

Revenue Forecasting and Economic Development

Honorable Arthur Brun
Honorable Mason K. Chock
Honorable Derek S.K. Kawakami
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Arryl Kaneshiro

Excused: Honorable Ross Kagawa

The Committee reconvened on April 5, 2018 at 8:57 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget & Finance Committee and the Fiscal Year 2018-2019 Departmental Budget Reviews. Let the record reflect that we do have a quorum, and Councilmember Kagawa is excused. On the schedule for today, April 5, 2018, we will be hearing from the Department of Finance and the Budget Team, who will be taking us through the various areas of revenues, charges, and fees including Real Property Taxes; then we will go over the Mayor's Kaua'i Philippine Cultural Center (KPCC) item; and we will end with the Office of Economic Development. As we do each morning, we will take public testimony at the beginning of the day, and that will be the end of public testimony. With that, I will suspend the rules.

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

Committee Chair Kaneshiro: Is anyone signed up for public testimony? No. Anyone wishing to testify this morning? No? The light will turn green; when it turns yellow, that means you have thirty (30) seconds; and then red means stop. You have three (3) minutes, though. Just state your name for the record.

JOSE BULATAO, JR.: Good morning. My name is Jose Bulatao, Jr. Thank you for this opportunity of compartmentalized testimony where we are given three (3) whole minutes to convey a message, or an appeal, or to share our *mana'o* with our alerted public officials. This setup is a bit different because I thought we would be addressing the specifics about the Philippine Cultural Center, which is uniquely a place for all. I did not sign up because I did not know when that particular specific issue would be discussed at this meeting, but because of the variety of things that face you, I think you are simply taking what you can in terms of testimony and hopefully, remember what those of us who may be testifying on behalf of any specific issue, you will retain and remember because this is what it is all about. What is so unique about this proposal that is under construction as we speak, is that the Filipinos, which were the last immigration group to come to the Hawaiian Islands, is the first to declare the recognition of a diverse culture in terms of building ideas that we want, and what is even better than that is because this is so unique to the island of Kaua'i. If you are as old as I am and you have an opportunity to have a reflection of who we are as an island community and the manner as sought in which we have been able to diversify not only in our *'ohana*, not only in our luncheons or our buffets, but in the way we integrate on the playground, in the classroom, in the meeting rooms, and in our churches. We take these things for granted because it is so natural, but what is so unusual about Kaua'i is that we make the time and we take the effort to do things well with finesse. With that in mind, I implore the Members to do what you can to give us what we need. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else? Just for clarification, during budget, which we are in now, we take all public testimony first thing in the morning

because we have a lot of different budget items throughout the day. If anybody wants to testify now, they can testify now or forever hold their peace. Then, we are going to go through the revenues. The reason we have this item is on today is because we had people traveling, I know there were some questions about it, and we not going to get the answers that day, so we moved it to today. We are going to take revenues first, once the revenues is done, then it will be the time for the Councilmembers to ask questions on the Kaua'i Philippine Cultural Center in the Mayor's budget. So, that is how the day is going to go. Is there anyone else wishing to testify?

RAMON DELA PENA: Good morning. Thank you for this opportunity. My name is Ramon dela Pena. I am taking advantage of this specific incident because I just want to echo the sentiments that Señor Jose Bulatao so eloquently expressed in support of the Kaua'i Philippine Cultural Center. In the interest of time, I just wanted to say please consider the request. I am not sure if the time will be allowed if I can be here this afternoon because we are preparing for the Garden Fair at the community college also. So if I am not here this afternoon, please consider that I have been here. *Muchas gracias*. Thank you.

Committee Chair Kaneshiro: Thank you.

JEAN ODO: My name is Jean Odo. I am the sister of Jose Bulatao. I just wanted to support my brother and what he has been saying. Also, just to put a lot of humor in this, when we say "a place for all," if you know our family, I think we married into every race, except what, Jose? I think we married into every race. Indonesian. It really is a place for all to go. The legacy that we have brought and really, when he said the schools, we had an opportunity before. The Filipinos were so down and we could not go to college. Then after that, we are really coming up. Just to show you that with the building, we really are serious about bringing ourselves into the community. I just want to support my brother. Please come to the fair next week. Thank you for one of you who is going to be there. I understand that many of you are already busy doing something, but it is a very big fair. I am sorry so put this part about the fair in this testimony, but we need some people there to attend. Thank you.

Committee Chair Kaneshiro: Thank you.

DR. ARNULFO DIAZ: Good morning. My name is Dr. Diaz. Thank you for having us this morning. My presentation will answer two (2) important concerns of the Council: the question of benefits of the County and did we try private funds? The concept of cultural center started in 2010. Kaua'i did not have a cultural center, but the question is, is there a need? Yes, there is a need. The answer came from a community survey we did and a feasibility study done by Joanne Liskovitz. KPCC's mission is to provide, promote, and enhance cultural, economic, educational, and training programs as well as cultural exchanges in our multi-ethnic environment. Who will use the center? "Anybody," was the answer, so we have the phrase, "a place for all." The center will have equal access to everybody, no discrimination or no favoritism. The Board of Directors is cognizant of our 501(c)(3) status, public money and public lands are involved. How will the County, the people, and the community benefit from it? I think we agree that the people of Kaua'i is the County and the County is the people of Kaua'i, so there are four (4) ways wherein they with benefit. One, the building provides a safe place for events, workshops, exhibits, meetings, and family and private parties. It is a place for all to celebrate the rich ethnic diversity and celebrate the blending of various cultures. Number two, a place for programs and services. Program plans have already been done. Youth services, family services, elderly services, immigration services, educational and training programs, cultural and arts, and cultural activities.

Business will also benefit. When there is an event, they are involved in one way or the other like vendors, caterers, florists, musicians, dancers, equipment rentals, and others. Number four, the building was built also with the plan in mind that the State and the County can use it as a shelter in disaster times. We believe that these benefits for the people will enhance the quality of life. We work hard with our limited available resources. We met twice a month for the last seven (7) years. We worked very hard because of our mission for the people of Kaua'i. One question was about the funding. Did we try private entities? To raise funds, we do annual fundraising and by the way, you are invited April 21st for our annual fundraising. We seek corporate and business donations, look for foundation grants, but with the foundation, there are a lot of programs and services, but not much for capital. We did mass mailing, but with mass mailing, you only get four percent (4%) return most of the time. If you get five percent (5%), you are lucky. Website donations, individual and personal donations, few with significant donations, and organization donations. The Filipino organization that donated, donated \$60,000 so far. The Board of Director's donation—there is an author in Kōloa who did write a book and the proceeds of the sale of her book went to the KPCC. Syngenta offered us a plot to harvest corn. The Board of Directors went there, harvested corn, and sold it to their family members and also on the roadside. I think we raised \$4,000 doing that. Sheraton Table 53 auction event, tickets for Las Vegas, and Grove Farm Swap Meet. We also have to cut costs to buy materials. Some of our Board of Directors went to Honolulu to dismantle and get kitchen material for our kitchen. A local businessman of Korean descent paid for the shipping. Number two, landslide cleanup. The Board of Directors cleaned the site with help from volunteers from organizations like our businesses such as First Hawaiian Bank, DOW AgroSciences LLC, Filipino organizations, and others. There is a donation for electrical materials, a significant amount, that we pick up in the container and it was used now for the electrification of the building. Another one is the Veterans Affairs (VA). They know that we eventually need chairs and tables, so they have extra. They ordered more than they needed. They offered us a discount, so we bought chairs and tables for our use from them. So you see, we had a wide support of it. We really tried very hard, but are still short \$800,000 to finish the center so the community can use the building and start the programs. We need your support to realize these dreams for our County. Lester, Paul, and Emile will discuss about the financial aspects that is in question later on. Thank you.

Committee Chair Kaneshiro: Thank you, Dr. Diaz. Is there anyone else wishing to testify?

