COMMITTEE OF THE WHOLE
DELIBERATION AND PRELIMINARY DECISION-MAKING
FISCAL YEAR 2021-2022 ANNUAL BUDGET

MAY 14, 2021

The Deliberation and Preliminary Decision-Making Meeting on the Fiscal Year 2021-2022 Annual Budget of the County of Kaua‘i was called to order by Arryl Kaneshiro, Chair, Committee of the Whole, on Friday, May 14, 2021, at 9:00 a.m. at the Council Chambers, 4396 Rice Street, Room 201 Līhu‘e, Kaua‘i, Hawai‘i and the presence of the following were noted:

Honorable Bernard P. Carvalho, Jr.
Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable Luke A. Evslin
Honorable KipuKai Kuali‘i
Honorable Arryl Kaneshiro

The meeting proceeded as follows:

Council Chair Kaneshiro: Good morning everyone. I would like to call to order the Committee of the Whole and the Fiscal Year 2021-2022 Budget Decision-Making Session. Let the record reflect that all Members are present.

Today we will be addressing preliminary Decision-Making for our Fiscal Year 2021-2022 Operating and CIP Budgets, and Real Property Tax rates for the same fiscal year.

I would like to thank the Councilmembers and the Administration for diligently working through the Departmental Budget Review process and to the Administration for efficiently working to answer the Council’s follow-up questions prior to today’s Decision-Making. We know that there will remain economic uncertainty regarding the use of the American Rescue Plan Act and any future State or Federal funding that may be coming down the pipeline, but we do have the supplemental money bill process to assist in adjusting our budget throughout the fiscal year as may be needed.

Today is the Council’s opportunity to offer proposals, if there are any, to further amend the budget proposal for the Fiscal Year 2021-2022. I would like to remind the Committee that any proposal to reduce or remove an item requires four (4) votes. Any proposal to increase or add an item requires five (5) votes. Once we vote on an item today, we will not revisit that item, unless it is deemed absolutely necessary.

Additionally, once a proposal is introduced, I respectfully ask that Members be concise and considerate with their time during the discussion period, as our time will be limited.

This is the time when I usually go through some highlights of the fiscal realities that we face as a County, to frame where we are prior to making our decisions. I believe I can
be very brief noting that COVID-19 and the various natural disasters have and will continue to have a huge impact on how we do business going into the future. We have also unfortunately had to use the County’s Reserve Fund again to supplement our budget due to the loss of the Transient Accommodations Tax (TAT) revenue that the County has received from the State in previous years. I am proud of our County for remaining resilient and for the joint effort by the Council and the Administration in keeping our budgets tight in anticipation of our future economic challenges. I am hopeful that same collaborative effort is displayed during Decision-Making with proposals that focus on our core responsibilities. In this same regard, the challenges that we have faced in the past have also not disappeared, this includes our deteriorating roads, bridges, and other deferred maintenance needs. We continue to see the need for more affordable housing and improvements to our parks. Our collective bargaining costs will continue, including the contributions for health, retirement, and other post-employment benefits. The Administration, along with the Council’s input, has led to a relatively flat budget and with the short-funding of many of the positions that were not anticipated to be immediately filled, I do not anticipate that lively of a Decision-Making session, which is not necessarily a bad thing. I think what it does highlight is the Administration’s openness to hearing the concerns being raised by the Council during our budget session and the Council’s ability to only fund what is absolutely necessary to get us to better economic times.

I am hopeful that as a Council, we can move forward with this Decision-Making session as efficiently as we have with our other meetings.

Of course, as it has always been, it is my recommendation as the Committee of the Whole Chair to not tap into the Unassigned Fund Balance and to contribute any unappropriated funds resulting from the Committee’s decision-making actions to the Unassigned Fund Balance, as we have seen the County’s need to utilize this Fund Balance to shore up our revenue picture in times of economic uncertainty. I still feel this is a fiscally responsible option to consider at the end of the day. As we have seen these past few years, our ability to draw from our Reserve Fund for emergencies has really allowed us to provide the needed services during dire times. We experienced this with our flooding events and with COVID-19.

Please keep in mind that any additions that you may be proposing should have a corresponding reduction or identification of funding or revenue source.

Lastly, I want to remind you all that if the Committee does not come to an agreement within the allotted time for Decision-Making, the Mayor’s proposed Operating and CIP Budgets that were transmitted on March 12, 2021 will go into effect, and that would not include any of the changes made between March and May.

I will be opening today’s session, as we have done throughout the budget session, with public testimony. Following public testimony, Mayor Kawakami has a short video message regarding his Supplemental Budget Communication. Following the presentation that outlines some of the changes in the Supplemental Communication, and brief dialogue with the Administration, I will immediately go into the Council’s Decision-Making.

As a side note, I want to respectfully ask that Councilmembers make their final commentary on the budget during second and final reading, which is scheduled
for June 2, 2021, if all goes according to schedule during this decision-making session, and not at the end of Decision-Making or in Committee, if at all possible. This request is being made so that Council Services Staff can immediately begin working to incorporate any changes made during today’s budget session and in preparing any posting notices, floor amendments, et cetera, in preparation for our on-going budget process. There really is a lot of detailed work that the staff does to ensure we meet all Charter, Code, and legal requirements.

With that, I would like to suspend the rules. Do we have anyone registered to speak? Is there anyone in the audience who would like to speak?

State your name for the record. You will have a total of six (6) minutes. If you do not need all six (6) minutes, that is no problem also. There is going to be a light on the screen that will turn green when your time starts, it will turn yellow when you have thirty (30) seconds and I will also let you know when you have thirty (30) seconds left, so you can summarize your testimony, and it will turn red when the six (6) minutes are up. You may have the floor.

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

RUTA JORDANS (via remote technology): Thank you. Good morning. My name is Ruta Jordans and I am the president of Zero Waste Kaua‘i. I am referencing Waste to Energy (WTE) and the Materials Recovery Facility (MRF) in Bill No. 2819. Zero Waste Kaua‘i is an organization of Kaua‘i residents dedicated to the vision of Kaua‘i as a sustainable island. Specifically, our purpose is to educate, assist, enable, and advocate for Kaua‘i as a zero waste society. We appreciate this opportunity to submit testimony. We are very confused to see another waste to energy feasibility study in the proposed budget before you. The County has already done three (3) studies, all of which determined that WTE is not economically or environmentally feasible on Kaua‘i. Therefore, why pay three hundred thousand dollars ($300,000) to a consultant to study it yet again? These are the basic facts as we know them. WTE is more expensive than any other option. It encourages more waste in the community. It causes environmental and health problems. Its filters do not prevent the escape of many hazardous emissions such as mercury, dioxins, and ultrafine particles. It will take longer to build and put into operation than the alternatives. It requires that the County deliver a minimum tonnage of refuse to this incinerator or pay the difference, which means the County at various times will have to pay for no services. It requires a significant amount of downtime for maintenance and major overhauls. Nobody wants an incinerator in their community. Some municipalities have gone bankrupt because of their WTE investments. We have not been able to find any information for the WTE line item. Please let us know what new information you have to justify a WTE project. Does that information address our objections above? If you would please share that information with us before your vote on the County Budget on May 26, 2021. We note that while there is three hundred thousand dollars ($300,000) in the proposed budget for another incinerator study, there is nothing in the budget for a MRF, which would make curbside recycling possible. The County has already paid for the conceptual design, an environmental assessment, and secured a finding of no significant environmental impacts for the MRF. If four hundred fifty thousand dollars ($450,000) were to be appropriated for construction plans, the County would have a “shovel-ready” project in the event that federal infrastructure moneys become available. If we do not have those plans completed, the County would miss a huge opportunity to have...
federal moneys to pay for the building of a MRF. We look forward to receiving this important information and thank you for the opportunity to testify. Thank you.

Committee Chair Kaneshiro: Thank you, Ruta. You will be able to watch the rest of our meeting on the County’s webcast. While the rules are still suspended, could we hear Mayor Kawakami’s video message to the County Council?

(Prerecorded video message from Mayor Derek S.K. Kawakami)

DEREK S.K. KWAKAMI, Mayor: Aloha Council Chair Kaneshiro and Members of the Council. Mahalo for this opportunity to present to you the County of Kaua‘i’s proposed Supplemental Budget, which includes an Operating Budget of two hundred forty-three million three hundred thousand dollars ($243,300,000) and a Capital Improvement Budget of twenty-four million eight hundred thousand dollars ($24,800,000) for Fiscal Year 2021-2022. As we present our Supplemental Budget, we reflect on the continuing challenges of our pandemic response and the unpredictable fiscal outlook that remains. In the months since our March transmittal, that volatility has continued, particularly concerning recent actions by the State Legislature impacting our bottom line. With the State’s recent elimination of the Transient Accommodations Tax (TAT) to the counties, our revenue picture has changed. We have not received any TAT since spring of 2020, and with the enrollment of House Bill 862 to the Governor, who has forty-five (45) days to decide on the measure, the disposition of this policy proposal is still unknown. Therefore, this Supplemental proposal eliminates TAT as a source of revenue and replaces it with a draw from the reserve. Again, we are grateful to past leadership for building an emergency reserve fund that has provided this necessary safety net.

We also continue to gather details on President Biden’s American Rescue Plan, which earmarks approximately fourteen million dollars ($14,000,000) in direct state and local aid for our County over the next two Federal fiscal years. The United States Treasury has recently issued its guidance for this program and our team is working quickly to address application requirements. We look forward to future discussions with the Council on this effort.

This Supplemental Budget includes a handful of non-labor expenditure changes, including the removal of the direct General Fund subsidy to the Liquor Fund, allocations toward Solid Waste upgrades, a Wastewater cesspool conversion study, and matching State funding for the repairs to Kilauea Gym. Additionally, as we increase our reliance on digital communication with the public, we have dedicated expenditures towards upgrading public-facing web platforms. Lastly, as we look at our foreseeable needs to provide efficient service to the public, we present four (4) notable changes relating to County personnel in this submittal.

On behalf of our Administration, I thank you for your continued partnership and I welcome your review and recommendations. While the economic downturn has had a huge impact, we remain optimistic in the direction we are heading and look forward to further discussions with the best interests of our community at heart. Mahalo and aloha!

Committee Chair Kaneshiro: Thank you. I believe we have Mike available for any brief questions regarding the Supplemental Budget Communication or the Mayor’s
message. Do we have any questions from the Members? Now is the time to ask. Council Vice Chair Chock.

Councilmember Chock: In light of the Mayor’s presentation on the recent passing of the Senate Bill that takes away the TAT, what is the Administration’s interest in enacting the three percent (3%) that has now been given to the County, similar to the General Excise Tax (GET)? I am not clear on the deadline, but do we have enough time? I wanted to know if that is something we are actively pursuing on your end.

