a motion to approve Schedule B.

Mr. Furfaro: That's what I thought okay. May I have a motion to approve and that's what I thought we did but let's do it again.

Mr. Bynum moved to approval schedule B, seconded by Mr. Chang.

Mr. Furfaro: Thank you very much. Councilwomen Nakamura, you have the floor.

Ms. Nakamura: So Councilmember's Bynum Proposal to decrease the homestead class tax rate is based on the premise that the homestead class has paid a disproportionate high tax over the past 3 years. Councilmember Bynum says that homeowners have paid 3 million more in real property taxes over the past 3 years and we've seen this diagram many times over the past several months. However when you look at the past 8 years, can you put up the exhibit B. Since the inception of the cap the homestead class has paid a very small percentage of real property taxes and I think this is the message that has not been very clear to the public based on the information that has been sent out. Although the homestead class accounts for 26 percent of the total land value on Kaua'i it pays only 13 percent of all real property taxes collected. One of the reasons is that the cap limited the amount of property tax increase for permanent home uses providing homeowner tax relief to the tune of about 70 million dollars over the past 8 years so there has been lot of relief. The second is that there are numerous exemptions available to homeowners including exemptions based on age and income that one of the exemptions is the low income tax exemption that we recently passed, that will provide targeted relief to the tune of 6 hundred thousand dollars to families making less than 80 percent of the Kaua'i median income. To me the real measure that we should be looking at is the effective tax rate and that's the rate based on gross value less exemptions.

The homestead class rates has the lowest effective tax rate of all categories at 2.17 cents in 2012 so this is why I did not initially support Councilmember Bynum's proposal and I really think that they're and I do acknowledge the disparity in real property taxes created by the cap. While the cap has provided stability in taxes in the homestead class it's clear that properties of the same value

are currently taxed differently. If our shared goal is to have a fair tax system, I would like to ask the administration to form a working group to address this concern and to come up with some real recommendations as to how we might resolve this issue this year. The Kaua'i County Council working closely with the Carvalho administration passed land lord tax refunds in November of last year. Some of the changes went into effect this fiscal year and other changes will go into effect next fiscal year. Some of the changes include taxing properties based on actual use, combining land and building into one tax, creating a new tax classification for Transient Vacation Rentals and putting long term affordable rentals in homestead classification to encourage rentals for residence. I don't think anyone in this room really knows what that impact of the tax reforms will be and I think that was the other reason why I thought making changes this year could wait. I recognize that we have gone through a lot of good changes to the budget on the expense side and I would like to move this process forward. I know that a lot of the programs and projects that I felt were worthy are included in this budget and I would like to see them carried out. I thank you for your support of those projects so just in the spirit of compromise and to move this process forward I would be re-considering my vote and approving Schedule B.

Mr. Furfaro: Thank you very much can I have the lights back on please. The item on the floor is the Schedule B and I want to remind everyone that based on the narrative that we got from the county attorney this will require 5 votes and I will recognize Mr. Rapozo.

Mr. Rapozo: Thank you. I voted for the reconsideration obviously to get the discussion and I'm not going to change my position. I guess I have a philosophical difference from my colleagues and I don't know how it's going to be construed but I just got an e-mail from someone that said if you raise my taxes Mel I'm not going to vote for you and that's fine. This job is a difficult job and we have difficult decisions to make but just for the public's information, the administration's budget from March 15- May 8 increased by 6.6 million dollars, 6.6 million dollars from March 15 to May 8. The Council gets the budget on May 8 and between May 8 and May 15 which is today we added approximately 1.1 million more and we cut 66 thousand six hundred and ninety six dollars. That's what we cut and that's according to our staffs numbers. I have always had a problem with the way we budget and we increase the budget so much but we don't cut and now with this proposal we're going to raise taxes. We're going to give some relief but we're going to raise taxes in a couple of classes and I haven't seen the attempt from this body or the administration to really reduce our spending. Six point six million from the administration and we tacked on an extra one point one so that's 7.7 million dollars in added expenditures in our budget. I tried and Mr. Chair Talked about it being Christmas and yeah it sure was a lot of people put in a lot of stuff and I put in 2 things Mr. Chair just like you. I put in a 10 thousand dollar request for the Hawai'i Children's Theatre and I also put in I guess its 30 or 40 thousand dollars for an additional Records Clerk at KPD. That's what I had requested out of this budget and I requested a few other things that did not pass but I was successful in getting those 2 little things. But 7.7 million dollars of increase spending between March 15 and today, I think that's unacceptable and I initially had hope that we could keep the reserve at 20 percent and I'm not sure what the impact will be to the reserve or the surplus with this it may not have any impact.