MILLIE WELLINGTON: Hello, I am Millie Wellington. I am also a member of the Bulatao family. I have not prepared anything, but I just want to share what is in my heart. I became a part of the KPCC vision and mission because, to me, the people who have been working on that so dedicatedly, they drew me to their conviction because it represents what Kaua'i uniquely is about. When I saw them working so hard, I just had to bring in my support because I think this place represents the beauty of Kaua'i, the way we grew up together in this culturally diverse community, and the way we approach our problems. I think that the group who envisioned this wonderful place, KPCC, thought this is why we have to collect all of our cultural values and pass it on to the next generation because let us face it, the way we see humanity heading is quite frightening. We need to have people who will courageously hang on to the values that will guide our kids. When you think about it, we could fall prey to someone who lacks those kinds of values. It is so important that we have a place where people will feel comfortable about sharing our culture because it is really special. Kaua'i has gone through so many major upheavals and look what we have done. It is something to be so proud of. I feel like KPCC will embrace all of that and pass it on to the next generation, and we need to support that. I just wanted to share that. Thank you.

Committee Chair Kaneshiro: Thank you. Is there anyone else wishing to testify? I will clarify that when the item does come up, the representatives that are going to be answering questions will have a chance to give an overview of the project or whatever they need. At that time, they will have as much time to give the overview and answer questions, as much as possible. This is just public testimony. Is there anyone else wishing to testify? If not, I will bring this meeting back to order. Thank you.

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

Committee Chair Kaneshiro: Up next, Ken, do you have a presentation?

KEN M. SHIMONISHI, Director of Finance: *Aloha* Budget & Finance Committee Chair Kaneshiro and Members of the Committee, Ken Shimonishi, Director of Finance. We have a brief presentation, just an overview, of our revenue for the upcoming Fiscal Year 2019 budget. It is just a few slides that we will run through to give the Council an overview. On slide number 2, the pie chart that you see provides a graphic of where our revenues are generated from which fund. Clearly, our General Fund being the largest fund, is expected to generate \$154,700,000, roughly seventy-four percent (74%) of the total County's revenue budget for Fiscal Year 2019. The second largest fund there being the Highway Fund is at \$17,600,000, almost \$17,700,000. That is followed by the newly established General Excise and Use Tax Surcharge (GET) Fund at \$12,500,000. Again, that is only for a half-year estimate, as the GE tax surcharge is effective January 1, 2019. Given that, should those numbers hold, again, these were estimates that we received from the Department of Taxation. Given that if those numbers hold, for a year, that would bring in roughly \$25,000,000. As you know, we have had extensive discussions on that to apply towards our roads improvements, transportation systems, et cetera. But that would then make the GE Tax Surcharge Fund the second largest fund in terms of revenue-wise within the County of Kaua'i, and that is limited to a time period not beyond December 31st of 2030. The next fund there being our Self-Insured Retention (SIR) fund at \$9,700,000, Solid Waste at a little over \$9,000,000, and then all other funds at \$5,200,000. Basically, those five (5) funds make up some ninety-seven point five percent (97.5%) of the total revenues of the County.

On slide 3, this is the same data only in a table format. So, you can see it is in descending order for the Fiscal Year 2019 Mayor's request. The largest fund, again, is the General Fund, Highway Fund, and so on. The column next to that on the right provides you the change variance from last year's budget numbers, and then the final column on the right will show you what that change is in terms of a percentage and again, the GE tax. We are just saying it is one hundred percent (100%) because that was non-existent in the prior year. In total, the increase in our revenue budget for Fiscal Year 2019 over Fiscal Year 2018 is a little over \$20,000,000 or ten point six percent (10.6%). Of that \$20,000,000, \$12,500,000 is directly derived from the newly established GE Tax Surcharge Fund, or roughly six point six percent (6.6%) of the ten point six percent (10.6%).

On slide 4 is a chart that just breaks it out in a different view based on the different revenue types. Our real property tax is at \$131,000,000 or sixty-two point seven percent (62.7%) of the total revenue budget. Taxes come in at \$25,300,000. In that \$25,300,000 would be inclusive of the GET charges for services, our State of \$15,000,000 would be primarily made up of Transient Accommodations Tax (TAT). That would be roughly \$14,900,000. Then, we have a licenses and permits charges, current services, and then all other. In the bottom left, you have a little legend that would give you more detail on what is included in each piece of the pie.

Similarly to the prior table, we present in slide 5, the various tax categories. Again, Fiscal Year 2018 and Fiscal Year 2019, the dollar change in the amounts as well as what that reflects in terms of a percentage change. You can see that Real Property Tax is a \$5,800,000 increase or roughly a four point six five percent (4.65%) increase. Our taxes are inclusive of the GET, \$12,300,000. The next largest one you would see is our State or an increase of \$1,450,000. That was because the prior year budget submittal had the State TAT tax at the \$93,000,000 cap, which was for all Counties. As we know, during the Special Session, the Legislature increased that—well, not increased it, but restored the cap to \$103,000,000 to all the Counties. Obviously, we had many discussions about that and what we think is our fair share, but that is the reason for that increase there. Then, you see some minor increases overall.

Getting to our Real Property Taxes, slide 7 is a busy worksheet of our real property taxes, but it provides good information. I will take a little time to go over this and then Mr. Hunt, our Real Property Tax Manager, is here to assist if I fumble along. On the left, you have the different tax classes for our real property taxes. The first section you see gross valuations. Here, we have the gross valuations in billions for Fiscal Year 2019 and 2018, what the change is in dollars, and also a percentage. For Fiscal Year 2019, the total gross valuations for the real property within the County of Kaua‘i was \$23,151,000,000, that is the first total on the bottom of the first column, compared to Fiscal Year 2018, which was \$22,198,000,000. Basically, it is a \$953,000,000 increase in gross valuations or a four point three percent (4.3%) increase. You can see how that was impacted over the various categories or tax classes. As far as the parcel counts go, that would be in the second section. In Fiscal Year 2019, we have thirty-three thousand seven hundred fifty-nine (33,759) parcels, compared to Fiscal Year 2018 of thirty-three thousand eight hundred thirty-five (33,835), or an actual decrease, in this case, of seventy-six (76) parcels flat. Something of interesting of note is the average property value. We are just taking the gross valuation, divided by the number of parcels to give us kind of an idea. Again, this just a rough estimate of the average calculated in this fashion of the average property value. Again, if you wanted to do it by category, what that is, and you can see that Residential Investor actually showed a decrease there in the average property values and so on. Did you want to add anything?

STEVEN A. HUNT, Real Property Tax Manager: Sure. I am sure these are probably questions that immediately come to mind, why did we lose two hundred twenty-one (221) properties in Hotel and Resort category? That primarily, was a longstanding condominium document for the Coco Palms property. They canceled it for this year, so although it did not affect value necessarily, it did affect the parcel count. It went back to one (1) parcel that they have Condominium Property Regime (CPR) and that obviously, affects the average price because you are taking two hundred twenty-one (221) out of the category to average the price. Then, the other one Residential Investor, that actually saw the most growth. There were seventy-three (73) parcels being added into that category, meaning that there were seventy-three (73) that now crossed over the \$2,000,000 threshold that were not being used as vacation rentals and are not owner-occupied or rented long-term. The reason the value went down on average is because those properties just crossed over sort of waiting averaging at a little bit to the lower side because there are more properties closer to the immediate \$2,000,000 threshold as opposed to ones on the higher side. From a revenue perspective, that was actually our largest growth as well, about \$1,700,000 in new revenue from the Residential Investor class. Again, I think it only represents about one percent (1%) of our parcel count, but over seven percent (7%) of our revenue, so that is contributing as well as the Vacation Rental class, which contributes quite a bit being our second largest category in terms of the total revenue for the County.