MICHAELA. DAHILIG, Managing Director (via remote technology): You are referring to House Bill 862, Committee Draft 1, which has been enrolled to the Governor. A particular importance to us as per the discussion is Part III of that measure. We are taking a real attentive look that would create a County tax on transient accommodation revenues. This is not a surcharge, just to be clear, unlike the G.E.T. surcharge and the way that is structured. We are in discussions with the State Administration as the Bill sits on the Governor’s desk. He is not obligated to make a decision on this measure for forty-five (45) days from enrollment, so that would be roughly in the beginning, a couple weeks of June, based on when the Bill was sent to the Governor’s desk. I know that other Counties have expressed certain interests in the tax, either from the standpoint of the Governor vetoing the Bill or asking the Governor to sign the Bill into law. At this point in time the Mayor’s position is that we cannot have a sustainable budget picture without the ability to recapture revenues from tourism activities. What that looks like and how that needs to be structured is what we are going to be first conveying to the Governor as a means for looking at this fiscal year, since we have not received any TAT as prescribed by law notwithstanding this Bill. Currently we are owed the revenues out of this year’s budget, and they are currently being withheld by suspension due to the Emergency Proclamation that is in effect. That is part of our strategy in terms of communicating the County’s TAT means to still push for release of those moneys of this fiscal year, but going into the next fiscal year, we still have to see whether or not the Governor’s actions are going to lead to any type of certainty for us to then make a recommendation to the Council as to how to move forward. One thing I should note too is that the way that the Bill is structured by the Legislature there are a number of other items that are bundled into the measure, similar to other omnibus packages that they pass. There are other reductions to the University of Hawai’i as well as reductions to, notably, the Hawai’i Tourism Authority (HTA). The extent of the Governor’s line item veto authority...we still have to get an understanding of whether or not there is a middle ground between his ability to veto the Bill in total or the Bill could be vetoed in part. That is something we want to gain our understanding with from the State Administration as to how they are doing the omnibus package rather than simply looking at it as a black and white veto discussion. The Governor has time. He is controlling the tempo of how to dispose of this measure. We have meetings set up with the State Administration to continue that dialogue on current TAT deficits, as well as perspective TAT means. The Mayor has been clear and will continue to be clear that we cannot have a sustainable County budget picture without some ability to recoup taxation on tourism activities.

Councilmember Chock: Thank you. Given the structure of how we would be assessing the 3%, do we as a County have the capacity to administer it?

Mr. Dahilig: Currently, the answer is no. That is why the situation of it being a surcharge as compared to a tax authority also complicates the analysis
that we have to conduct before we make any recommendations to the Council. Obviously, we have a fiscal office within our Department of Finance that collects real property taxes, but the process of receiving these types of taxes is a whole different ballgame. Reiko and her team are going to have to take a look at their capacity to do so. Right now it seems a bit challenging in terms of being able to start from scratch on something that would be pretty foreign to us, since we do not at this point in time have a database or track transient accommodation activities at the hotel and resort level to that type of revenue activities. Those are things that are also on the table for assessment, but to be clear, it is going to be a new endeavor for us, should we go down the path of recommending to the Council to consider it, taking advantage of some type of enabling legislation should the Governor sign the Bill into law or let it become law.

Councilmember Chock: What would it look like for our County’s revenue source if the 3% was enacted?

Mr. Dahilig: The reality with looking at prospective revenues is predicated on us looking at activity prior to COVID-19. In looking at the general numbers that come from the State in terms of our generation of transient activities, for every one percent (1%), it is roughly about six million dollars ($6,000,000) of increase. If you were to max out on that, it could be roughly in the ballpark of between eighteen million dollars ($18,000,000) to twenty million dollars ($20,000,000). That is, again, our best guess. We do not have a hard number for how tourism activities are identified between each County and we are pretty much going off of information that comes through the Department of Business, Economic, Economic Development & Tourism (DBEDT) and Department of Taxation websites rather than something that is more granular in nature. To some degree of estimation, it is roughly about six million dollars ($6,000,000) for each one percent (1%) of tax that is raised.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Do we have any follow-up questions regarding TAT, from the Members? If not, any other new questions? Councilmember Cowden, then Councilmember Evslin.

Councilmember Cowden: Thank you, Managing Director Dahilig for the work that you have done. I am assuming you have worked with all of us, and I am assuming that, because of the work that you certainly have done with me prior to this meeting. I want to acknowledge the six-month funding of the Elderly Affairs Planner position. That mattered a lot to me. A couple of other elements that I have some attachment to...I recognize that we are short-funded with that fourteen million dollars ($14,000,000). My question is relative to the Capital Improvement Projects (CIP) Budget and the American Jobs Plan. Do we know how much infrastructure moneys we are anticipating? Do we have any kind of idea how much that would be? I have not seen that information.

Mr. Dahilig: Are you referring to the Bill that is currently moving through Congress that President Biden has forwarded regarding infrastructure?

Councilmember Cowden: Yes.
Mr. Dahilig: At this point, we are not aware of anything that the Congressional delegation has sent our way to give us a Kaua'i-specific understanding of how the American Jobs Plan, if passed, would affect our ability to support infrastructure or construction activities on-island. We continue to monitor that with our D.C. consultants who are briefing us on those measures. In the meantime, I cannot with any type of certainty give the Council any information to rely upon that we are aware of that could shed light on the ability to use the moneys from that anticipated Jobs Plan to supplement our activities here on-island.

Councilmember Cowden: If and when that is revealed, my question would be, what layer of participation will the Council be included into in looking at where those moneys might be applied? We have a number of competing infrastructure needs and it would be very good to have a voice in that discussion like we would normally have in determining the CIP Budget.

Mr. Dahilig: The best that I can commit to you, Councilmember, is that if the disbursement mechanisms in the American Jobs Plan mirror the competitive application and grant programs that the Federal Government currently has with similar programs related to Homeland Security, Health, Elderly Affairs, Transportation, etcetera, we will follow the process of coming to the Council to apply, receive, and expend any potential sources of Federal funding from the American Jobs Plan, should that be the mechanism. As it is being revealed right now with the American Rescue Plan and how the state and local assistance is currently being disbursed, we will be coming to the Council similar to how we handled the Coronavirus Aid, Relief, and Economic Security (CARES) Act budget in a manner where we will discuss the disbursement process, treat it as an apply, receive, and expend process, and go over a budget dialogue before making any gestures to receive that money. We will also ensure that the Council has their authority and their stamp on that activity as well. Prospectively, we will look at the mechanisms and we will have that dialogue either following the current practice with the Council on consultation and collaboration, or we will try to figure out how that process, should it be a different mechanism for disbursement, then we can come to the Council Chair and have that discussion on how is it best to integrate Council feedback and dialogue on that particular type of disbursement process.

Councilmember Cowden: Okay. I will send you a written message on some of my more specific ideas relative to some of our roads and alternatives that might be needed. The landfill is clearly a big issue. We just had testimony regarding this WTE study, the three hundred thousand dollars ($300,000). I thought that was supposed to have happened last year? Did it happen? I did not recall seeing it. Is this just a continuation of pushing that out? Did something happen before?

Mr. Dahilig: Those moneys were initially authorized in Ordinance No. B-2020-867, which was last year's CIP Budget. It was authorized out of General Funds and at that time, we had the room to commit that money to that endeavor. The project is currently undergoing professional services procurement and we are still in negotiations with the first, top-ranked professional services provider to execute a contract. That is where things sit right now. I cannot elaborate more at this point due to the fact that we are still undergoing some degree of procurement and negotiation. That is where things
stand at this point. During this current fiscal year, which we were authorized to expend those moneys, those procurement activities are currently ongoing.

Councilmember Cowden: Okay. That is for the current fiscal year?

Mr. Dahilig: Yes. The way that the CIP Budget is written, because it is in effect a listing of everything that is currently active, it includes projects that are ongoing along with new projects that are being proposed or adjustments to the CIP Budget in the ledger.

Councilmember Cowden: I thought that our only testifier made a good point about being shovel-ready if we were to want to do a Materials Recovery Facility (MRF). Do you have a comment or reaction to that request towards a design for a MRF? I think we went pretty far towards that option, did we not? Maybe three (3) or four (4) years ago, I remember where we went down that road quite a long way.

Mr. Dahilig: Without going into too granular a discussion on the merits of a MRF, I would like to say that it is more than just building the building. The operational side of the balance sheet also has to be matched and penciled out before anything could be considered shovel-ready. While the environmental entitlements and permitting may have had some merit in terms of those proposals, a lot of the balance sheet discussions on a MRF includes the ability to subsidize operations on the cost or the value of commodities. As we have seen in the recyclables market, the recyclables market right now is very volatile as it relates to some of the resaleable values of some of these commodities. I would suggest that the phrase “shovel-ready” has to also include a balanced approach towards operations and whether or not the County can afford to subsidize the operations a MRF besides just building a building.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: I have a follow-up question on that from Council Vice Chair Chock.

Councilmember Chock: The current scope of work that is being bid for a consultant in procurement, does it include diversion such as a MRF and other diversion needs?

Mr. Dahilig: It is strictly on WTE alone. While there have been studies in the past that have looked at alternatives, particularly given that an Integrated Solid Waste Management Plan (ISWMP) is required to be conducted under State Law periodically, the type of granular information to make an informed decision has never been a deep dive with respect to WTE as a diversion option for our landfill. From a dollars and cents standpoint, a lot of the things that the testifier suggested may or may not be true. We just have not pushed the inquiry to that level of ruling out this as an option. While there may be perspectives about this environmentally and compatibility-wise with our surrounding community, there is also a segment of the population that likes the idea. All this study would do is simply confirm or rule out any of the presumptions that are swirling around regarding this as an option. As we continue to move forward on issues relating to the Ma'alоo Landfill, Mayor Kawakami believes it is important to make sure that we are not just focused on one (1)
idea, but making sure that we are looking at many options given the limited space in our current landfill. This is an attempt to also take a look at that option and really rule it in or out as something that really is sustainable.

Council Chair Kaneshiro: Are there any further questions? Councilmember Cowden? Do you have a follow-up? If not, I have Councilmember Kuali'i, then Councilmember Evslin.

Councilmember Kuali'i: I too was very happy to see that you had some funding for the Planner position in the Agency for Elderly Affairs. I had hoped for full funding or nine-month funding. Since we went from zero to six-month funding, it is still something that is workable and I discussed that with the Executive on Aging. The Mayor mentioned four (4) notable changes with respect to personnel. I know that is one (1) of them. What are the other three (3)?

Mr. Dahilig: There was another six-month funding of a previously dollar-funded position for the Kaua'i Police Department to support their accounting needs. They currently only have one (1) person who supports all of their efforts. For a Department that has a forty million dollar ($40,000,000) budget, that is something that is becoming untenable given the amount of Federal aid that comes through that shop. We want to be sure we are doing what we need to do should we get audited on anything. Besides that, we are fully funding a Bridge Maintenance Supervisor for the Department of Public Works, Roads Division. That item is a change from the previous submittal in March. There is a fourth position. My apologies...did I miss the fourth one?

JANINE M.Z. RAPOZO, Human Resources Manager II (via remote technology): That would be the additional position for Wastewater.

Mr. Dahilig: Sorry, it is a six-month funding for an additional engineer for the Wastewater Division.

Councilmember Kuali'i: Thank you.

Council Chair Kaneshiro: I have a follow-up from Councilmember Cowden.

Councilmember Cowden: I am really pleased to hear that we have a Bridge Maintenance Supervisor. Is that going to be hired from within? Or are we going to do a fresh hire for that?

Mr. Dahilig: With these civil service types of scenarios, the process via collective bargaining is going to dictate whether it is an internal or external type of solicitation. I am not particularly sure, but what I can do is get you an answer to that.

Councilmember Cowden: Okay. I am very happy to see that position added here. I think bridge maintenance is a really important need that we have. I am going to want us to encourage looking at some of this infrastructure money if we could put new Acrow bridges on some of these bridges that have washed away before. We have so many areas that now have cul de sac roads, non-feeder roads, that I think if we replaced what we had, we
would be a much safer community, especially with all of the flooding and other challenges we are facing. I am happy to see that position there.

Council Chair Kaneshiro: Are there any further follow-up questions regarding personnel or the new positions? Councilmember DeCosta.

Councilmember DeCosta: I am in full support of the current staffing of our two (2) current engineers and in adding a new position there. It seems as if it is difficult to bring onboard engineers that actually want to leave the private sector and join the County. Do we have any plans in place for the future to have an incentive to try and lure them financially to join the County? It seems like that is where we lack in the County. How can we improve in that area?