Mr. Furfaro:

Well it might be more like 15.2.

Mr. Rapozo:

So we're going to tap into the reserve and we're going to expand the un-appropriated surplus to make these numbers and I'm having a difficult time with that. I am having a very difficult time with that and I'm not going to be supporting the tax rate and if this is the budget that gets presented in June I'm not going to be supporting the budget as well. I believe that this is a time where everyone in the County is struggling and I have e-mails that tell me that and for this County to increase our spending by that much and raise taxes, I think is not the right time and not the right thing to do. We all have different philosophies and I'm not going to say

that I'm right but I'm just going to say it's difficult for me to support a tax increase when I don't believe and I'm talking both sides administration and this council did not do a good enough job in reducing spending. Because of that I'm not going to be supporting this measure thank you.

Mr. Furfaro: Do you want to speak before I speak? Vice Chair Yukimura.

Ms. Yukimura: Yes I think for the most part we are not raising taxes we are raising rates on a declining assets value. So in many cases what we're talking about revenue mutual means that people will not be paying more than they did last year or they might be paying a little bit more in one class and that is the single family class. In that single family class the rate on land was lower than the rate on land for homeowners. So the single family class is the class of vacation rental second homes but also rentals and there is a cap on rentals so there is some protection but the cap is not as good as it will be or the relief is not as good as it will be next year when those rentals on a long term basis will qualify for some homestead classification. So what we're trying to do here is to balance, to be fair, and to raise a little bit from one class and remain revenue neutral on the hotel and resort class and to mitigate the natural increase in the homestead class. As Mr. Bynum has said without his proposal taxes will be increased for many of the homestead class which is the owner occupant class. Some of them whose taxes are on the lower side will be protected by the cap where they have higher values because they bought later or failed to file their homeowner's assessment later they will get some relief. It's not just about cutting expenses but it is about doing wise appropriations. I think where we will get better services, where we will prepare better for the future, where we will get a good return on investments in terms of services to our people. Protection against increases that kind of thing whether it be for bus services or park service's those expenditures are good. Where we need to cut is where we're wasting, where we're not getting the kind of return investment we need, where we are putting money into a dark hole because we don't have a good plan and we don't know how we're going to do something and still we're spending money toward it. That's where we should be cutting and this budget process was an effort to do that kind careful deliberate appropriations. It was also a compromise of 7 people too so in all those ways I think this budget process has been good and it hasn't been easy but I really want to acknowledge the Chair for trying to hold the reins on feral cats and...

Mr. Furfaro: I wouldn't go that far.

Ms. Yukimura: What I mean is hold the reins on 6 other independent thinking passionate Councilmember's with very different opinions. Also trying to make it an open process which allows dialog and a lot of information, so I think the homestead class has gotten a lot of relief over the years but since 2007 there has been an increase of taxes in that group and its time to give some mitigation on those increases. The rate setting is year to year and it's not like an exemption which is long term and I think this proposal strikes a really good balance amongst all the interest that we have to consider.

Mr. Bynum: I was really appreciative of the statements other members have made. Councilmember Yukimura pretty much just said my perspective on these changes so I won't repeat them. I appreciate the comments made by Councilmember Nakamura as well because it help ma understand your position better and I don't disagree, I think anything she said especially the part about let's work together with the Carvalho Administration. Over the course of this year to get accurate information and come up with reasonable proposals but I also want to talk about the Mayor's budget. It's no secret I disagreed with the Mayor on Finance issues...

Mr. Furfaro: Excuse me, Mr. Bynun, I want to remind everyone that we are voting on the tax rates and I'm going to give other members.

Mr. Bynum: I know.

Mr. Furfaro: I'm going to give other members additional time afterwards because we still have to come to the whole piece.

Mr. Bynum: Well I will be done in a minute.

Mr. Furfaro: I just wanted to share that with you.

Mr. Bynum: Okay so the issues on Finance the Mayor and I have disagreed but on his budget expenditures proposals over the last 3 years I have largely supported him for 2 reasons: One is deference, he's running the show and he has to deal with this at a much greater extent than we do and it's difficult. Part of that difficulty is this activist's council who wants lots of answers including myself. In his expenditures in his first couple of years he froze hiring, he dollar funded positions and he gave us reductions for a couple of years straight. In his budget proposal this year he said okay we've done those measures, we're fiscally sound and it's time to start hiring some of those positions we've kept abated and its time we get back to an appropriate level of services. I said from the beginning that overall budget message from the Mayor I supported and so I really want to say that in context, there are elements of the choices he made that I disagreed with and I tried to do proposals to change it because that's my job. Some have succeeded and some haven't but his overall take on expenditures I have supported including this year. I agree that this tax proposal is a balanced approach to dealing with all of these issues. Part of it came from the Mayor which I'm willing to support and part of it came from me from modest relief so thank you.