Mr. Shimonishi: On slide 8, this is where we actually show the potential taxes to be generated from each of these tax classes. Again, Fiscal Year 2019 numbers compared to Fiscal Year 2018 and where we are seeing the increases again, in aggregate, in those classes, and what it reflects on a percentage basis. Fiscal Year 2019 total real property tax is estimated at \$131,000,000 versus Fiscal Year 2018 at \$125,200,000, or a \$5,800,000 increase or four point six percent (4.6%) increase, and that would be net of our estimated home preservation and low-income credits.

On slide 9, we show a side-by-side comparison as we have been for the past few years. The pie chart on the right shows you the gross value by the various tax classes and the pie chart on the left, would show you the taxes by the various tax classes. So, you can see where there is some shifting going on again, primarily in the Homestead where it represents twenty-nine percent (29%) of the gross valuation, but only eleven percent (11%) of the taxes actually collected. I think the other big areas that we see changes are Vacation Rental and Hotel/Resort where that, again, has a bigger tax portion being paid, but a smaller gross valuation assessed.

Just too kind of identify how it plays out, it is similar with last year, on slide number 10, where you can see that in Fiscal Year 2019, the gross valuation for Vacation Rentals were thirteen percent (13%) of the total for the County, but the taxes that is being derived from that category is twenty-one percent (21%). The red shades on this table, I would say, would impact those classes that are having a smaller percentage of the gross valuations, but paying a larger percentage of the taxes. The green would show a larger percentage of gross valuation, but paying a smaller relative percentage of the taxes. Those tax categories that benefit, so to speak, again, are Homestead and Commercialized Home Use. The percentages are relatively the same from Fiscal Year 2018; that is what we are experiencing. Again, the green would indicate benefit and the red would be, I guess, somewhat adverse if you looked at just on a level-playing field. That is our overview of our revenues. Are there any questions?

Committee Chair Kaneshiro: Thank you for that presentation. I think the plan for Revenues is that we will take any questions that we have on the presentation and then we have the line-by-line item of revenues sheets, so we will take the questions on the presentation, then we will go through line-by-line items on the sheet, and we will just go through each page on the sheet. Once we are done, we are done with revenues. Are there any questions on the presentation? Council Chair Rapozo.

Council Chair Rapozo: Thank you for being here. Slide 7, which is on our page 4, the 2019 versus 2018 table. I am just curious, on the Residential Investor, the average property value, and there are three hundred sixty-two (361) parcels. The average value is \$4,200,000. What was the low and what was the high? Do you have that information?

Mr. Hunt: I do not. Obviously, the low is going to be \$2,000,000 because it has to be at least \$2,000,000 to cross over.

Council Chair Rapozo: Right.

Mr. Hunt: But I do not know what the high would be.

Council Chair Rapozo: It should be pretty significant.

Mr. Hunt: I suspect it is probably in the \$10,000,000 to \$12,000,000, or maybe even higher.

Council Chair Rapozo: \$14,000,000 or \$15,000,000?

Mr. Hunt: Yes.

Council Chair Rapozo: The other question is, up on the vacation rental parcel counts, you have three thousand five hundred eighty (3,580).

Mr. Hunt: Yes.

Council Chair Rapozo: Do we not have the ability to cross-check those units to see if they are legal, if they have certificates, or they are non-conforming use? Do we have that ability to check?

Mr. Hunt: I do not know that we have the manpower. I think we have the ability. The ability would come from Planning because Planning is the one that issues those. Again, we are not a compliance agent. Real Property Assessment is not a compliance agency. We are charged with setting the tax rate based on use. If they are using it as vacation rental, legal or not, they are going pay the vacation rental tax rate. It is the compliance side from Planning that would need to cross-reference to determine whether or not the ones we are assessing as vacation rentals all have certificates, or if not, whether they are in the Visitor Destination Area (VDA).

Council Chair Rapozo: Okay, because these include VDA units and non-VDA units.

Mr. Hunt: Correct; condominiums, single-family, in the VDA, outside of the VDA, and with and without permits.

Council Chair Rapozo: Do you know how many units are in the VDA on Kaua'i?

Mr. Hunt: I do not.

Council Chair Rapozo: I forgot the number. I guess my point is that we know that we have more than three thousand five hundred eighty (3,580) vacation rentals in and out of the VDA on Kaua'i, right? Maybe here, they are not being taxed as vacation rentals, but...

Mr. Hunt: Undoubtedly, I am sure there are some that still slip through our fingers, as part of this budget process. I believe Planning is looking at a compliance software that would help identify some of the through some algorithms with one of the vendors. We may be taxing in future or shutting them down, depending on the compliance.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Thank you very much. As always, you have such interesting and well-laid out presentation. On your slide 4 in your footnote, so to speak, charges for service include vehicle registration and then taxes include fuel. My question is, where is the vehicle weight tax? Excuse me, I see it under "license." Why is that under "license" and not "taxes"? We always call it a vehicle weight tax.

Mr. Shimonishi: I would have to look at how it was actually established way back when and kind of get that.

Councilmember Yukimura: Okay, if you could follow-up and let us know about that.

Committee Chair Kaneshiro: No matter what with call it, it still ends up in Highway Fund, right, whether we call it a "license" or a "tax"?

Councilmember Yukimura: I would think so.

Committee Chair Kaneshiro: Vehicle weight should end up in the Highway Fund, right?

Mr. Shimonishi: Right. That will be in the next revenue section that we will overview, because we have the details on where those things are.

Councilmember Yukimura: Okay. The vehicle registration is called "charges for services." It is in the category "charges for services," how is that calculated? Forgive me, I should know.

Mr. Shimonishi: I believe that is calculated. I believe it is \$17 per vehicle, and that would be General Fund to cover the cost of us processing those transactions.

Councilmember Yukimura: Okay. So, it is relatively minor fee compared to the others. But is it basically like a liquor license where it pays for the processing and administration.

Mr. Shimonishi: Yes, that is correct. I believe the State also has a fee.

Councilmember Yukimura: So, they have counterparts in terms of vehicle registration, vehicle weight tax, and fuel tax? Okay. Thank you.

Committee Chair Kaneshiro: Are there any other questions from the Members on the presentation? If not, then we will go through our revenue list. We have a big sheet that breaks out each revenue type. We will just go sheet-by-sheet. Do you have any questions on page 1 of 6? Councilmember Yukimura.

Councilmember Yukimura: Yes. We are always interested in the delinquencies, which you are showing, so the recovery of delinquencies to the amount of zero?

Mr. Shimonishi: Just to briefly go over the worksheet in front of you, clearly, we in the first column, we identified fund; the next the column is the account; and then the account description. We have included two (2) years of actual transactions for Fiscal Year 2016 and Fiscal Year 2017. Then, we include the budget of Fiscal Year 2018,

2019, and the variance both as a dollar and then as a percentage. Then on the right, we have some notes, if there are any, that we feel were warranted. Again, on the budget side, we are only budgeting based on our certified tax roll, but clearly, whatever we collect on the past delinquencies or what not, then you would see that reflected in the actuals. It is just that we do not budget for those as a process.

Councilmember Yukimura: Okay. Our goal is always to reduce the delinquency rate. How is that going?

Mr. Hunt: Well, from the real property side, we have not had a tax sale auction since May 2015, primarily because we have not had the staff and we have been trying to train from inside. As part of the discussion, I do not want to go in too early, but as part of the discussion for the budget on Finance and County Attorneys, there is a proposal to move a position from Real Property Collections to the County Attorney's, and go a judicious foreclosure rather than a non-judicial. Really, it is a twofold. One, we have not been able to staff-up and the cost of hosting the foreclosures is quite expensive. I believe we budget somewhere around \$60,000 to \$65,000 typically, for hosting the foreclosure auctions. The process for non-judicial also involves certified mail and making sure that everyone signs off on what we found. In particular, Hawai'i Island has discovered that getting title insurance from a non-judicial foreclosure is becoming very difficult, in fact, in many cases, they are not able to get title insurance especially if not everyone is signed off on their certified or registered mail, so we end up with a lot of unhappy campers that acquire properties that cannot get title insurance. By going the judicial route, what it ends up doing is clearing all liens and assuming no cloud on title or issues that are outside of the delinquencies, we will now be able to give clear title and insurable title to the buyer. We think that is going to be a win-win process and also, I think the threat of judicial foreclosure may actually encourage more to work out agreements with us, or to come current on their delinquencies.