Mr. Dahilig: This is a point of discussion that I know the Mayor is acutely concerned about. The Acting County Engineer, Deputy County Engineer, and I, along with the Department of Human Resources, have been talking about what is going on. We have a shortage differential in place at this point, but we understand that given how the dynamics of the recovery are going, that it is uneven in the sense that there are job losses in some service sectors, but there is also very high competition in high-skilled areas like engineering. We are also going to be looking beyond the shortage differentials that are currently on the table at things like recruitment bonuses, which is a current policy that we have, looking at flexible schedule as an option, and looking at those types and other types of measures to be competitive in the marketplace. It is clear that we cannot continue to just look within as a means of filling these engineer positions. We have to be competitive in the marketplace and attract talent to our stable. We are going to try and launch a more aggressive strategy to compete with those particular types of positions such as licensed or trained engineers beyond simply touting the fine benefits package as was currently the strategy in the past.

Councilmember DeCosta: Thank you for that clarification.

Council Chair Kaneshiro: Are there any further questions regarding the personnel that were funded in the Supplemental Budget Communication? If not, Councilmember Evslin.

Councilmember Evslin: My questions were regarding the WTE and they were mostly answered. A quick request, if you could send us the scope of work whenever you are able to do that, that would be appreciated.

Mr. Dahilig: Will do. Once we got to that point of being past negotiations, I will share that. It has actually been requested already from another Councilmember, so I will be sure that the full Council gets that scope once it is finished.

Councilmember Evslin: Thank you.

Council Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: I really wanted to get the full information on the WTE, because we have gone all over in trying to support how we manage our waste in general.
This I think will be an opportunity sooner than later to get into more discussions on that. If I can follow up with one (1) more question. Briefly, with the Reserve Fund, where are we at with that looking into the future. I know there are a lot of things happening, but the Reserve Fund has really been a stable source that we could go to. Where are we at with that?

Mr. Dahilig: As stated in the Mayor's Supplemental Budget Communication, we are recognizing the fact that whereas the previous position that we had regarding TAT in this fiscal year's budget was that we were still entitled to it by State Law, the reality that is coming out from the State Legislature policy-wise along with the Governor's actions have been over the past twelve (12) to fourteen (14) months, we can no longer give a best guess estimate as required by Charter when we present these budgets that we can rely on TAT revenues in the manner that we have seen in the past, based off the allocations, TAT cap, and disbursement priorities, etcetera. That is why it is a pretty notable shift for us to recommend that the revenues-side of the balance sheet is adjusted is to make the draw. It is something that is significant. As the Council Chair had mentioned in his opening comments, if we are in a position to get more firmity in the Governor's position on how to handle the TAT question and if we are given latitude to either make proposals to the Council or rely on commitments by the Governor to release moneys, then we will come back to the Council to have those discussions about amending the budget picture via a supplemental money bill. There are a lot more unanswered questions than answered questions at this point, and we will likely not get any further information until the Governor decides to put pen to paper in the beginning of June.

Councilmember Carvalho: Okay, thank you.

Council Chair Kaneshiro: I just want to add that this is not the most ideal position to be in to use our Reserve Fund to fund that fourteen million dollars ($14,000,000) we lost from the TAT. That is the reality of the situation we are in. That is the reason why we are so strict in making sure we have money in our Reserve Fund. It is for situations like this where we are most likely not going to get the fourteen million dollars ($14,000,000). We use the Reserve Fund then we are going to have to make the difficult decision on how we do we repay those moneys back or what do we do to get fourteen million dollars ($14,000,000) to subsidize the Reserve amount that we put in. If we keep using our Reserve Fund in this fashion for the next few years, our Reserve Fund will go down to zero dollars ($0). It is not kicking the can down the road. It is using the tools and mechanisms that we have at this point in time to react to anything that the State is going to do. Right now, we do not know for certain that we are not going to get the TAT, but it really looks like we are not going to get it at all. We may have to enact a new tax or do something else do get the revenue back. This is a situation that falls on our lap that we need to react to. That is exactly why we have the Reserve Fund. If we did not have the Reserve Fund, we would not know what to do. We would be fourteen million dollars ($14,000,000) in the hole and we would be trying to anticipate future revenues or we would actually have to make a tax increase now with this proposal. It is good to have the Reserve Fund. We are going to have a difficult decision moving forward as far as what we have to do to make up that fourteen million dollars ($14,000,000) if we are not able to get it from the State. Are there any further questions from the Members? Councilmember Kualii'i.

Councilmember Kualii'i: Mike, please carry this back to the Mayor as well. I share the same interests that Councilmember Cowden expressed about the Council's
participation with these Federal funding decisions. When we were talking about the
American Jobs Plan, and it is just a plan and a proposal right now, it is not an Act like the
American Rescue Plan Act, where we know about that fourteen million dollars ($14,000,000),
it could represent a significant amount of moneys over a significant amount of time. We may
be talking about getting funding over the next fifteen (15) years. While some of the moneys
will automatically fit into some of the areas and programs that we already get Federal
funding for, some may not. I think it is important that the Council play more of a role than
just approving an apply, receive, and expend item that normally comes before us when the
Office of Economic Development goes for a grant or something like that. I know that the
National Association of Counties (NACo) has done an initial analysis and they are continuing
to work day-by-day in Washington D.C. with the Biden Administration in how things are
developing and making sure that counties’ voices are a part of that and what our needs are
specifically. It is a lot more than roads and bridges. It is also housing, including public
housing, even manufacturing and small business, workforce development, home health
workers, clean energy, broadband, water systems, transportation, etcetera. It is two trillion
three billion dollars ($2,300,000,000). Hopefully something passes and we can benefit from
that to create jobs right here on the island, more than just tourism and service-related jobs.
Thank you.

Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: Just one last request on the subject of my first
question regarding House Bill 862. If you could just keep me in the loop where we are as the
Administration navigates its way, specifically its stance on it as the Governor goes to the
table to make the decision regarding this. The Hawai’i State Association of Counties (HSAC)
is wanting to take a more proactive stance as well. I will be drafting some questions and
getting some feedback from my colleagues here at the table. I think the better aligned we
are on that request or position is better for all of us. Thank you.

Mr. Dahilig: Will do. We do have meetings scheduled today
and next week Wednesday with the Governor’s Office between the Mayor and him. We can
shed some light as we get more information from him as to how he is viewing the proposal
and can try to align interest where we can.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Please keep us in the loop on that. Obviously, we
would love to get consensus amongst all the counties. I am not sure if that is going to happen.
I am sure all of the Mayors are talking about this. There may not be complete consensus
amongst that group. Obviously, the TAT is going to depend on how busy your own individual
island is and how much revenue your own individual island gets. Some islands like O’ahu
may have a way higher revenue source than us. Their percentage is going to end up being
way higher than what they may have gotten from the State in the past. For ours, if we raise
it to three percent (3%), we are just about there considering the administrative costs that we
have. For other counties it may be different. They may be getting a lot more than what they
would be getting in the past. We may not be able to get consensus, but if it take a matter of
our County Council and our Administration jockeying for a position for Kaua‘i that puts us
in a better position, please let us know. I know Council Vice Chair Chock is working hard at
HSAC to make sure that we know what direction HSAC wants to go with that. Councilmember Cowden.

Councilmember Cowden: I have a follow-up comment. It feels really nice to think that we could get this three percent (3%) which is arguably more than what we had. I am also very conscious of the fact that when we look at our revenues, the visitor industry through the resorts and the transient vacation rentals, they subsidize a lot of the rest of us. It is not an inexhaustible amount to be going for. What layers is happening? I would like as both the Council and to know that the Mayor is working closely with the Hawai'i Lodging and Tourism Association (HLTA) or Hawai'i Tourism Authority...where are we getting the feedback on what the tolerance might be?

Mr. Dahilig: That is a good question. In response, those are things and steps we have to take prospectively once we know what the Governor's perspective is. We may not end up with this authority at the end of the day. We know that HLTA, as well as other tourism advocacy groups, are staunchly opposed to this measure. They are obviously sharing those views with the Governor as he is deliberating on his disposition of the Bill. If we end up with that authority at the end of the day, consultation with the groups as you are suggesting in terms of understanding the tolerance for additional taxation, its effects on the overall visitor industry, and whether or not it makes us a competitive market for these types of businesses is something that we will have to deliberate before giving you a proposal for your own deliberation as well. It may be premature to go to that extent at this point, but it will be a necessary step should we ultimately end up with that authority.

Councilmember Cowden: Thank you. It will be very important for me to be hearing from those organizations. I am just going to articulate the concern I have is that if we start getting three percent (3%), the State will never give us back the TAT. That would be my worry. I remember when this first was started, it was all meant for the counties then it has gotten taken by the Hawai'i Convention Center, and it seems like the rail. I am not sure if that is the case. It may not be for that. It has gotten "mopped up." I think we need to be very cautious in how we make those choices. Thank you for hearing me out.

Mr. Dahilig: Understood. Just as an added note, that particular position for Bridge Maintenance Supervisor is for open recruitment and at this point, there are a number of internal candidates who have applied for that position.

Councilmember Cowden: For the Bridge Maintenance Supervisor?

Mr. Dahilig: Yes.

Councilmember Cowden: Okay. Great.

Council Chair Kaneshiro: Councilmember Kualiʻi.

Councilmember Kualiʻi: I just wanted to add something to what Councilmember Cowden said in regards to tourism and the possible three percent (3%) tax. You have heard it too, I am sure, in discussions with...the impact of COVID-19 and what it has meant for the vitality, resilience, and the coming back of our natural resources, because of lower tourism. Everyone has been talking about sustainable tourism, so the idea is
maybe...I think we have even heard it from the tourism industry that tourism in the future will be something that is more quality instead of quantity. I have heard other Councilmembers from other parts of the state say this too. Part of that is when the price goes up, you attract a higher level of visitor to the islands. It may be less, but less paying more is probably better for our environment. That is all a part of the calculation.

Mr. Dahilig: Understood, Councilmember. We do not have much data yet, but I think anecdotally all of us probably has a friend from off-island asking if they could borrow our car. When you look at the current pain tolerance for visitor activities and you see rental car prices at eight hundred dollars ($800) to one thousand dollars ($1,000) a day and people are paying that, it is an indication of that pain tolerance for attracting people to the island who are willing to pay a premium. Not to surmise any conclusion about it, but the fact that people are willing to pay in excess of three hundred dollars ($300) or four hundred dollars ($400) a day for a beat up Yaris, is indication that people view Kaua‘i as an in-demand-type of destination and not one that needs to consider its only strategy as volume.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: Thank you. I just wanted to piggyback on my colleagues here. That is some of the best verbiage that I heard since I started on the Council—the concept of quality versus quantity. Our people want less tourists and we want the higher-end tourists. I cannot advocate enough for that. I just wanted to thank you, Councilmember Kuali‘i, for bringing up that concept.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I want to respond to that. I think I would have been called a “quantity tourist” at twenty-one (21). There are many people who have really come to our community that have contributed heavily, that began as a “quantity tourist.” Having worked with the visitor industry quite a bit in my shops, a human being is a human being and some of the most giving and strong contributors to the community are not necessarily those who have a whole lot. They are human beings. I appreciate what you said, and I just have to speak up for the more humble people in that they still have a lot to offer.

Council Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: The other side of the coin is for our families that need to travel back and forth, they also get tied up in this chaos. We need to find balance in families wanting to travel interisland and locally, and having the same need for a car and paying five hundred dollars ($500). I think that is another part of the equation that we have to look at to balance things out.

Council Chair Kaneshiro: Okay, are there any further questions from the Members? Councilmember DeCosta.