Mr. Furfaro: Mr. Chang again we're talking about the portion on real property taxes and where we're at in the revenue base so you have the floor.

Mr. Chang: Thank you, Chairmen. I just wanted to clarify for the members that are here in the gallery and also the viewing audience. When we think about single family residential I think a lot of the testimonies or some of the e-mails that have been coming in I think a lot of people are confused with the homestead class. They immediately think well I'm a single family resident so they confuse that with living on homestead and I think that's the big, big problem and I want to make sure that people understand that when you're thinking about homestead you're a single residential person and that shouldn't be confused. Homestead outside of that vacant land that we're talking about really means that their vacant and improved with dwelling that is non owner occupied.

Ms. Yukimura: You just said homestead.

Mr. Chang: Excuse me.

Ms. Yukimura: You just said homestead.

Mr. Chang: I mean single family I beg your pardon and that's why I get confused with homestead and single family so let me just remind people about that. I hope I can get clarified down the line but the single family residential outside of the vacant land that we're talking about really improved their dwelling that is non owner occupied. They improve with 2 or more dwellings so obviously their getting revenue and there may be one or more occupants living on the dwelling. Now these properties are typically income producing with the majority of being used either as long term or vacation rentals which is the people I believe that should be having a rate increase. It will not affect those and again this is for the homesteaders, it will not affect those that have permanent home use caps or have long term affordable rental caps as both will remain protected. So I think that's extremely important and that's number one. Number two I feel very close

as most of us know to the hotel and resort industry, I don't have the 38/39 years experience but I have over twenty five. What I would like to say is from the testimony that we received from one of our hoteliers that represents the Hotel Association and of course the General Manger on the Eastern corridor. One of the things that I hope people can remember is part of our stimulus package with the Kaua'i Visitors Bureau is we're putting a lot of marketing dollars in to that Eastern Corridor to help beef up that Eastern Corridor. In speaking with the General Managers that I have spoke to but more importantly the General Mangers didn't come to talk with me because their good with it. They are good with it for now realizing that for years I think the old hoteliers that use to live on Kaua'i remembers how high it was at one point then they look back at where we are right now without those increases they can live with that. Now for the homesteaders that some of them may qualify to be able to get some sort of relief and that's good news that they are getting just a little relief itself. I do want to remind that as Councilmember Bynum will let everyone know started at 5.4 and it got amended if you will to 2.7 so we're trying our best to at least show an effort moving forward. As many know within the past 8 years or so with the relief there was 70 million plus that was actually a lot that people did not know about. I think it is a fair compromise, I think it is something that we need to do and I'm just fully of support of this plan because we have to do something and to me this is the fairest across the board. Thank you.

Mr. Furfaro: I'm going ahead and speak last on this established real property tax rate that we just talked about. That's what on the piece now and we're going to talk about the overall budget next. First of all I want to say thank you to the entire group and I want to also acknowledge Councilmember Nakamura's willingness to reconsider our position and it is most appreciated. I would like to make sure we have the narrative that was related to that as part of our budget narrative if you can see that it gets incorporated with the staff so when we write up or position. This is very interesting I am the introducer of the original tax cap and it's now gone from 2 percent to 3.7 percent. It has given us about 70 million dollars worth of relief in the nine years it's been in place, 70 million dollars. I just want to compliment everyone for continuing to try to get our position in place that our tax revenue is able to support the increase of amenities that we've been able to give to the public. That includes bus, transport, expending the schedules, improving parks, cac, those are all revenues that we have to consider and eighty percent of our revenues do in fact come from the tax rate. Before we go to the vote I want to remind members that you will have an opportunity to speak again on the overall budget. So let's call for the vote on the established tax rate that is on the floor now.

The motion to approve schedule B was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Nakamura, Yukimura, Furfaro	TOTAL-5,
AGAINST APPROVAL:	Rapozo	TOTAL-1,
EXCUSED & NOT VOTING:	Kuali'i	TOTAL-1.

Mr. Watanabe: Five ayes, Sir.