Councilmember Yukimura: Basically, you are bypassing the administrative process and you are going straight to court?

Mr. Hunt: And commissioners will be appointed, so we do not have to front-end load our costs for budget because the State actually, the commissioners, will be bearing a lot of costs for hosting those foreclosure sales. Granted, I believe they now jump in front of us on the collections side, so have to make sure that the ones we send to foreclosure, there is value there and that the amount of outstanding taxes does not exceed the property value, but in most cases that is very rare. Although it is a little bit longer process to do a judicial, that is on front-end, on the back-end, the one-year right of rescission to buy it back and uncertainty of the owner whether they bought the property or not, I think, goes away under the judicial process.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Are there any other questions on the first sheet? I have a question on public service company taxes. We had a decrease of \$800,000. What was the reason for that? Were we just being conservative?

Mr. Shimonishi: Actually, we have seen decreases over last couple of years on that. As you know, there is a formula that ties in how this tax is played by the various utility companies, which is the net divided by adjusted gross income, and it determines a sliding scale that they apply a percentage to their overall revenues. If you look back at 2017, the actual collection there was \$3,173,000 versus the prior year of nearly

\$4,000,000, so we backed that revenue stream down as well in accordance to our actual experience. Unfortunately, that is what it is.

Committee Chair Kaneshiro: Thank you. Are there any other questions on this first sheet? Councilmember Yukimura.

Councilmember Yukimura: Kaua'i Island Utility Corporation (KIUC) comes under this category, right? Is KIUC the biggest?

Mr. Shimonishi: By far, yes.

Councilmember Yukimura: Okay, and then the others are the Public Utilities Commission (PUC) regulated?

Mr. Shimonishi: I believe so. I know there are other utility companies. I know there is Princeville, they have the water/sewer company. I think in Puhī, there is one. There are some other smaller...

Councilmember Yukimura: Is the gas company also a utility?

Mr. Shimonishi: I am not sure if the gas company is in this equation.

Councilmember Yukimura: Can you send us the top five (5) and the amounts? I know there is a big gap between KIUC and the others. Thank you.

Committee Chair Kaneshiro: Are there any other questions on page 1? If not, we will move on to page 2. Are there any questions on page 2? I have a quick question. Are "reregistration fees" vehicle registration fees?

Mr. Shimonishi: The actual vehicle registration fees would be below that right before the blue line, \$1,375,000. I think those are just for actual copies of the registrations that people may need or other kinds of transactions that they have to do.

Committee Chair Kaneshiro: Okay. Then just a follow-up, the vehicle registration fee, we are able to put in the General Fund. Is that how it was mandated? I saw the weight tax is in the Highway Fund, but the vehicle registration fee as far as our administrative costs of processing...

Mr. Shimonishi: Correct, that would be our administrative costs.

Committee Chair Kaneshiro: Okay. Councilmember Chock.

Councilmember Chock: Thank you, Committee Chair Kaneshiro. The TVR renewal fees decreased, does that signify non-renewal, meaning out of business, no longer available, or eligible to apply? I cannot recall if there was partition between those once they do not pay for it, are out of the system.

Mr. Shimonishi: I am hopeful it just represents those that have fallen off. If you look back in Fiscal Year 2016, there was \$361,000 of renewal fees collected and in 2017, we were at \$342,000. Again in our budget, we just adjusted according to what

we see, but I think the actual specific question as to if that is an actual driving factor of the non-renewals or non-compliance, it might be something else.

Councilmember Chock: Okay.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Your charges for services, youth athletic programs, \$65,000, projected \$125,000; what is that? I am sorry. It does not ring a bell for me.

Mr. Shimonishi: The youth athletic program, were you are looking at budget of \$125,000?

Councilmember Yukimura: Yes.

Mr. Shimonishi: Yes. Again, the various programs that Parks runs whether it is Winter Fun, Summer Enrichment, and all of that, it does look a little odd that 2017 showed that large spike. I do not recall the exact reason, if they doubled up their enrollments in their certain areas or what have you, but that is generally where those funds are being placed.

Councilmember Yukimura: Those are like Summer Fun or those are fees for youth of the athletic programs?

Mr. Shimonishi: Those would be fees associated with those programs, correct. I can verify if there are any additional things in there.

Councilmember Yukimura: Okay. Yes, if you can just show us what the fees include. Then, I have another question. Just below that, County registration fee—okay.

Committee Chair Kaneshiro: That is the vehicle registration fee.

Mr. Shimonishi: That is \$17 per vehicle.

Councilmember Yukimura: Why is it a charge for service?

Mr. Shimonishi: I guess it is recouping our costs to process the transaction.

Councilmember Yukimura: So you folks get reimbursed?

Mr. Shimonishi: Right.

Councilmember Yukimura: From the General Fund?

Mr. Shimonishi: Well, it is not reimbursed, but it is actually just recorded directly in the General Fund when you pay your registration, and it is all of these different areas that is identified for that purpose.

Councilmember Yukimura: Right. This is General Fund, so liquor license is not there, but it would be the same thing, that it would show up for a charge for service?

Mr. Shimonishi: Yes, and goes into the total General Fund revenue available.

Councilmember Yukimura: Oh, the liquor license?

Mr. Shimonishi: No, not the liquor license.

Councilmember Yukimura: The other one. Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Are we capturing any vehicle registration fees from the rental car companies?

Mr. Shimonishi: I am assuming anything that has that registration issued would have that on that. We can verify it, but I do not see why it would be different.

Councilmember Kawakami: In general, I will just save the next question for the next sheet. But for vehicle weight tax, are we also capturing the rental car companies that are operating on Kaua'i?

Mr. Shimonishi: Again, any registration being renewed that has all of these different segments applied would be treated as the same.

Councilmember Kawakami: Because what I am hearing is that they are registering vehicle weight and registration fees on O'ahu and they are shipping cars over. I do not know if that is an urban legend or if there is any truth to that matter.

Mr. Hunt: I think from a businessman's perspective, it is probably an urban legend because the vehicle weight and registration fees are much higher on O'ahu. I think they would actually register vehicles here and ship them back to O'ahu if they were smart.

Councilmember Kawakami: So they are registering here and then shipping them to O'ahu?

Mr. Hunt: That would be an urban legend, too. I am not sure. I do not know if the cost of shipping is going to outweigh the registration of the fees.

Councilmember Kawakami: Because the nature of the rental car companies is so elusive because they keep moving cars back and forth, too, right?

Mr. Hunt: Yes. They move them according to demand, obviously. If there is a glut somewhere, they will take vehicles off one island and then fill the demand on other islands. I suspect, as many vehicles as they need on Kaua'i, they are probably registering here only because our registration fees in comparison to the other Counties with the exception of Hawai'i Island, is much lower.

Councilmember Kawakami: Is there any ability within the County to differentiate between resident and rental car companies when we are imposing vehicle weight and registration fees?

Mr. Hunt: Currently, the State only categorizes two (2) categories, which is passenger and commercial or freight.

Councilmember Kawakami: Do they consider a rental car as a commercial vehicle?

Mr. Hunt: No. I think it is freight. They are classifying it as passenger, much like school buses are considered passenger even though they are large and quasi-commercial. They are being classified as passenger vehicles because their intent is to carry passengers and not carry freight.