Councilmember DeCosta: I would just like to speak to Councilmember Carvalho. I believe the kama‘āina rate might be the way to go to assist with this interisland travel for hotels and cars. I think we already have that rate with many of these entities. I know that when travel was more restricted due to COVID-19, we had a nice time driving on
our roads with less tourists and being able to go to our beaches and our sacred areas with less people. Again, I must say that I want high-end tourists to come and spend a lot of money and go back. Backpacking tourists who come for three (3) months tend to take a lot of our resources and areas. They do not spend a lot of money and then they go back. I just wanted to share that with our community members out there watching.

Council Chair Kaneshiro: Are there any further questions before we get into decision-making?

The meeting was called back to order and proceeded as follows:

Council Chair Kaneshiro: First, I would like to ask for a motion from the Committee to accept the Supplemental Budget Communication changes that were submitted on May 7, 2021 and to use the Supplemental Budget as our starting point for decision-making.

Councilmember Kuali‘i moved to accept the Supplemental Budget Communication changes that were submitted on May 7, 2021 and to use the Supplemental Budget as the starting point for decision-making, seconded by Councilmember DeCosta, and unanimously carried.

Council Chair Kaneshiro: Next, I would like to entertain any proposed reductions to the Operating Budget. Typically, I would go Department by Department and ask if there are any cuts, but based on our budget meetings, I do not think there are going to be a lot of cuts. For today, I am going to open it up to any reductions to the Operating Budget. If anyone has any cuts, we will entertain them at this time. We will take cuts, adds, and then combination cuts and adds. Once we get past the cuts, every other proposal is going to take five (5) votes to pass. Are there any budget cuts? If not, we will move on. The reductions to the Operating Budget is now closed. Do any Councilmembers have reductions for the CIP Budget? If not, we will move on. We are now finished with reductions to the CIP Budget. Do any Councilmembers have proposed reductions affecting all departments or agencies? We have done this before where we take a huge cut out of every single department. No? That is a pretty rough one. All of those reductions would have taken four (4) votes. Now that we are done with reductions, I will entertain any amendments at this time that involve either additions or additions and subtractions. Typically we do not have many adds, because that means no one found the corresponding tax increase or cut. We will entertain any reductions and additions right now. Now we are in the five-vote territory. Any proposals that come up now will take five (5) votes to pass.

Councilmember Cowden: I have a question.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have a proviso amendment, would that be taken now?

Council Chair Kaneshiro: No. Provisos would come up after. We are going to do our Operating Budget, CIP Budget, we are going to vote on the Real Property Tax rates, and then we will vote on any changes to the provisos.
Councilmember Cowden: Okay.

Council Chair Kaneshiro: When that comes up I will let you know. It will be a little later in the meeting. Right now at this time we will take any adds and cuts, or combination proposals. Councilmember Evslin.

Councilmember Evslin moved to rename the line item in the Wastewater Division appropriated for a Cesspool Conversion Study to Sewer Expansion Assessment, seconded by Councilmember Chock.

There being no objections, the rules were suspended.

Council Chair Kaneshiro: Do we have any questions regarding this proposal.
Councilmember Cowden: Could you give us a little clarity to help us understand the difference in the nuance of this proposal?

Councilmember Evslin: This name change has been vetted with Jason Kagimoto and he supports it as it gives them more flexibility during the procurement process. The need for a potential study arose through a handful of meetings with Council Vice Chair Chock, myself, and Jason Kagimoto. Part of it was that the State Department of Health (DOH) has identified cesspool replacement areas islandwide. The County does not really have a similar type of study looking at priority expansion areas for sewer based on County priorities such as growth potential, ease of expansion, etcetera. The intent here is two-fold. The first is to give the County a framework for moving forward with sewer expansion to identify the “low-hanging fruit” or high-priority areas. The second would be to give homeowners something that they can reference when they are trying to decide whether they are going to install a septic system or not. You do not want to install a septic system if you are going to get sewer one day. This helps people make an educated decision hopefully based on the results of this study. I do not know if Council Vice Chair Chock wants to add anything.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Is Jason available to us? If not, I will just ask the introducers or put it on the record.

Council Chair Kaneshiro: Perhaps Mike might be able to answer the question.

Councilmember Cowden: When we have cesspool conversion or sewer expansion, I am wondering if there is room in here to be looking at some of these alternative processes. I was interested in the one that was called a “Cinderella Princess Incinerator” toilet. There were two (2) reasons. I would really like to be taking a serious look at alternatives. For over one hundred (100) years we are very attached to...or perhaps less than that, maybe sixty (60) years, we have been attached to flushing with water. If we can do something like incinerate, it might solve a number of problems. Certainly the cost problem.
This past week we had five (5) iwi found in a cesspool-to-septic conversion. It was really an excellent septic system, but yet when we dug for that, we found some iwi kūpuna, bones from ancestors. I would imagine in a place like Hanalei, Hā'ena, or in really low-lying areas, that is something we would find all over the place. When we put in a sewer line, it is a challenge, and those wastewater treatment plants still have a bit of a challenge, because it is the high wash of water. When we have a high tide... I know when I lived on Weke Road, you could not flush the toilet when the tide was really high and you did not do your laundry when the tide was really high. The septic or the water system is full, as it relates to the cesspool or septic. I would like in that assessment that we are looking at, to take a serious contemplation of some of these different alternatives. We are going to have that continuous conflict and angst, which is a challenge. What I am looking at and feel passionate about is... when we have spaces like on the Department of Hawaiian Home Lands, or any of our areas... where we can help to build housing for people that is different than necessarily affordable housing...where there are these structures that fit the American model, where we can fit more of the alternative models to be able to have appropriate places for people who have been houseless or something to that effect. When we have inexpensive septic and without having to dig a long way for sewer, that is an important pathway. What are your thoughts on that, Managing Director Dahilig?

Mr. Dahilig: Thank you for the comment. There are a variety of wastewater treatment strategies that at the end of the day have to be balanced with environmental sensitivity and the ability to pay for that system. I think the study as proffered to us will give us the ability to look at these strategies and align change. The title of that appropriation helps to broaden the understanding that simple conversion of cesspool to septic is not the only strategy. If you convert from cesspool to sewer or municipal sewer solid waste systems, that typically is the Environmental Protection Agency (EPA) top standard as a way to tertiarily treat sewage through that type of process. We have many areas in our community that would be better suited to move from cesspool to sewer versus cesspool to septic. I think as you mentioned, there may be other things, like that other process you mentioned, that could be entertained. I would suggest that the scope not necessarily be limiting. I know that Councilmember Evslin is making this proposal and he can speak more to the intent behind it, but I would guess that the strategy is not to be limiting, but to be as expansive as able to move off of cesspools in general. If it means placing an emphasis on looking at our municipal sewer systems as a means of pulling in more intake, then so be it. We would have no objections to the proposal as I understand it on the floor.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I just wanted to follow up on the burning toilets that you were very intrigued about implementing. I would like to know more about how they handle the mass amount of users if we were to move towards that. I know there are proven technologies that can handle a few users. But you are talking about high heat to burn some kind of propane or gas being used. I would like to see a study done, if that was to be implemented within a large community as to the dangerous effects of having a whole bunch of propane within a community and the effects of the mass amount of usage.

Council Chair Kaneshiro: Councilmember Cowden.
Councilmember Cowden: That is why I was asking if that kind of thing could be considered in the assessment. I listened and I thought it might be too good to be true. A lot of times things that seem to be too good to be true are or maybe there are other burdens. I have not seen an example of that. We have seen a few different types, but it is an individual system. It is not like it goes somewhere. It is an individual system and it can be done with solar. You can do some as electric systems, too. There are different...that is my recollection. We need to look deeper at it. When I think about putting a sewer in a place like Hā‘ena or Hanalei, where you cannot hardly swim in the summertime. Your children come home with a staph infection or impetigo...you know the problems that are there. You get a pretty high tolerance to the problems at different times of the year. We have to fix this up. We really need to do something for our health. When I looked at just the little hole that was dug in this yard...and we are going to be replacing all of this. If we ran sewer lines around, you would find iwi kūpuna everywhere. That is just the type of place where those burials happened. Maybe someone with more cultural background might speak to this point. It is a serious concern. If we did not care about the cultural aspects, we could say it is an expensive concern to have that challenge.

Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: Thank you. I just want to bring this conversation back to what is being introduced here, which is a name change and the focus of the study. I appreciate the conversation. I have the same concerns, of course, with anything that we do. Without the sewer system, you get issues too with living kūpuna swimming in recreational areas that may be polluted. I just want to direct the discussion and identify where we are not and that is the first step in this. I think that we need to have those other discussions about individual wastewater systems, but I think that is an intergovernmental discussion, particularly with the State Department of Health about what those options are and of course we should be expanding those opportunities, because there are a lot of emerging technologies. This in particular was not slated for that, but as mentioned here, that is why we have kept it broad enough so that considerations of those kinds of things are not excluded. Thank you.

Council Chair Kaneshiro: Councilmember Kualilī.

Councilmember Kualilī: Mike, just to be clear, in regards to the name change, when we talk about Cesspool Conversion Study to Sewer Expansion Assessment, it sounds like two (2) totally separate things. One is talking about...we know that the coming expiration and all these people with cesspools have to convert and how are we going to determine how many of them need help, how we are going to help them, what is it going to cost, and those kinds of things. Sewer expansion, if you are talking about a homeowner deciding whether to install septic or not, because sewer might be coming to them...sewer cannot go to everyone. It is just too expensive. I think Councilmember Cowden’s comment about the cultural impacts will also be an issue. I know you mentioned that it was meant to be more expensive. In other words, the study or assessment is going to cover everything? It does not cover everything, I do not think if it just says “Sewer Expansion Assessment.” If it maybe said, “Sewer Expansion and Alternatives Assessment,” then it would seem like it is trying to cover everything. If you are, why is it not titled that?
Mr. Dahilig: In response, I think your question is a valid one, and I would defer to the proposers of the amendment as to their intent. I am simply just reacting to what I am hearing on the floor.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I think you are right, Councilmember Kuali'i. I have sort of a companion proposal here which is going to come next, dealing more with cesspool conversion, specifically. They tie in together.

Councilmember Kuali'i: That is the other thing, I thought it was two (2) separate things.

Councilmember Evslin: They both rely on each other in some capacity.

Councilmember Kuali'i: So there is another proposal coming?

Councilmember Evslin: I have another proposal coming. It is not a study.

Councilmember Kuali'i: Okay. But it deals with cesspool conversion?

Councilmember Evslin: Yes.

Councilmember Kuali'i: That implies alternatives to cesspools?

Councilmember Evslin: It is looking at cesspool conversion, as required by the State. Whatever the State requires for that particular area, which is going to change, would be what this program would recommend.

Councilmember Kuali'i: Conversion to sewer, conversion to septic, conversion to alternatives...

Councilmember Evslin: An aerobic system possibly, yes.

Councilmember Kuali'i: Thank you. I have no more concerns. I can support it as-is.

Council Chair Kaneshiro: I have a question. It seems like a simple name change, now I am getting all confused. When we had Cesspool Conversion Study, I thought we were going to analyze who has cesspools, what they would convert to, is sewer going to be an option to them, etcetera. Now we are changing the name to “Sewer Expansion Assessment.” I am trying to figure out what is the difference between the two?

Councilmember Evslin: The idea, at least in our conversations with Jason, with the Sewer Expansion Assessment was to look at our existing sewer system to identify the low-hanging fruit for expanding that system so that you could then say, “Here are areas that on Kauai are potentially going to get sewer and here are the areas on Kauai that are never going to get sewer because it is not feasible.” Those places that are never going to get...
sewer can be confident that if they install a septic system, they are not going to get stuck with paying a sewer bill and paying off a septic system loan.

Council Chair Kaneshiro: Changing the name from “Cesspool Conversion Study” to “Sewer Expansion Assessment” is more a County-centric assessment, because as County, we are responsible for our sewer, which we are always trying to assess where can we get sewer to, where can we expand it, and how can we maintain our sewer system. Cesspool conversion is more of a State function.