Mr. Furfaro: Thank you, now I want to go back and re-cap a few things for you folks before we talk about approval on the overall budget. We did point out that we needed to give the staff some time to reconcile the General Fund CIP and then transfer the monies that were there into the operating account. We also realize that this action we take may in fact reduce our surplus to about 15.2 percent of the reserve but we're waiting anxiously and I heard a promise from Mr. Bynum that the ordinance that will establish the final reserve policy will be coming forth by July so we've got some very big things on the horizon even though we're at where we're at. At the same time the Mayor's group is going to bond council about refinancing our debt which will add some opportunity for us to in fact save even more money of we take advantage of these new rates. The March 15 supplemental budget came over at 161 million, 214 thousand dollars.

The May 8 budget came over to us at 1 million 65.331 and we added corrected balance at this point of 1 million 7 thousand, four hundred and twelve dollars. So this material will be available to all of you real soon and part of our discussion once it gets posted for public hearing. The detail is in these spread sheets for the decision making policy and I want to remind us all that as we added these things I made it mandatory that we get 5 votes to assure that it goes in. This is to make sure we protect ourselves if the Mayor wishes to change something in advance I know we have the super majority of the council that had voted on these additions. I'm going to turn over the floor to those that want to count on the budget items but more importantly I first need a motion and a second to approve it.

Mr. Bynum moved to approve the overall budget, seconded by Ms. Yukimura.

Ms. Yukimura: Well just to clarify the motion was to encompass all of the decisions we've made up until now?

Mr. Furfaro: Yes.

Ms. Yukimura: Okay.

Mr. Furfaro: Would you like me to go to someone else first?

Ms. Yukimura: Sure.

Mr. Furfaro: Mr. Chang:

Mr. Chang: We are like encompassing this whole process?

Mr. Furfaro: Well everything that's on the summary sheet that I just summarized for you folks. You don't want to go first? Does anybody want to go first?

Mr. Bynum: I'll do it.

Mr. Furfaro: Mr. Bynum okay.

Mr. Bynum: I mean I made most of the comments I wanted to make and there was a lot of give and take. One of the things that assure me in being a councilmember is there is a public record. Everything we do is recorded and all of the votes we've taken over the last 3 days were recorded, who made the motion, who voted yay, who voted nay. I know I voted for some cuts that didn't make it some substantial ones, I voted for some additions some that made it some that didn't. I have supported other members that wanted to add things particularly if it had to do with economic development and diversifying our economy and some of the bigger additions we made are in that category. I didn't make those proposals but I supported them and so this has been different than previous budgets and that is a good thing. I think we will continue to do better as a council and with the administration working on things that we put into motion already to make not our budget deliberation so truncated and time sensitive at the end of the process. I think that the Chair even though he frustrates me sometimes...

Mr. Furfaro: The feeling is mutual.

Mr. Bynum: I'm sure it is. I probably frustrate you more than you frustrate me but he has really gone in his entire time as Chair and most of the time over the top to try and give people voice in to strike that balance. I just want to reiterate I know I'm being redundant but the Mayor did give us budgets with substantial cuts at the beginning of this economic

crises and it's from that base that we're adding some things. Not that we've gone up and up and up all the way and I think he doesn't deserve to be cast in that light as much as he may have been. I'm kind of happy with the outcome here.

Mr. Furfaro:

Vice Chair.

Ms. Yukimura: Yes thank you Chair, I'm going to reserve most of my comments for our formal adoption but I do want to thank my colleagues and the Chair for these last four days of budget decision making. They haven't been easy but I have appreciated the respect and the openness and the give and take and the real dedication in getting to know what the programs are and what we're actually doing when we pass these budgets and programs. It's been a good process and I want to thank the administration for being with us, Ernie, Wally, Al, Gary and others who have assisted us. I also want to thank our staff which will still have work to do, they have been extraordinary and we are so lucky and they still have more work to do. And Chair you were talking but Chair I wanted to really thank you for your leadership and management of this process has been really important in terms of how we've done our work.

Mr. Furfaro: Thank you very much we do have some new systems to review but thank you very much for the compliment. Mr. Rapozo.

Mr. Rapozo: Likewise I will reserve my comments for the formal meeting but I do want to thank again our staff. The staff is just fabulous and I can't imagine how they get all this done and still keep their sanity and of course the administration for being here every single day and Al, he took a lot of punches today. I appreciate your resilience and of course to my colleagues and the Chair who I will say this is the most difficult frustrating complicated budget that I've had in eight years but one that gave us the opportunity to really share our points in a much more open and flexible setting. I appreciate that Mr. Chair and thank you for giving us the extra time and again I will reserve my comments as far as the budget for the next meeting thank you.