Councilmember Kawakami: Thank you.

Committee Chair Kaneshiro: Go to all of them and tell them to register all of their cars here and then send them back. Councilmember Yukimura.

Councilmember Yukimura: The bus transportation are all of the bus—that is the last line. Are those all of the bus fees that people pay?

Mr. Shimonishi: Those would be the bus pass as well as the fare collections on the bus. That, as you see, we have actually shifted from the General Fund to the Highway Fund. I think we made reference to that as well in the budget message.

Councilmember Yukimura: That is because you shifted the expenses...

Mr. Shimonishi: Correct.

Councilmember Yukimura: ...of the bus to the highway fund as well.

Mr. Shimonishi: Yes.

Committee Chair Kaneshiro: Are there any further questions on page 2? If not, we will move on to page 3. Are there any questions on page 3? Councilmember Kawakami.

Councilmember Kawakami: Do we consider the Safe Routes to School special fund as revenue? If so, where do we categorize it on this sheet?

Mr. Shimonishi: Are you referring to any type of appropriations that we get from the State for our projects?

Councilmember Kawakami: Yes, from the Safe Routes to School those special funds. Do we not consider that revenue?

Mr. Shimonishi: Not in these operating funds, but in our capital State allotment funds or any matching type of money, we would in there, but we would not put it as part of our operating budget.

Councilmember Kawakami: Okay. Thank you.

Committee Chair Kaneshiro: Are there any questions on page 3?
Councilmember Yukimura.

Councilmember Yukimura: Oh, that is okay. I was looking at transfer of vacation credits, but I was thinking vacation rental, so it is totally different. Under “public franchise,” that is the \$3,600,000 in 2019 budget, is \$3,900,000 the amount from KIUC?

Mr. Shimonishi: In that scenario, I requested from KIUC if they could provide what their estimated payments or what they thought that would be, and that is pretty much straight off a revenue by percentage basis.

Councilmember Yukimura: Is it based on their electric sales?

Mr. Shimonishi: Correct.

Councilmember Yukimura: Oh, that is why it might go down, the price of oil or something like that, or their charges go down, right? We are trying to get utility bills down.

Mr. Shimonishi: Similarly, I think this line item has been decreasing over the past couple of years, but oddly enough, they have actually provided us that it is going to be increasing.

Councilmember Yukimura: If it is based on fuel prices, there is a projection of an increase in fuel prices over the next ten (10) years. Okay. Thank you.

Committee Chair Kaneshiro: Are there any other questions on page 3 and the General Fund items, we have our Highway Fund and General Excise Tax fund? We will move on to page 4. Are there any questions on page 4? Councilmember Yukimura.

Councilmember Yukimura: Thank you. The residential fees are bringing in a lot of money to pay for our solid waste services, when did we start that fund? Do you remember? Was it maybe about four (4) years ago? Can you just send that? We can look it up, too. But that is really saving a big draw from the General Fund, which used to pay for it.

Committee Chair Kaneshiro: Are there any further questions on page 4? If not, we will move on. Page 5. Are there any questions on page 5? If not, we will move on to page 6. There has not been any changes to rates or anything, so the numbers are pretty static. Are there any questions on page 6, which has zero (0) variance? If not, that concludes the revenues section. Thank you. Next up we will have the Philippine Cultural Center and after that, we will have the Office of Economic Development. I am going actually step out and recuse myself on the Philippine Cultural Center. Committee Vice Chair Kawakami is going to take the lead on this one, and then I will come back when we are done.

Committee Chair Kaneshiro, the presiding officer, relinquished Chairmanship to Councilmember Kawakami.

Councilmember Kawakami: Thank you, Committee Chair Kaneshiro. I will just give you a second to excuse yourself.

(Committee Chair Kaneshiro was noted as recused.)

Councilmember Kawakami: Do we have a presentation or is it just for questions? Just a handout. Okay. Wally.

WALLACE G. REZENTES, JR., Managing Director: Good morning, Wally Rezentes, Jr., Manager Director, for the record. Shortly, I am going to be asking a few of the key members of the KPCC to come up here to provide some detail on the financial aspects of the grant request. As many of you know, the 501(c)(3) nonprofit has done a remarkable job in the construction of their ten thousand (10,000) square foot center, and they have done an amazing job of leveraging, as you will see, some of the grant funding that they have already received. They have received donations of labor, equipment, materials, and a whole lot of sweat equity that have so far has gone into the construction of the center. As you know, they are requesting \$500,000 that will be used to complete the community center. This amount will be again used to leverage an additional \$300,000 in in-kind donations and sweat equity. I think they are going to provide some financial details. I think you folks may have gotten the document that they will go through with you in some further detail. Before I have them come up, I wanted to touch on and elaborate a little bit more on what Dr. Diaz initially stated as part of his earlier testimony this morning. One of the things that we are looking to, and we are very happy that we are going to be able to hopefully accomplish soon, is working with Kaua'i Emergency Management Agency (KEMA) and Hawai'i Emergency Management Agency (HEMA) in trying to certify the facility as an emergency shelter. I had some initial discussions with Elton Ushio from KEMA and the intent is to hopefully bring over some of the folks over from State Emergency Management, who usually do the structural assessments of buildings. I guess at some point in time, we will be able to bring them up here and have them look at the building from a structural perspective to determine the level of—I think they use the different hurricane levels of what the structure can accommodate. So, that is something that we hopefully will be able to leverage as a community benefit down the road. If you have any questions on me, without further ado, I am going to ask Lester and some of the folks from the center to...

Councilmember Kawakami: Councilmember Yukimura.

Councilmember Yukimura: Thank you. Wally, what exactly is the request, because I thought it was \$500,000?

Mr. Rezentes: It is.

Councilmember Yukimura: And that was going to finish up the cost.

Mr. Rezentes: It is.

Councilmember Yukimura: But this sheet shows a deficit of \$1,100,000.

Mr. Rezentes: Maybe I can have them explain. It is not a \$1,100,000 deficit. Again, they are going to leverage the \$500,000, if approved, with sweat equity of another three hundred some odd thousand dollars that complete the construction of the building.

Councilmember Yukimura: So the request from the Administration is \$500,000?

Mr. Rezentes: Yes.

Councilmember Yukimura: Okay. Thank you.

Mr. Rezentos: If there are no other questions for me, I am going ask...

Councilmember Kawakami: Are there any more questions for Wally? Are there any questions of KPCC?

Councilmember Chock: I have a couple of questions for Lester, actually. He called me asking if I had any questions. I did not have any earlier, but I just wanted to get some things out. One of the questions I had, Councilmember Kawakami, if you do not mind.

Councilmember Kawakami: Sure.

Councilmember Chock: I had a question about parking. I was just curious as to how much parking you have planned.

ELESTHER CALIPJO: For the record, I am Lester Calipjo. I am the President and Chairman of the Kaua'i Filipino Cultural Center. Good morning all. If you look at all of the financial statements that we have, not financial statements, but things that we have prepared for you to look at and hopefully, it will explain it. If you have any questions, I can answer them.

Councilmember Kawakami: Councilmember Chock.

Councilmember Chock: I know parking is always an issue whenever we think about new buildings. I was just curious as to how much you are projecting. I know when I visited last, I was looking at the layout. I was wondering how much that could accommodate, and that relates to capacity of the building.

Mr. Calipjo: As far as the parking issue, there will be enough parking for about three hundred (300) people, which is what the maximum capacity of the facility. We have one other area that we lease from Grove Farm that we can use as overflow parking. We have an agreement with YMCA, that we can use their parking, too, if we have to and vice versa, they can use our parking if they need to.

Councilmember Chock: So, the capacity for the building is three hundred (300) and then the parking would hold up to, I do not know, whatever that amounts to for cars, which is probably half of that?

Mr. Calipjo: Yes, because when we had our building permit, they required that. We proposed all of the required parking permits for that facility.