Councilmember Chock: Yes.

Councilmember Evslin: Yes.

Council Chair Kaneshiro: Okay, I got it. Councilmember Cowden.

Councilmember Cowden: In Kilauea, where we estimate we have I think nine hundred (900) or six hundred (600) cesspools...we have quite a few. As a community, we are trying to figure out if we all want to contribute moneys that it would cost to convert our cesspools to match it with the County for a centralized wastewater system. We are looking at exactly that challenge. If we spend twenty-five thousand dollars ($25,000) to put in a septic system and then all of a sudden there is something better that goes in, then we would have to dig up the street and everything else. Would that get addressed in this Sewer Expansion Assessment? I guess that is a Jason question. We really need Jason. I think it is a discussion for another time.

Councilmember Chock: It is difficult because, what Councilmember Evslin was saying, the name change is specifically connected to his cut and add that is forthcoming. I am not sure if we can go there or not.

Councilmember Cowden: Can we talk about it in parallel? Can we? No?

Council Chair Kaneshiro: From my understanding, we are just trying to change the scope of this assessment and that is what we are voting on. That is my understanding.

Councilmember Chock: Right.

Council Chair Kaneshiro: We are changing the scope from a Cesspool Conversion Study to a County Sewer Expansion Assessment.

Councilmember Chock: The answer is no, it would not accomplish that.

Councilmember Cowden: Okay.

Council Chair Kaneshiro: Are there any further questions from the Members?

The meeting was called back to order and proceeded as follows:
Council Chair Kaneshiro: Is there any discussion from the Members? I will say that I am in support of it. I think a lot of times we have to do more County-centric...the State will sometimes drop responsibilities on us that ends up costing us money. They end up saying, “Well you just take it over.” We end up in a pretty bad spot. I like that this name change is really concentrating on the County and is really going to help our Wastewater Division determine where infrastructure is now, where can we get more sewer assessments to our residents, and that is the County’s responsibility, to provide sewer to whichever residents we can and in a feasible way. Obviously, we are not going to be able to get sewer to every single resident on this island. It is not feasible to do so. There are areas where we could probably expand our sewer system, where our sewer system might be oversized for an area projecting growth. It would be good information for the public to know that this area can be added to our sewer system and our capacity can reach these other areas. I am in favor of this proposal. Is there any other discussion from the Members? If not, roll call vote.

The motion to rename the line item in the Wastewater Division appropriated for a Cesspool Conversion Study to Sewer Expansion Assessment was then put, and carried by the following vote:

FOR MOTION: Carvalho, Chock, Cowden, DeCosta, Evans, Kuali‘i, Kaneshiro    TOTAL – 7,
AGAINST MOTION: None    TOTAL – 0,
EXCUSED & NOT VOTING: None    TOTAL – 0,
RECUSED & NOT VOTING: None    TOTAL – 0.

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

Council Chair Kaneshiro: The motion passes. Do we have any other adds or cuts? Councilmember Evslin.

Councilmember Evslin moved to reduce funding of eighty-one thousand three hundred seventy-one dollars ($81,371) from the Kamalani Playground Resurfacing project in the Special Trust Fund for Parks & Playgrounds-Lihu‘e District; Add funding in the amount of eighty-one thousand three hundred seventy-one dollars ($81,371) for a *NEW* project titled Inclusive Playground Development; Reduce funding of eighty-one thousand three hundred seventy-one dollars ($81,371) for Inclusive Playground Development (R20020) in the General Fund-CIP; Transfer $81,371 from General Fund-CIP back to the General Fund; and Add funding in the General Fund, Housing Agency, Other Services account in the amount of eighty-one thousand three hundred seventy-one dollars ($81,371) for the Wastewater Conversion Program, seconded by Councilmember Chock.

Councilmember Evslin: Just to simplify that a little bit, the money has to get directed to the Inclusive Playground Development project because it is in the Special Trust Fund for Parks & Playgrounds. It is a lot of wording for a simple move from the Kamalani Playground Resurfacing project, which is completed already, to this Wastewater Conversion Program under the Housing Agency. I can explain it a bit. The State has a requirement for cesspool conversion by 2050. As we all know, they do not allow a building permit to be processed for anyone with a cesspool. You need a septic system or to be connected to sewer to get a building permit, which is a contributor to the housing crisis and other crises.
This has always been somewhat of an unfunded mandate for individual homeowners to comply with until now. Council Vice Chair Chock, Jason Kagimoto, Adam Roversi, and myself have met with the State Department of Health, Wastewater Branch a number of times about the potential for developing what they call a pass-through lending program for cesspool conversion. Other states utilize these pass-through programs and the basic idea is that the Environmental Protection Agency (EPA) provides money to states in the form of Clean Water State Revolving Fund (CWSRF) loans and that is the moneys that counties use often to upgrade municipal sewer like we are doing with the Waimea R-1 project. A lot of states are using that money to do these pass-through programs where they give the money to a county to then pass-through to individual homeowners to upgrade cesspools. Normally it is in the form of low-interest loans to individual homeowners. In this case, the State Department of Health, Wastewater Branch is making available one million two hundred thousand dollars ($1,200,000) annually in totally forgivable loans targeted for individual wastewater systems so they do not have to get paid back ever. This will result in free septic conversion for homeowners. The catch is that the county would have to manage the program in developing that pass-through program. We would need to advertise it, come up with an application process and prioritization structure, choose applicants who are going to get the conversion, and then contract out construction. The Department of Health has made it clear that the program is intended to be funded annually into the foreseeable future at the rate of one million two hundred thousand dollars ($1,200,000). At the moment, we are the only county that is interested in it. They did say that if other counties come on-board in the future, we would split that money evenly. If there are two (2) counties interested it would be six hundred thousand dollars ($600,000) for each county, which could still fund a good number of septic systems annually on Kaua'i. This funding allocation is just meant to get started on the project. The Housing Agency might need more to fully fund it, but because there are other sources of money and maybe in the TAT or the American Rescue Plan, it seemed prudent to try and partially fund it now to get the Housing Agency going in developing the program so we could ensure that we could utilize the money for forgivable loans. We are also checking with the Office of the County Attorney right now, but there is also a possibility that the Housing Agency could use some money from the Housing Development Fund to cover some of the administrative costs for this, as long as it is going towards affordable housing. Vice Chair Chock, do you have anything to add?

Councilmember Chock: I would just back up to what is on the table and to say that the funding that is being drawn in the cut is due to a project that has already been completed in the CIP. It is completed and paid for. This is sort of an oversight that we were able to locate. It is in the budget and we are directing that funding in this direction in order to kickstart the program that we are initiating. I would like to say further that this discussion has been sort of a long-term ongoing discussion and as everyone knows we are mandated by 2050 to move in this direction. We completely agree with Council Chair Kaneshiro that we should not be doing the State's job. We looked extensively into how it is we can partner with the State without having to spend further resources on our end. This has been the sticking factor in all of this discussion—the ability for someone in the County to help manage that. We see it as a “win” because of the investment that is coming from the State in order to kick this off and thankfully be the first County in the State to look at it and move the needle. It does not address the larger projects, such as a new sewer plant, but I think that it does, especially for the far, outreaching properties that we know we will never get the type of sewer service that we were talking about and finding out from the study where they can start, so it does go hand-in-hand with the study in that sense.
Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: The one million two hundred thousand dollars ($1,200,000) and the eighty-one thousand dollars ($81,000) is to help people apply and get the conversion and not the study itself?

Councilmember Chock: That is correct.

Councilmember Cowden: I just did the math. I have been asking. The area that I live in, other than Princeville has a sewage treatment plant and it ranges from about twenty-five thousand dollars ($25,000) to thirty-five thousand dollars ($35,000), so the average of thirty thousand dollars ($30,000) to one million two hundred thousand dollars ($1,200,000), it will be forty (40) houses. Eighty-one thousand dollars ($81,000) would be two (2) houses. This is some direct assistance for a little frontend?

Councilmember Evslin: The State is saying that they are going to give the one million two hundred thousand dollars ($1,200,000) and that money has to go towards the actual construction costs of the systems. The County would be responsible for administrating the program—finding the applicants, contracting out. This money would go to the Housing Agency to either pay a third-party, nonprofit or someone to administer this program, or to do it in-house and hire someone to get the program running. The issue is that the one million two hundred thousand dollars ($1,200,000) cannot cover administrative costs. Does that make sense?

Councilmember Cowden: is to hire someone?

Councilmember Evslin: Simply, administrative costs to run the program.

Councilmember Cowden: Therefore, we would be helping forty (40) houses.

Councilmember Chock: Annually.

Councilmember Cowden: That is a little start. So what we are doing or is there another piece of paper we are going to get to actually analyze...this is it, okay. So we do not have anything that is going to be analyzing cesspool conversions? I can accept that. We moved that to Sewers and this will just help forty (40) houses and then possibly forty (40) houses every year, unless the other islands get in on the program, then we will be sharing those forty (40) houses with the rest of the State?

Councilmember Evslin: Yes. Just to be clear, even if other counties do jump onboard later, that we are not splitting that by population, right. We will be splitting that evenly, so Kaua‘i would still have a huge advantage per capita.

Councilmember Cowden: So we could probably get ten (10). I am going to support this and I appreciate the “drop in the bucket,” that metaphor is intended whereas the pun is not intended. It is good. I am assuming people will have to economically qualify?
Councilmember Evslin: The State has put “no-strings” attached for the money. The County can add any requirements that we want, so that would be up for deliberation. There is a PowerPoint and it provides you more information on the program. The County can put requirements that can happen via ordinance or through administrative rules as we figure out how to implement the program. I should add one thing. The State is making the money available beginning of fiscal year 2023, which would be next July. They said that clock starts ticking from the EPA as soon as we get the money. They want to contract it out as quickly as possible; working backwards from that deadline, the State said we should have a program running and start to accept applications by September of this year, if we wanted to make sure to utilize next year’s funding. That is why we are trying to...this was all within the last few weeks, so that is why we are trying to get this going right now, so we can take that step in that direction.

Councilmember DeCosta: I would like to get a little clarification. I am looking at Councilmember Cowden’s number, forty (40), and I am actually thinking much higher. I think cesspools and septic systems...

(Councilmember Chock was noted as not present.)

Councilmember DeCosta: ...are like building a home. You have a bunch of contractors out there who have a set price and they are not going to lower the price, because it will bring down profit margins. They all hold their standard at twenty-five thousand dollars ($25,000). I believe these systems can be done at a much more reasonable cost and if we have one million two hundred thousand dollars ($1,200,000), it could be attractive for a construction company to say, “Hey, I want to do all of your conversions and I can do it at fifteen thousand dollars ($15,000) each,” and maybe we can complete sixty (60) houses. I also support what Chair Kaneshiro said that this is a State problem, not a County problem, but when we put sewer in, we are addressing our community members. Now, there are some members who live in the country who cannot ever qualify for sewer and we seem like we are not going to help them. I know there are a lot of elderly people with cesspools in areas that are very far away from ever being connected to sewer and financially by 2050, they will not be able to afford this. I do not care what we do or what loans we provide, there are people out there who cannot do this without our help. Doing the math and taking eighty-one thousand dollars ($81,000) from Kamalani Park, which is already completed, and moving this money to a program director who can facilitate the one million two hundred thousand dollars ($1,200,000) to help people on Kaua’i and help the environment by converting cesspool to septic, I think this is a great project. I did not fully understand it until now, but thank you.

Councilmember Evslin: Thank you.

Council Chair Kaneshiro: Are there any further questions? Councilmember Carvalho.