Mr. Furfaro:

Mr. Chang:

Mr. Chang: Thank you Chairmen I'm just going to brush the surface and save my comments also but first off to yourself Chairmen, Unbelievable job and we want to thank your leadership, your patience and your guidance of getting us through. To the fellow councilmember's, I want to thank all of you, sometimes I don't know if obviously we're not thinking on the same page in so many different times and I think sometimes we don't understand where each other is coming from but that's probably a the good thing about it. We are all thinking independently on every fast of the way and the way we think is helpful within this budget. I have learned a lot from every single one of you and I would tell everyone hands down I'm the weakest link of this budget because I think everybody is extremely in my opinion very, very brilliant. I want to take this opportunity because he's not here I wanted to say thank you to Mr. KipuKai as he travels on council business for us. I also want to thank our staff many of whom have helped me throughout this process and guided me and answered a lot of different questions that might not seem like much but for me it was a big help. I want to thank our staff out here also and our administration for coming and being accessible and speaking with us before/after hours and during hours or what have you to get some clarity so at least in my case I can feel like I went home with the choice that I could sleep with which I lost a lot of sleep. We all get up in the middle of the night and start wondering where we are and what are we going to do. I enjoyed the process and I learned a lot and again thank you to everybody.

Mr. Furfaro:

Councilwomen Nakamura:

Ms. Nakamura: Ditto to everything that has been said but thank you Ernie and Wally for being here every day and helping us along in the process. To the staff... thank you very much for all that you guys have done to get our ideas across and in such a condense time and to all of you, Council Chair thank you very much for guiding us through this process.

Mr. Furfaro: Thank you and before we go to the vote on this final decision making process I do want to say thank you very much to the administration, Ernie job well done and your first time sitting in the Chair every piece and I know you had the team behind you and you could call them and so forth but my compliments to you Sir. I also want to say Ernie that my staff, our staff right here many of them this is their first seat in this budget process and they did an outstanding job and we look forward for the continuity of working with you folks on answers and getting us to the right place for the right reasons. Jade and Ricky thank you very much. The recorders, this team over here and actually today some of them went without lunch to get us through what we needed to be felt. I thank you very much for all of your efforts Eddie and your team. I also wanted to give hats off to Councilmember Kualii, he provided 7 of the 11 provisos that we put in the budget so he got pretty busy before he actually got on the plane. In general I reviewed the plus and minus sheets for you folks and we're going to give the team an opportunity to review it and it will be available to you relatively soon. It will be posted on Thursday the 17 and as we get ready to go into the public meetings on May 23 starting at 9 a.m. To my colleagues at the table I want you to know that I recognize all the independent thinking and I had nothing to do with the feral cat comment. I see we have 7 very independent thinkers at the table here and because of that I think the County of Kaua'i benefits tremendously. We don't always agree but thank you very much for coming together on this. I'm going to hand in a note and although I've said it before I'm looking for a motion first of all to finally close this for the 23 but I want to have an actual roll call vote on the adjustments made to the un-appropriated surplus. Also adjustments to the reserve fund but with the idea that the vote doesn't let it fall below 15 percent and then we will vote on the whole budget so could I have these motions.

Ms. Yukimura move to make adjustments to the un-appropriated surplus and I think it was in the approximation of 2 million and adjustments to the reserve of about 1.9 million not to go below 15 percent, seconded by Mr. Bynum, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Nakamura, Yukimura, Furfaro	TOTAL-5,
AGAINST APPROVAL:	Rapozo	TOTAL-1,
EXCUSED & NOT VOTING:	Kuali'i	TOTAL-1.

Mr. Watanabe: Five to one.

Mr. Furfaro: Thank you very much now I'm looking for a motion to approve the total baggage for the budget.

Mr. Bynum moved to approve the total budget, seconded by Ms. Yukimura, and carried by the following vote:

FOR APPROVAL:	Bynum, Chang, Nakamura, Yukimura, Furfaro	TOTAL-5,
AGAINST APPROVAL:	Rapozo	TOTAL-1,
EXCUSED & NOT VOTING:	Kuali'i	TOTAL-1.

Mr. Watanabe: 5:1.

Mr. Furfaro: Thank you very much and as I said we will be posting this information on Thursday May 17. Thank you again everyone, thank you staff, thank you Councilmember's. This meeting is adjourned.

There being no objections, the meeting was adjourned at 5:10 p.m.