Councilmember Chock: Thank you.

Councilmember Kawakami: Are there any further questions? Council Chair Rapozo.

Council Chair Rapozo: Thank you, Lester, for being here. It is a follow-up to Councilmember Yukimura's question about the—this summary shows a deficit of \$1,643,000.

Mr. Calipjo: If you look at the summary that we gave you, it is a \$1,643,000 on the first page and on the second page, it says in-kind labor donations. That is what we had so far, so if you subtract that \$473,000, it will come out to \$1,169,000. This is on the bottom of the page.

Council Chair Rapozo: Right.

Mr. Calipjo: We have \$300,000 cash in hand, so our deficit will come out to \$784,000, which is labor and materials. If you look at the second page, it is \$561,009. That is the summary of the materials that we need, not including labor.

Council Chair Rapozo: Okay, but the \$500,000 will finish the project?

Mr. Calipjo: It should finish it up. The materials cost is \$561,000. If you want to give me the \$561,000, then I would be happy. You can give me more.

Council Chair Rapozo: I am willing to give you \$500,000 if—when we spoke the last time, you assured us that \$500,000 was going to be enough to finish the building.

Mr. Calipjo: We can work on that. I promise you that we can finish up the building with all of the commitments that we have from the community, contractors, and volunteers that we have. They would be willing to come in and do the labor for free. So what we are looking at is getting the material costs, if we can buy the materials, and have the community to come in and do the labor for us.

Council Chair Rapozo: Okay. So the \$500,000 is for the materials?

Mr. Calipjo: Yes.

Council Chair Rapozo: And then you folks are going to work on the labor?

Mr. Calipjo: Yes.

Council Chair Rapozo: Okay. Thank you.

Councilmember Kawakami: Are there any further questions?

Councilmember Chock: I have one (1) question. This might be a question for Wally. I am sorry, Wally. I was not thinking about it. When you talk about the shelter aspect, do you anticipate any modifications and costs associated with those modifications to the building, and is that feasible? I know the interest for the center is to make sure that it is a hard shelter. I am just anticipating what it will take to actually validate it as so. It might be premature. I am just trying to see that if it is going to cost us more, we would want to anticipate what that is in order to make it work.

Mr. Rezentes: You can always harden a shelter more extensively. A lot of our shelters that were constructed years/decades ago, do not meet certain requirements, and you can have a shelter just for rain. You can have shelters that can withstand...

Councilmember Chock: What kind of shelter are we looking for?

Mr. Rezentos: We do not know until the assessment is done, but the intention is not to ask for any more funds to further harden the building. They are going to assess the structural integrity of the facility as built. The good thing is that it is built to today's Code, so that is a leg up over a lot of our existing structures.

Councilmember Chock: Okay.

Mr. Rezentos: I do not know of the specific details on what they look like or on what they look for. I know that they have models on capacity. What I was told was ten (10) square feet per person, so I believe the structure—Lesther said three hundred (300). Maybe that is...

Councilmember Chock: That is for dinner.

Mr. Rezentos: In actuality from HEMA's perspective, in case of a disaster, it could accommodate a lot more because on their rule-of-thumb, ten (10) square feet per person.

Councilmember Chock: Has Elton indicated what kind of shelter we need?

Mr. Rezentos: No.

Councilmember Chock: I think we should consider what it is that we need.

Mr. Rezentos: We will take anything that we can get. I think that shelter would probably be better than some of the other facilities that are County-owned...

Councilmember Chock: I would agree.

Mr. Rezentos: ...that we have not upgraded yet. I think when I initially spoke to him, it was welcomed news. My understanding is the HEMA folks can come up quarterly and do site assessments or facility assessments. It is going to be placed on them and we can provide Council with an update of what their findings are as we move forward.

Councilmember Chock: Did Elton mention any funding as well that is available?

Mr. Rezentos: No, we did not talk about funding. We just talked about the building and the willingness of KPCC to offer the facility, once it is constructed, for this purpose.

Councilmember Chock: Thank you.

Councilmember Kawakami: Are there any further questions for Wally or Lesther? Councilmember Yukimura.

Councilmember Yukimura: Good morning, Lesther. Thank you for being here. I think in an earlier meeting there was some discussion about the boundaries between the schools and the center, and I just wondered if that had been worked out.

Mr. Calipjo: I think Wally can answer that question.

Councilmember Yukimura: Okay, it is a Wally question.

Mr. Rezendes: I know that question came in writing form. The County Attorney is working on an encroachment agreement with the Department of Education (DOE). They drafted an agreement. We are going to still need to meet with DOE on...

Councilmember Yukimura: Can you speak a little louder?

Mr. Rezendes: Okay. The attorneys have drafted an initial draft of an encroachment agreement, and the intent is to enter into an agreement between County and DOE. I believe that document has some indemnification language so we may need to come back to Council for that approval. I do know that the County Attorney has, again, done the initial draft and we are going to be discussing the details with the DOE shortly. Basically, it is over...

Councilmember Yukimura: Who is encroaching on whom?

Mr. Rezendes: It is over the external basketball court for the school, the outside court.

Councilmember Yukimura: Is that the one undercover though?

Mr. Rezendes: No, the outside court.

Councilmember Yukimura: Oh, okay. It is an outside court.

Mr. Rezendes: Apparently when the State acquired that property, the boundaries as such, went over the portion of the basketball court, so we just need to clean that up with an encroachment agreement.

Councilmember Yukimura: Right now, the DOE is encroaching on County property?

Mr. Rezendes: Yes.

Councilmember Yukimura: But the flow and the logistics can work out?

Mr. Rezendes: Yes.

Mr. Calipjo: Yes, we already did that.

Councilmember Yukimura: Sorry?

Mr. Calipjo: We already did that.

Mr. Rezendes: They did design around it.

Councilmember Yukimura: As long as it works out so both entities can have functional events or whatever. Okay. Thank you.

Councilmember Kawakami: Are there any further questions? Councilmember Chock.

Councilmember Chock: It is great that you have identified folks to cover labor. Are you at liberty to share who is providing the in-kind moving forward to complete the project?

Mr. Calipjo: What is the question again?

Councilmember Chock: Who is doing the in-kind labor?

Mr. Calipjo: If you look at the construction laborers and contractors that are there, it is Sione Taufatofua and Ace Electric. Wellington Fencing donated their labor for the dust screen. Bueno's Construction will be donating some of the labor. Estenzo Plumbing and all the ones that are working on the project right now.

Councilmember Chock: They are ones who are going to continue to work and provide the in-kind?

Mr. Calipjo: Yes.

Councilmember Chock: Okay, perfect. Thank you.

Mr. Calipjo: It is not only them, but the community will be coming in as far as helping put up the windows and all of that. There are a lot of construction companies that I talked to, and they are willing to do the in-kind donations.

Councilmember Chock: Great. Thank you, Councilmember Kawakami.

Councilmember Kawakami: Are there any other questions? Seeing none, thank you very much. We are going to take a brief ten-minute caption break and then we will reconvene with the Office of Economic Development (OED).

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

The meeting reconvened at 10:27 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Up next we have the Office of Economic Development. George, if you want to say a few words, then we will get right into the budget.

GEORGE K. COSTA, Director of Economic Development: Alright. *Aloha* and good morning, Budget & Finance Committee Chair Kaneshiro and Honorable Councilmembers. For the record, George Costa, Director of the Office of Economic Development. I am here with our Tourism and Program Administration Officer, Nalani Brun; and our Sustainability Energy Coordinator, Ben Sullivan. You have received OED's written presentation with documents, which documents Fiscal Year 2018 successes and achievements, as well as our proposed Fiscal Year 2019 goal and objectives. Today's presentation will focus on the Fiscal Year 2019 goals and objective. We will be happy to answer any questions that you have on both sections at the end of our presentation. I will cover the Administration, Agriculture, Creative Industries, Film, Workforce Development,

and Sports Marketing sections. Nalani will cover the Tourism and Culture sections, and Ben will cover the Sustainability and Energy sections.