Councilmember Carvalho: I, too, have only caught what is on the table just now and I am hearing what Councilmember DeCosta is saying. I am hearing the numbers and the amounts, I know there is probably some fluctuations in between, but the bottom line is reaching out to the community and giving them the opportunity. I think this is a good thing overall. I have a little more questions on the specifics, but the bigger picture tells us that it is the right movement and the right way to go. Especially with this discussion on the table,
it is very important. Like what was mentioned for kūpuna and some of the other families, maybe cannot, but hopefully the numbers can pencil out where we can get more. I know it has to start somewhere, it is an opportunity, and the State is there. I just wanted to say my piece on this discussion, which I heard about and I think we are on the right track.

Council Chair Kaneshiro: I have a question. Is the one million two hundred thousand dollars ($1,200,000) going to be a perpetual amount every single year?

Councilmember Evslin: We asked them, if we were going to make the effort to try and fund a position, can this be perpetual going forward, and they replied, “Yes,” that is their intent.

Council Chair Kaneshiro: It is coming from Federal money to the State?

Councilmember Evslin: It is through the CWSRF program funded from the EPA and I think DOH has the ability to allocate some as forgivable loans and some as interest-bearing loans. They are saying they will make one million two hundred thousand dollars ($1,200,000) in forgivable loans going forward into perpetuity, annually.

Council Chair Kaneshiro: I am looking at the perpetual cost of this and what the benefit of it is. If we are going to fund an eighty thousand dollar ($80,000) position, which I do not know if that would cover an actual position...I heard of the State doing cesspool conversion projects before and no one is taking advantage of it. My only fear is that we go down this road and nothing materializes out of it. I would hate for us to be stuck with an employee for this amount of money because then it is going to be set in perpetuity. Those are just some of my concerns on it.

Councilmember Evslin: Those were the same concerns that we have in speaking to DOH about it and it was part of the reason why as we were trying to figure out how to fund it in the Housing Agency, it made sense to fund the Other Services line item program and give the Housing Director the capacity to figure out how he is going to implement it, whether it is through a temporary hire and we can do a year pilot project to see how much interest there is or paying a third party to do it. He could reallocate some of that funding to some already dollar-funded position that he has temporarily and he has a lot of flexibility to wrap this up and then potentially even wrap it down if there was no interest. I also heard the concern about in the past people did not take up this opportunity and part of that...for example Hanalei Bay had the opportunity through a grant to upgrade, but no one did it. I think that was limited to this small location with a limited timeframe and some constraints. If this was islandwide, no strings attached, I think that we would get a lot greater buy-in.

Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: The past efforts did not cover the true cost, which was a big challenge for homeowners to take the leap. I agree, and here is the discussion that we had repeatedly, about not only having the incentive, but also looking at ways to push the needle forward into urging properties to make that move. Do not be surprised if you see some of that forthcoming as well. In terms of long-term sustainability, some of what the discussion
that we have had was about infrastructure funding might be directed to helping sustain that position, if necessary, over its existence.

Council Chair Kaneshiro: My bigger overall picture is, "Why can the State not just do it?" They had that program where they were trying to get people to convert and this is practically almost the same thing, yet they want the County to implement the program to access the money. I am not understanding that part. It is not our responsibility to say, "Why are they doing it this way," but I guess for me, I am trying to understand why is the State dumping it on us to have to implement the program in order to access the money that they are getting. What are they going to do if none of the counties do it? Are they just going to be like, "We have one million two hundred thousand dollars ($1,200,000) and we are not going to expend it, because no county wants to get onboard"? I would think they have someone who could reach out to people and try to get them the money, but I do not know if that question came up?

Councilmember Chock: Yes.

Council Chair Kaneshiro: That is what I do not understand.

Councilmember Chock: We went back and forth as to the "why" and I think it started again with what are the limitations that we are running into, price point, not knowing where we might be investing in as a county, and so I think those are all the factors that really tied into, if we were to put a program like this, what can the State offer? "The State can offer the funding, and we just wanted to take it from one source and put it right into your lap, because we do not have the capacity or resources to be on the ground to manage and follow through on these contractors" and so forth. We even struggled between the Wastewater Division and the Housing Agency and as you can see it is sitting in the Housing Agency as an opportunity. We hear the concern and yet, if nothing happens, nothing happens. That is where we are in terms of saying, "We will meet you a fraction of the way here," and see if our Council will support it.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I can answer a part of your question. In the front page of their PowerPoint, they said that they went and looked at all these different models. States have lots of different models of how to do this and we sat in one of those meetings, the very first one they had was in Washington state, who actually loans it out to a Community Development Financial Institution (CDFI) credit union and the credit union does the lion's share of the work. They ended up ruling that out, because I think it is hard to find willing credit unions to try and do that. They ended up copying the Ohio model, which seemed most feasible for what we have here. When we asked Ken, "Will any of this money cover administrative costs?" the answer from them was, "Everyone has to come to the table to make this happen, including the counties." As far as what happens if the money does not get spent, they said any remaining funds in the program will go towards a fully forgivable green infrastructure, wastewater, or green energy project, which could also be done on Kaua'i, if Kaua'i was ready to go with the remainder.
Council Chair Kaneshiro: My question is to the Administration, which we usually do when it comes to funding items that they are going to have to implement. Mike, what is your position on this?

Mr. Dahilig: Council Chair, I do not have the language of the actual proposal in front of me, but as we can surmise, and I can be corrected if I am wrong, what we understand is that this is moneys that are in a special parks trust fund related to Kamalani Playground that are being reappropriated to fund this purpose, am I correct?

Councilmember Cowden: Yes.

Mr. Dahilig: We would want to get an opinion from the County Attorney whether or not the money from the trust fund for a specific district for the purpose is within the trust fund parameters. I guess I am not entirely clear if that is the case or not. Secondly, we certainly support the merit of proposals like this, but functionally, and I have had conversations with Councilmember Evslin about this, is that from an equity standpoint most of our federal or state pass-through grant types of items have embedded in them costs that relate to overhead. From what I understand this particular State program, which the State is not willing to assume overhead costs for, is being asked on us to assume the overhead costs for it. Normally when you see federal grants or these types of things come down, it is between 5% to 10% overhead margin that is about as an ability to manage the program, so that it is contemporaneous with the grant timeline as well as does not add and hanging issue of personnel being hired on the County dime to support a project and then once the money runs out, what do you do with that position? That is why normally when we have programs like the CARES Act, for example, we will have those overhead costs embedded as part of the overall program rather than having to use our own General Fund moneys to support administration and disbursement of those activities. That would be our concern with this proposal and that we are essentially subsidizing what should be a State cost in administering this program down at the County level. If the moneys were allowed to be used for overhead costs, I could see us being able to hobble together a means for disbursement and administration through consultation. This obviously would be a direct subsidy to this program rather than relying on the State’s disbursements.

Councilmember Chock: Does the Administration support this measure?

Mr. Dahilig: I would say that we are not in support of the mechanism to support funding it, but if it is an issue of trying to apply for the grant funds, our preference would be that the grant funds are allowed to have an embedded cost for overhead built into disbursement. Therefore, we are not opposed to the program per se, but the method of the Administration is not quite in line with what we do with a lot of other State or Federal pass-through programs.

Councilmember Chock: I understand. I had a conversation with the Mayor directly on this in the last week and found the support for it. I understand the problematic situation of the overhead from the Administration level. It is time to “fish or cut bait,” so what is it going to be? Are we going to support moving forward or not? If the answer is no, then this is no.
Mr. Dahilig: Our preference would be to find another means to be able to administer this program. If there are leftover moneys, though, that in the Council’s prerogative you want to push the program, I think for us if that does not predispose us to have to hire a position, then that is where our concern lays. If we can outsource the matter, then that would be a different story. I am not clear on the mechanism for the movement, whether or not the moneys can be used in a manner to outsource the program, but that would be our preference. If it is to hire an additional position for administration of the program within the Housing Agency, I think we would not be in support of that means of supporting the program.

Councilmember Evslin: Just to answer that, again, the reason we were sort of allocating funding to the “Other Services” line item was to give Adam maximum flexibility over how to administer the program, including the possibility of finding a third party to do it. At some level the County has to be involved, because I believe we have to be the recipient to accept the money and then give it out to a contractor, but the State never mentioned any prohibitions against someone helping us administrate. We believe it can be done without potentially creating a new position. Yes, it also seems like this is leftover money that was not allocated to any other purpose and was the reason we were trying to put it towards this.

Mr. Dahilig: Given where I understand where the source money is coming from, it would be helpful to understand whether moneys that are in a district-specific trust fund can be repurposed for a more general activity like you are proposing.

Council Chair Kaneshiro: From my understanding, although it says, “Special Trust Fund,” it is repurposing from the General Fund-CIP.

Councilmember Evslin: That is the reason for the transfer to the inclusive playground and we are actually taking eighty-one thousand dollars ($81,000) from fully funding that specific playground in a Special Trust Fund, but then taking eighty-one thousand dollars ($81,000) from there also as it is part of the General Fund, if that makes sense.

Council Chair Kaneshiro: You confused me on that one.

Councilmember Evslin: The inclusive playground is funded through General Fund-CIP and it is within the Līhu'e District. The idea was that if we transferred from Kamalani to a new project titled “Inclusive Playground” within the special trust fund district, then we take eighty-one thousand dollars ($81,000) from the General Fund portion of the Inclusive Playground.

Council Chair Kaneshiro: Okay.

Councilmember Chock: Scott said we could do it.

Council Chair Kaneshiro: I thought it was moving it out of Kamalani Playground and then moving it all the way until it gets to a Wastewater Conversion Program.
Councilmember Evslin: That is the simpler way to put it, yes.

Council Chair Kaneshiro: But it is not adding funds for a playground?

Councilmember Evslin: No. The Inclusive Playground will end up in with the same funding as before, it is just shifting it around.

Councilmember Cowden: I appreciate the Housing Agency’s willingness to handle this, but I am wondering why...it seems to me it would make more sense to place this within the Wastewater Division, because I think they are going to be a stronger assessor of what is needed where, and it would feather together better with this sewer expansion assessment. When we are looking at where something might go, even if we can do it at sixty (60) instead of forty (40) units in that year, that is still not very much. When we had the CARES Act experience of putting out an RFP for grants and then by 8:30 p.m. or 9:00 p.m. it is all full and done. It can feel very arbitrary of who gets which piece. To me, I would think if we put this with the Wastewater Division, they are going to know where the bigger problems are and so like if I was running the Wastewater Division or the Department of Health, I would be prioritizing the ones that are creating the most bacterial count for other vulnerable neighbors. I would have a mix of both an economic need, but certainly a health need, so if we had sixty (60) systems, we will go with Councilmember DeCosta’s good price, if we had sixty (60) systems, I would like to see them go where they would help impact the most and that is asking the Housing Agency to really step out of their wheelhouse and I want to say also that Kaua‘i Government Employees Federal Credit Union (KGEFCU) is a community-development financial institution. I have had quite a lot of conversation with the big person there and I think they would be a good partner for funneling this. Right now they are doing the rental assistance, but they worked hard to position themselves for this and I think it is a great idea and so I support the intention. If we had that person who looks for grants or whatever else, we would be pulling more money into it, so that we could have a much better pipeline to be serving our most needed areas, I think it is a great movement in the right direction. It is important to me that we set it up for success and not failure. Did you folks talk to the Wastewater Division? Was Jason open to it?