For the purpose of focusing on pertinent sections on the OED budget, we summarized the following: overall, when comparing Fiscal Year 2019 to Fiscal Year 2018, the OED budget increased by \$153,158, or seven point one percent (7.1%). The OED budget is grouped into three (3) sections; Salaries and Benefits, Grants-in-Aid (GIA), and Operating Expenses. Under Salaries and Benefits when comparing Fiscal Year 2019 to 2018, there is a collective increase of \$25,273, or a two point five percent (2.5%) increase for the ten (10) OED staff members due to collective bargaining. Under Grants-in-Aid when comparing to Fiscal Year 2018, there is no increase and remains at \$897,605. Since Grants-in-Aid is a major portion of OED's budget, at least thirty-eight percent (38%), and it is what we do to work in partnership with Kaua'i's businesses, nonprofits, and other organizations to create economic opportunities, we will focus the majority of our presentation in this area. The third section, Operating Expenses, when comparing to Fiscal Year 2018, there is an increase of \$127,165. All of it is due to three (3) areas; \$15,000 for motor pool vehicle cleaning, \$35,000 for electric vehicle charging stations, and \$79,263 for electric vehicle leasing for eleven (11) electric vehicles. These expenses will be covered in latter part of our presentation during the Sustainability and Energy section. Before we go into our individual presentations, I would like to call upon Nalani Brun, who is OED's Grant Specialist and very instrumental in helping to restructure OED's grant process from the traditional legacy grants to a Request for Proposal (RFP) process, to provide you with a summary of how she made the transformation as the three (3) of us will be providing information in the various industry sectors we work with. At this time, Nalani, if you could give a brief overview.

NALANI BRUN, Operations Manager, Economic Development Specialist IV – Tourism: Nalani Brun, Program Manager, Office of Economic Development. Like we said last year, we actually did go out and release an RFP in exempted process, and instead of just typically it being tourism and culture, it included almost everyone. It will actually include Energy and Sustainability in this next year. The great thing about it is that it really grew our partnerships because we do work with a lot of people, but not in this capacity where we were funding and working with them together in projects to make them grow and help our community. Another great thing about this process that we did is that we were able to pretty much triple our money. On page 3, you can see where we showed where grant funds match was. We had matching in-kind of thirty-two percent (32%) to whatever we gave out, and an additional matching cash of forty percent (40%). It was a good use of our funds and we are able to pretty much triple it.

On the next page, page 4, you can see where the regions that the grant funds went to, and it was pretty much island wide. We did all areas. That is part of the Selection Committee's process. Each area had a Selection Committee. We release RFP together and then before we actually release it, we are always trying to think about what we are trying to fund this year, what is important to us, and where we think we can make some movement in getting industries going. We rewrite the RFP and we will do that again this year before we start to make sure that we are focusing on things that we have learned from our pilot. Then, we issue it and then we try to assist all of the organizations that are coming in with grant writing. Some of them do not need it. A lot of them do. They come in and we actually review their proposals and give them some suggestions, and then send it back out to them. They then finish it up and submit it on time, and that is how that happens. It is a really great process. We are able to help a lot of groups this way, and we have been able to build new partnerships that we have not had before, so we found that it actually benefited us more than we thought it would.

Mr. Costa: Thank you, Nalani. In starting with the Administration section of our Department, as Nalani mentioned, the first item we have is the emerging industry RFP. This year, we have a \$50,000 budget. Last year, what we did was in the emerging industry, again, we utilized the Kaua'i Economic Development Plan – Comprehensive Economic Development Strategies, otherwise known as the CEDS. In the CEDS, there are six (6) emerging industry clusters, so we have this emerging industry support RFP to hopefully find organizations out there that need a leg up to either get a business started or an enterprise started. We have set aside \$50,000 this year in our budget to hopefully get some really exciting applications for those RFPs. This past year as Nalani mentioned, we found some really good partners that we had not worked with before, and I just want to give a couple of examples. Microenterprise Assistance Program with the Center for Native Hawaiian Advancement (CNHA) in Anahola; Kulaiwi Internship Program, which through Kumano I Ke Ala O Makaweli on the west side; the Kaua'i Technology Boot Camp, which was awarded to the Kaua'i Economic Development Board (KEDB); and the Kaua'i Future Film "Too Much Life" by the Kaua'i Film Academy. These are just a few of the recipients for this year's emerging industry cluster. The reason why we reduced it from last year is because we found that we are able to increase some of the other RFPs in the other sectors, like Workforce Development and Creative Industries, and hopefully find those organizations that are truly new, emerging ideas and industries. So that is the emerging industry RFP support.

The next two (2) items actually, are the continued support for YWCA, their Family Violence Support \$65,000 and their Sexual Assault Treatment Program at \$50,000. This has been an ongoing support grant from the Office of Economic Development, and we want to continue to support the good work that the YWCA does. One item that does not come with any budget request but it is part of the Mayor's Holo Holo 2020 initiative is the Hanapēpē Salt Pond Pa'akai Farmers Hui. We have been working with them for least nine (9) years to help them address some of the homeless encampments that are in that area. One of the things that we want to do in hopefully next few months, is relocation of some of those big boulders. At some point in time, at least ten (10) or fifteen (15) years ago, those boulders were moved and actually made it difficult for the farmers because it opened up vehicular access to the beach. When these vehicles go on the beach, they camp on the beach, they track sand, and they drop oil and other chemicals in the swale area, so when the watertable rises, all of that flows back into the salt beds. What we are currently doing is working with the Hui, working with the Department of Transportation – Airports, the Department of Land and Natural Resources (DNLN), and the Department of Parks and Recreation to get approval to move those boulders back to restrict the vehicle access. People will be able to park in the existing parking lot that is there, and it is only a one hundred (100) yard walk to the beach, as opposed to letting all of the vehicles drive through that area. It is one of the initiatives that do not come with a budget request, but it certainly will help our community.

Kaua'i Made Program, again, continued support for Melissa Sugai who has been very instrumental in really moving that program forward. \$10,000 goes to marketing venues for increased membership. Melissa also puts on a Kaua'i Made/Kaua'i Grown Tradeshow working with the Farm Bureau and Kaua'i Grown products; which is \$15,000. We also have the promotional materials Program that has been within OED for several years. It is a program where we have promotional materials like "Kaua'i Loves You" stickers, pens, and post-it notes that any organization that is going to the mainland for a conference, we provide some gift bags so that they can distribute it while they are on the mainland to promote Kaua'i.

The next section is Agriculture. Under the Sunshine Farmers Market Program, we have \$5,000 for marketing to continue to print brochures and fliers that we put out at the

Līhu‘e Airport and other resorts in their activities desk area. One of the goals this year is to work with the Office of the County Attorney and look at a farmer/vendor fee. Right now, there is no fee charged for any of our farmer vendors in any of the markets, and we would like to implement, a small fee, but something that will help to reimburse some of the expenses we have that is associated with the Sunshine Market Program.

The next request is \$20,000 for the Agriculture Summer Internship Program through Future Farmers of America (FFA). The State Department of Labor & Industrial Relations (DLIR) funds the program by providing us a grant to pay for the students to work in various farms and ranches across the island and the County funds \$20,000. It helps the transportation costs to get these students to and from the farms and ranches, and it really helps out the parents as most of them are working and a lot of these students are freshmen or sophomores and they do not have means for transportation.

There is a request for \$20,000 of the Kaua‘i Cattleman’s Association. This is continued support for the Cattlemen’s Association. In the past, we have had the Kalepa holding facility support for the meat processing facilities with Andrade and Sanchez, so we want to provide the Cattlemen’s Association with this support for an RFP to provide funding for whatever projects they need support in.