Councilmember Evslin: There are a couple parts to the question. Yes, initially this came with some meetings with just us and the Wastewater Division. The Wastewater Division then connected us to DOH and said that DOH is working on something like this already. Then we pulled Adam into the conversation, because Jason was pretty clear that it was outside of their mandate, they are looking at municipal sewer, and that it is within the Housing Agency's mandate, because there is a clear housing tie-in or that it could be within the Housing Agency's mandate, and that they do similar types of programs already where they deal with pass-through loans and work with individual homeowners. In talking with Adam and Jason and Council Vice Chair Chock and myself, it seemed most appropriate for the Housing Agency to take it on and they were willing to. The Wastewater Division would continue to be involved in as much as one study, which we are funding, the Sewer Expansion Assessment ties into it and that people can identify where it is needed. Then in the meantime before that study is done, Jason had said that they could possibly do a sign-off on each one saying, “Yes, you are in an area that might get sewer” or “No, you are in an area that will never get sewer,” so at least the homeowner knows. That would probably be the only limit of the Wastewater Division's involvement. The last part of that is they are not individual wastewater engineers, right, they are municipal sewer engineers.
Councilmember Cowden: What about an 89-day hire? It seems like if we did this in an 89-day hire structure...this would be a question for Mike, if we did this in an 89-day hire structure, how difficult is that to create and would that solve the problem if it was not utilized? If it is a problem we would not renew funding for that 89-day hire a year and a half from now.

Mr. Dahilig: An 89-day hire only really works in limited circumstances where the person you are bringing onboard already manages the skillset of what is needed to hit the ground running and work on something very quickly. In looking at the materials previously that Councilmember Evslin has shared with me on the program as the Department of Health has shared, there are a lot of contractual and oversight requirements that require both a knowledge of fiscal matters, as well as a knowledge of some surficial engineering and understanding. We could always look for an 89-day person, but for somebody who would want to work short-term in a very tight labor market for something like this is going to be like finding a needle in a haystack. If we were looking at a scenario where we can use moneys to contract out for the expertise, that would normally be the way to look at it. On top of that we would also need a position number. An 89-day contract would also be predicated on the Council authorizing an additional position number for us to be able to attach a short-term hire to, to be able to do this. If that is something the Council is willing or wanting to do, that is within your prerogative to do so. It would require another position number to do this.

Councilmember Cowden: Okay, thank you.

Council Chair Kaneshiro: Councilmember Evslin, I was looking through this PowerPoint and it references allowable expenses for RCC funding, it includes administrative costs. Could we not just cover this cost with the one million two hundred thousand dollars ($1,200,000)?

Councilmember Evslin: We had asked them that and they said, “No” pretty clearly.

Council Chair Kaneshiro: What does administrative costs mean to them?

Councilmember Evslin: I believe the State Department of Health, Wastewater Branch probably takes some of these CWSRF moneys for their own administrative costs, but...

Council Chair Kaneshiro: So they collect an administrative cost for implementing the program, but when we need to implement their program to get the moneys, our costs are not reimbursed?

Councilmember Evslin: That would be my understanding at this moment, yes.

Council Chair Kaneshiro: Okay.
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Councilmember Evslin: I do not know how much of wastewater management is funded with this money.

Council Chair Kaneshiro: So with that one million two hundred thousand dollars ($1,200,000) they are going to take an administrative cost off of that one million two hundred thousand dollars ($1,200,000)?

Councilmember Evslin: No. It would be one million two hundred thousand dollars ($1,200,000) available to the County.

Council Chair Kaneshiro: So they are taking an administrative cost off of other moneys?

Councilmember Evslin: My guess is that they get other CWSRF moneys that they allocate to the other counties. My total hypothetical guess would be that they would take some component of that... an eligible expense of CWSRF money could be for State Department of Health to help them get funding.

Council Chair Kaneshiro: For me, if the administrative costs are covered by this loan, it would be a “slam dunk” for me. We can find somebody to maybe try and get this set up and then possibly get reimbursed. I think we do it all the time for certain types of grants. If we are adding more money I think that is a little different. I thought this was our saving grace that it says, “Eligible expenses for RCC funding, administrative costs.” Under “Ineligible,” I do not see anything about the County’s administrative costs.

Councilmember Chock: When they did this PowerPoint, that is one of the reasons why we asked. Their response was, “No, you cannot use this money for the actual distribution of the one million two hundred thousand dollars ($1,200,000).” We thought perhaps we could always go back to them to make that request or to find out what other sources of funding can we access to help them in implementing this, because we do not have the funding for it. They told us that this was something we would have to incur on our side. I am happy to re-ask the question, but they were pretty clear about their stance on it.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I do not think this decision today, if we allocate this money towards the program, it does not stop us from continuing to have that conversation and push for the program to refund the County’s costs. I think it would be good to have that conversation... right now it is just us talking to them. If we are funding the position, then we can really be having that conversation and bring them in for a presentation to the Council and be talking in a more official capacity with the Housing Agency. All it is, is a commitment to have that program running by funding it here today.

Councilmember Chock: I am sorry to veer a little bit, but in response to the last question, I know Adam is here too, but the question about what division it should sit in, it seemed structurally there was more flexibility within the Housing Agency, because they have handled similar kinds of positions. That is one of the other reasons why the decision was made for that particular Agency.
Councilmember Cowden: Would Director Roversi like to say anything?

ADAM P. ROVERS!, Housing Director (via remote technology): Aloha. I can just say broadly to add in to what Mike has said already, the Housing Agency is generally well-versed in special project grant funded positions and short-term contracts separate from establishing long-term civil servant positions to run our operations. We are familiar with the types of projects and short-term pilot projects for a grant like this, so this is something I believe we could administratively handle if there was sufficient funding and the Administration was supportive.

Council Chair Kaneshiro: Are there any further questions from the Members?

The meeting was called back to order and proceeded as follows:

Council Chair Kaneshiro: Is there any final discussion from the Members? For me, I am kind of on the fence on this. Considering the amount of money we are asking for, what the money was going to be used for, etcetera, I will go ahead and vote for this proposal. I want to hear back from the Administration and see more work done on what costs are reimbursable or not for administrative costs. At best, if we do not need to spend the money and administrative costs are available, I want to hear the options as far as using current County employees to be able to get it started, do the work, and get reimbursed for those administrative costs before using these moneys. It is still difficult to see our options without knowing for sure if administrative costs are reimbursable or not. Their spreadsheet specifically says that they are reimbursable. I am not sure. Go figure. For the amount of money there, I think I would say let us put the money there, come up with the plan on how we are going to use it and what our options are, before just saying that the money is there and let us go hire someone to try and implement it. That is my caveat on voting for this.

Councilmember Carvalho: I totally support the concept, idea, and everything else about this project. I just need more clarification. It sounds like we are moving in different ways with the funding part of this. I too would like to support this, but at the same time I have a lot of questions. We have to look at the whole package, if you will, to see how everything pans out, especially using funding from the Kamalani Playground Resurfacing project, and how that ties into everything else. Overall, I like the concept. I think it is great. I think the process and the funding source is getting down deep. I just have more questions as we continue to dialogue together. We need this. Those are my thoughts.

Council Chair Kaneshiro: I will use my second time and I will not say anything else. I not want us to get into a situation where we are taking on this responsibility and then the State starts trying to give us more responsibilities where we have to incur more costs. I want us to be cognizant that this is specifically for this purpose...to try to get one million two hundred thousand dollars ($1,200,000) to our residents in order for them to convert their cesspools. If it starts becoming more of an administrative function that the State is trying to push on us, I will definitely move to cut the money and let the State implement their own project. I am sure they have more than enough employees there to be able to implement this project. I am willing to take that small little step in starting a project
that will be a benefit to Kaua'i and our residents if we can access this type of money. If we need to put a little money into it, I am okay with that. I do not want it to get us into a position where we are starting to take over the whole program and we are the ones doing the work for the State. I will leave my comments at that. Councilmember DeCosta, then Councilmember Cowden.

Councilmember DeCosta: This is my final discussion and is not a question. I think the program that we want to implement, the person who is going to be handling this, or if it is the Housing Agency handling it with an 89-day hire, I believe a competent person can be found. When a homeowner goes to get a septic system permit with a contractor who does the permitting, they do not have a program director helping out the two (2) sides. Basically the homeowner says they need a septic system and the contractor goes and gets blueprints from the person who draws it for him, he goes to the County to get the permits, and it is pretty much handled. I think this person would be handling the money and figuring out the allocation to the people that qualify to get it. I want the Administration to know that I believe, with Adam's commitment, I think we are in a good place. If you look at the eighty-one thousand dollars ($81,000) that we are going to be moving, and I respect Councilmember Carvalho and Council Chair Kaneshiro in knowing the logistics of moving the money, which is the important part...we know what we have to do within the means and law to move those moneys...eighty-one thousand dollars ($81,000) for one million two hundred thousand dollars ($1,200,000) is a no-brainer. If we are going to call out the State...and let us look at the many things that our State is not competent in doing—stream restoration, trees coming down and blocking our beaches, putting the blame on the County, the County saying we need to help the State—this is a chance that Kaua'i can “take the bull by the horns” and go do something good for its people. I think a lot of the players are willing to try it. I am going to support this. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I actually have one (1) more question for Adam. Is that okay?

There being no objections, the rules were suspended.

Mr. Dahilig: Councilmember Cowden, Adam had to jump off of the call.

Councilmember Cowden: Okay, thank you. Never mind.

The meeting was called back to order and proceeded as follows:

Council Chair Kaneshiro: Is there any final discussion from the Members?
Councilmember Evslin.

Councilmember Evslin: Briefly, I basically agree with everything that has been said. I think the intent here is to open the door in that this is a go or no-go moment for this. I think this will open the door for further exploration and hopefully we can make it work, which I really believe that we can. If we can, I think it will be an amazing program for Kaua'i homeowners and is the only program put forward that could help us make that 2050
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deadline without putting the costs all on the shoulders of Kaua‘i’s residents to figure out how to make their upgrades. I am excited about the potential here. I am appreciative of the Administration being open to try to make it work.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am going to support this. I want to acknowledge that this is a “drop in the bucket.” Had I had Adam again, my sense is that if we are careful with how we craft the name of that position, that can adapt to other elements, what I would really like to see is us being able to get more funding to come through that position. Forty (40) to sixty (60) systems is good for those forty (40) to sixty (60) places. I want to be presenting out to the community that we are going to be taking care of this problem. I think we have somewhere around nine thousand (9,000) cesspools or some huge amount that need to be converted. Why waste that the one million two hundred thousand dollars ($1,200,000) that could come our way over this eighty thousand dollars ($80,000) or readaptation? We know we have a complete crisis in the housing community. When I have spoken with KGEFCU as a community development financial institution, I know they are open to being a vector and vehicle for a number of different aspects. Even if this position starts as one thing and can grow a little, hopefully more in this direction and even if the State does not keep helping. If the Housing Agency is able to help that position grow, I will be good. I think it is important that people know or for anyone reporting on it, this is utilizing an asset that is going to help a few. We might as well utilize that asset and help a few. I do not want to give a false expectation that there are a lot that will be able to use these moneys, especially if we are going to have to share it with the rest of the state.

Council Chair Kaneshiro: Does anyone else have any final discussion? Councilmember Kuali‘i.

Councilmember Kuali‘i: I share the same sentiments as you, Council Chair Kaneshiro. I also think that there is a potential here and I think we should give it a try. We have to start doing something.

Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: I actually completely respect the fiscal implications that are being discussed here. I think they are real and we have a track record of stressing our system with taking on areas of compliance that have been mandated to the County. Yet we are in a hard place as a County. We already do much more of the workshare than we need to or should be doing at our own expense. This much I understand. Part of the introduction and the moving of these funds here is to say at least the Council is committed to coming up with a resolution or a willingness to commit to finding a solution. I think it is very clear that eighty thousand dollars ($80,000) is not going to be enough. In a two hundred forty-three million dollars ($243,000,000) budget, I think it is feasible for us to initiate something that opens the door for us to come back to the table and discuss it and that is something that I am asking for in this particular request. Personally, if it was twenty (20) homes that we transition in the year, I think that it would be a win, because we are getting zero (0) at this point and yet out streams are being impacted and we know it. Our reefs are getting impacted and we know it. I think it is always a commitment, yet it is a step in the right direction. I am very committed to having that discussion about how we resolve building
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the capacity with the State or even as a reimbursement to see this program continue, thrive, and potentially expand the numbers. Thank you.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I want to close with a little about what Council Vice Chair Chock just said. This is such a great opportunity for our Council to do something for the common folk on Kaua‘i. All the time, you see all of the wealthier people on the island benefit. This is a time...if the people cannot convert from cesspool to septic, it is obviously a financial situation right now. This is such a great opportunity to deliver something to our constituents from the seven (7) of us on the Council, taking on this road, the first in the State, I am so supportive of this. Thank you.

Council Chair Kaneshiro: Councilmember Kuali‘i.

Councilmember Kuali‘i: The only other thing that I wanted to add was that I think it is really important to have something in place so that we can take advantage of the additional Federal funds that may be available like the Rental Assistance moneys now that are going to the credit union that you talked about. There may be funds that come, not just from the American Rescue Plan, but also from the new infrastructure bill, the American Jobs Plan. To have that ability to at least pass the money through to our people to do what they need to do with conversions is important.

Council Chair Kaneshiro: Is there any further discussion? If not, we will take a roll call vote.

The motion to reduce funding of eighty-one thousand three hundred seventy-one dollars ($81,371) from the Kamalani Playground Resurfacing project in the Special Trust Fund for Parks & Playgrounds-Līhu‘e District; Add funding in the amount of eighty-one thousand three hundred seventy-one dollars ($81,371) for a *NEW* project titled Inclusive Playground Development; Reduce funding of eighty-one thousand three hundred seventy-one dollars ($81,371) for Inclusive Playground Development (R20020) in the General Fund-CIP; Transfer eighty-one thousand three hundred seventy-one dollars ($81,371) from General Fund-CIP back to the General Fund; and Add funding in the General Fund, Housing Agency, Other Services account in the amount of eighty-one thousand three hundred seventy-one dollars ($81,371) for the Wastewater Conversion Program was then put, and carried by the following vote:

FOR MOTION: Carvalho, Chock, Cowden, DeCosta, Evslin, Kuali‘i, Kaneshiro TOTAL – 7,
AGAINST MOTION: None TOTAL – 0,
EXCUSED & NOT VOTING: None TOTAL – 0,
RECUSED & NOT VOTING: None TOTAL – 0.

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

Council Chair Kaneshiro: With that, we will take a ten-minute caption break and we will come back to any further proposals that we have.
There being no objections, the Committee recessed at 11:09 a.m.

The meeting was called back to order at 11:19 a.m., and proceeded as follows:

Council Chair Kaneshiro: I would like to call this meeting back to order. Do we have any further adds or cuts? This goes for either the Operating Budget or CIP Budget. Once we are done with this, we will be moving into budget provisos and then real property tax rates. This is the only time and chance now to make any further adjustments to the Operating or CIP Budgets, knowing there were changes that the Administration already incorporated from the original budget to the supplemental based on our discussions. Are there any further proposals from the Members? If not, we will move on. Next, is there any Councilmember who has a budget proviso amendment? Please keep in mind that the budget proviso is not meant to micromanage the Administration, add unnecessary reporting requirements, or require the Administration to obtain all kinds of additional approvals, which is not allowed. The provisos should be meaningful and provide the Council with the information needed to make sound fiscal decisions. Any addition or changes to the provisos will take five (5) votes. Councilmember Cowden.

Councilmember Cowden moved to amend Operating Budget Proviso Section 28 to increase the number of temporary Police Service Officers from eight (8) to twelve (12), seconded by Councilmember Chock.

Councilmember Cowden: It really will not cost us more money.

Council Chair Kaneshiro: Thank you for that. We received a communication from the Chief of Police regarding the proviso and the need for the amendment. Do we have any questions from the Members on this proviso? Councilmember DeCosta.

There being no objections, the rules were suspended.

Councilmember DeCosta: Yes, thank you. I am not sure if I should address this question to the Chief of Police or to Councilmember Cowden.

Council Chair Kaneshiro: It depends on the question. Janine or someone from KPD could answer as well. We do have someone from KPD available. It depends on your question.

Councilmember DeCosta: I would like to know how the movement from eight (8) positions to twelve (12) would assist in their hiring process or their lapse when they are promoting from a Patrol to a higherup like a Sergeant and how this provisionary step from eight (8) to twelve (12) would assist them in their operations.

Councilmember Cowden: Is someone from KPD on here? What it does is it allows KPD to bring in enough officers in the training class so as soon as they are ready, they can do these internal positions will move up. We have twelve (12) opening further up the chain in higher positions. Do we have a representative from KPD? Or maybe Janine would like to give a little more explanation on this?

Ms. Rapozo: Basically with the proviso, what happens is that the Police Department is able to recruit ahead of time, before a vacancy occurs. Their recruitment process takes a while with their very extensive background checks so we are trying to recruit ahead of time so when an incumbent in a Detective- or Lieutenant-level position leaves, we already have someone waiting in the hopper to fill that position versus waiting another four (4) to six (6) months for that position. Basically, it allows KPD to be
able to start the recruitment process earlier. Right now, the eight (8) positions have been
very helpful, and I think KPD is looking at their vacancies right now and they have had some
vacancies in the higher ranks and they want to increase that because we sometimes get a
rash of retirements all at once. This just helps them with the recruitment process. It is a
really great recruitment tool so that we basically do not have any vacancies to fill or do not
have vacancies that will be there for a while. This will shorten the time that we will be able
to have full staffing.

Councilmember DeCosta: I have a follow-up question. On the State side
with the Department of Education, we have retirees who put in a year in advance. They still
have the option to change their retirement closer to retirement. They can withdraw their
retirement. With these vacancies, positions, and temporary positions that you bring on, if in
case the Lieutenant, Captain, or Deputy Chief of Police decides that they do not want to retire
and they pull back their retirement, will this cost the County any moneys to have these
trainees in limbo until we can fill the position? Is that correct?

Ms. Rapozo: That is correct. These positions are what I call
"ghost positions." They are basically helping us with recruiting ahead of time before that
puka happens.

Councilmember DeCosta: Thank you for explaining that. I understand it
now. Thank you. I like the puka philosophy.

Ms. Rapozo: Sorry about that.

Councilmember DeCosta: That is the local term.

Councilmember Cowden: I would like to also confirm with you that this does
not add any dollars to the budget. The extra moneys are going to already be in the Criminal
Assets Forfeiture account or in unexpended salaries from open positions in upper
management that are not being spent. Is that correct?

MARK OZAKI, Captain, Kaua'i Police Department (via remote technology): Did
you want a response from me?

Councilmember Cowden: Yes, Mark. That is how it works, correct? When
these positions are open, we are accruing extra dollars in that position so we are not really
risking anything added to the budget. This makes the employment process and the
recruitment process more comfortable. The goal is to not lose positions at the police officer
level.

Captain Ozaki: That is correct. Everything that Janine and
Councilmember Cowden said is absolutely true. One thing I would like to add is on top of
what Janine mentioned regarding the puka of that four (4) to six (6) months, that is just to
hire a recruit. It would take us another year or so before they actually hit the road and fill a
beat as someone useful and not someone in training. Like Councilmember DeCosta
mentioned, someone could pull their retirement every year or so, but if you are looking at the
whole process from hiring to training to actually hitting the road, you are looking at
eighteen (18) months. In that time period, usually someone will end up retiring and that is
why we need those additional positions. It is very useful for us to not have a huge lag in
having a vacancy when they actually pull the plug and retire. This helps to save us
manpower and overtime in the long run.

Councilmember Cowden: Thank you.
Council Chair Kaneshiro: Are there any other questions from the Members on this proviso?

The meeting was called back to order and proceeded as follows:

Council Chair Kaneshiro: Is there any final discussion on this proviso?

Councilmember DeCosta: I would like to use this opportunity to say that we are very lucky to have Captain Ozaki in our Police Department. I have known him for over thirty-five (35) years growing up with him. I just wanted to use this opportunity to say that I am glad that he is wearing blue and has a badge on his chest. Thank you, Mark.

Council Chair Kaneshiro: Is there any other discussion from the Members? If not, we will take a roll call vote.

The motion to amend Operating Budget Proviso Section 28 to increase the number of temporary Police Service Officers from eight (8) to twelve (12) was then put, and carried by the following vote:

FOR MOTION: Carvalho, Chock, Cowden, DeCosta, Evalin, Kuali'i, Kaneshiro
AGAINST MOTION: None
EXCUSED & NOT VOTING: None
RECUSED & NOT VOTING: None

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

Council Chair Kaneshiro: The motion passes. Are there any further proposals on the proviso section? If not, we will move on to our final action today, which is to vote on the proposed real property tax rates. Again, no property tax rates were changed throughout the budget. Does anyone have any real property tax rate changes? Okay, that is good.

Councilmember Kuali'i moved to accept the Real Property Tax rates submitted by the Mayor in Resolution No. 2021-14, seconded by Councilmember Chock.

Council Chair Kaneshiro: Are there any questions or discussion? If not, roll call vote.

The motion to accept the Real Property Tax rates submitted by the Mayor in Resolution No. 2021-14 was then put, and carried by the following vote:

FOR MOTION: Carvalho, Chock, Cowden, DeCosta, Evalin, Kuali'i, Kaneshiro
AGAINST MOTION: None
EXCUSED & NOT VOTING: None
RECUSED & NOT VOTING: None

Ms. Fountain-Tanigawa: Seven (7) ayes.
Council Chair Kaneshiro: Before we adjourn, I would like to ask if I could have a motion and a second to provide Council Services Staff with the ability to make adjustments after entering the various proposals, if necessary, to balance the budget.

Councilmember Kuali'i moved to allow Council Services Staff with the ability to make adjustments to balance the budget, seconded by Councilmember Carvalho, and unanimously carried.

Council Chair Kaneshiro: The motion is carried. The Committee’s Decision-Making session is now complete. Before we adjourn, I would like to go over a few more housekeeping items. I will be canceling the Decision-Making sessions scheduled for Monday and Tuesday, May 17 and 18. Staff will be preparing our amendments made today and incorporating them into the budgets. On May 26, 2021, the Committee of the Whole will be formally approving all decision-making items by procedurally amending and approving the budget bills and real property tax resolution, along with receiving the Committee’s report detailing the various pluses and minuses. I would respectfully like to ask Councilmembers to refrain from making their final commentary that week and make your final comments during the second and final reading of the budget, which will take place on June 2, 2021.

As I mentioned, after Committee, the Council will then approve the Fiscal Year 2021-2022 budgets on second and final reading, which will be accompanied by the Council’s budget message on June 2, 2021. On June 2nd, Councilmembers will be able to make their final remarks on the budget in accordance with our Council Rules.

Thank you to Mayor Kawakami and his Administration for making this, my seventh year as the Budget Chair a smooth one. I would also like to thank my colleagues at the table for working diligently and with respect to uphold the integrity of this decision-making process. Lastly, I would like to thank Council Services Staff for helping all Councilmembers navigate this process and for providing such exceptional support.

This has been a very efficient journey and I am thankful that we are one step closer to passing the Fiscal Year 2021-2022 Operating and CIP budgets, and approving the Real Property Tax rates. With that, the Committee of the Whole’s decision-making session is now adjourned.

There being no objections, the meeting was adjourned at 11:32 a.m.

Respectfully submitted,

Scott K. Sato
Deputy County Clerk

Darrellyne M. Caldeira
Council Services Assistant II
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APPROVED at the Committee Meeting held on May 26, 2021:

ARRYL KANESHIRO
Chair, Committee of the Whole