Diversified agriculture, this is where, again, as Nalani mentioned, we went through the RFP process and instead of having the legacy grants to some very familiar agricultural organizations, we made it open to everybody and a more competitive process. This year, we are asking for \$95,000 to support diversified agriculture. A lot of the focus is on promoting good stewardship for Kaua‘i and Ni‘ihau’s natural resources, also, satisfying human food, feed, and fiber needs. We would also like to focus attention on conservation of soil, water, and energy as it relates to farming and ranching practices, as well as education and job creation in the agriculture sector. A couple of examples this past year in the agriculture RFP, again, the Center for Native Hawaiian Advancement in Anahola created a marketplace for local food where they work with local farmers and ranchers and utilize that marketplace to promote locally-grown and raised farm fare.

Kaua‘i Invasive Species Committee is another organization that was awarded a grant from this year’s RFP. Also, the Moloa‘a Farmers Irrigation System Project was another one that rated really high in the applications. The next item under Agriculture is the Kilauea Community Agriculture Center. We have a request of \$100,000, and this is to work in conjunction with the external water irrigation system that ‘Aina Ho‘okupu O Kilauea, who are the stewards of the agricultural center. There are in the process of receiving almost \$500,000 in grant-in-aid and grants from the Department of Agriculture (DOA). This \$100,000 from the County would help support the internal irrigation system as well as surveying the entire property, create a site plan with individual farm lots, and complete the interior roadways and berms. It will also help to purchase water meters for the individual farm lots; clear additional thirteen (13) acres; and complete, as I mentioned, the interior roads, infrastructure, and wind breaks.

Committee Chair Kaneshiro: Councilmember Brun.

Councilmember Brun: George?

Mr. Costa: Yes.

Councilmember Brun: These numbers on here, because the numbers that you are throwing out right now is totally different from the numbers that we have on this paper. Is this last year's budget and you are asking for different amount of moneys this year? I am getting lost because you just talked about Kilauea Agriculture Center for \$100,000 and on here, it says \$39,500.

Ms. Brun: That is last year.

Mr. Costa: This is this year, the current year.

Councilmember Brun: So these numbers are last year's?

Mr. Costa: Are you reading the front section?

Councilmember Brun: Yes.

Mr. Costa: Okay. What I am doing, is reviewing the second part, which is our budget requests.

Ms. Brun: Page 22.

Mr. Costa: As I mentioned in the beginning, I am not going to cover the...

Councilmember Brun: Thank you very much.

Mr. Costa: Sorry about that. I had mentioned in the beginning that I am not going to cover the successes and achievements, but we will be open to questions later, if you have any.

Councilmember Brun: Now I got it. Thank you.

Mr. Costa: Okay. Is everyone on the second section, the goals and objectives? Okay.

Council Chair Rapozo: The other numbers were matching, so I thought...

Committee Chair Kaneshiro: Are you going to go through every single project?

Mr. Costa: No, I am just giving the highlights of the big ones, then Nalani is going to cover the Tourism and Cultural sections, and then Ben is going to cover Sustainability.

Committee Chair Kaneshiro: We had this and we had time to review it.

Mr. Costa: Okay.

Committee Chair Kaneshiro: Rather than going through every single project, we see the budget numbers, we have seen this, and I would rather just spend our time asking the Members if they have any questions on any particular number.

Mr. Costa: Okay.

Committee Chair Kaneshiro: That might be better.

Mr. Costa: That is fine.

Committee Chair Kaneshiro: Councilmembers, are you open to that or do you want to go through every single one? Councilmember Brun. If you want, maybe just reference either the page number on here or just where it is in the budget.

Councilmember Brun: Well, I was looking at front, so I have to find it in the back.

Committee Chair Kaneshiro: Okay. You can ask questions on how they spent prior year money also, if you want?

Councilmember Brun: I had a question about the internship. I know I talked to you about this before.

Mr. Costa: Right.

Councilmember Brun: Did you reach out to the seed companies because I know at one time, we were going back to our summer internship? That is something that you folks want to get involved with because basically, the companies will pay the kids' salaries. It is something that you folks can work with. We are trying to work with all the high schools on that.

Mr. Costa: Right. I have had discussions with Josh Uyehara. We work with the three (3) high schools, so one our goals this year and I do not know how it is going to work, but we wanted to try and regionalize the internships. So the west side will hopefully have a good mix of farming, ranching, value-added, and then centrally Kaua'i High School will have the same opportunities so that there is not a whole lot of travel time to and from, because most of the farm and ranches that we currently work with are on this side or the north shore. So I know we had one (1) student from Waimea. He had to get up early in the morning just to make it out to Waipa. It was a good experience for him, but we want to try to be more regionalized.

Councilmember Brun: Then, I had another question about Salt Pond on page 21. Is there any talks or has anyone looked into removing that middle road?

Mr. Costa: Yes.

Councilmember Brun: That road next to the salt beds?

Mr. Costa: Yes.

Councilmember Brun: That is a big concern for the salt farmers that I talked to.

Mr. Costa: Right.

Councilmember Brun: Because the road is kind of eroding already, and if we get rid of that road...

Mr. Costa: Part of the discussion and actually, this started back in 2010 or 2011 when William Aila was still with DLNR. We looked at closing that road. Somebody had mentioned that we should just take that road out, but we do not want to disrupt that whole area, so the idea is to put stanchions there so that if there is an emergency, it can be opened.

Councilmember Brun: Okay.

Mr. Costa: But just block it off for public use and people can go around as opposed to using that road. You are right, it is eroding and so it is in bad shape and it will get worse.

Councilmember Brun: So there are talks about it?

Mr. Costa: Yes.

Councilmember Brun: What is the timeframe? Ten (10) to twenty (20) years?

Mr. Costa: No. I am hoping that we can one, get these boulders moved in next few months and then two, work on a master plan that within the year, would address that road.

Councilmember Brun: Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I had a similar question and it was really about the boulders. Why does it take so long to get boulders moved?

Mr. Costa: Well, that is a question I had, too. I felt like we just could move it, but we had an issue going back and forth between Airports and DLNR about whose jurisdiction it was. Right now, it is Airports' jurisdiction, so we just need their permission. But once we move the boulders, because people like to go on the beach, which is DLNR's jurisdiction, so there has to be some kind of coordinated enforcement effort between Parks, the Kaua'i Police Department (KPD), DLNR, and Airports. I know Airports has Securitas that patrols. Right now, they do coordinate the homeless encampments, so if there are homeless in the salt pan areas, it is reported to Parks; the Park Rangers report it to Airports; and then they dispatch KPD to go and move the homeless. We are hoping that kind of arrangement can be worked with moving those boulders. They are big boulders, but people somehow find a way to move them.

Council Chair Rapozo: Yes. I think with that, has to come enforcement.

Mr. Costa: Right.

Council Chair Rapozo: It is illegal to drive on the beach and can be enforced by police and DLNR. I do not know how far Park Ranger's authority goes, but KPD and DLNR can obviously enforce.

Mr. Costa: Yes.

Council Chair Rapozo: Because they will move the boulders until they get arrested or ticketed, and then they will stop.

Mr. Costa: Right. As Bill Aila suggested, too, before we remove the boulders, we should have an education piece with one (1) or two (2) community meetings just letting people know that it is not entitlement that you can camp on the beach, but we are going to move the boulders, we are going to give people *x* amount of time to get used to that, put up some signage, educate somehow that these are culturally-sensitive areas, and please respect the *āina*.

Council Chair Rapozo: It is against the law.

Mr. Costa: I know.

Council Chair Rapozo: You do not have to have a community meeting to tell people not to shoplift. I think at some point, we have to do it. I do not have a problem with a period of time where people get warnings or so forth, but at some point, you are going to have a community meeting, do you know what is going to happen? You are just going to get beat up. The decision has to be made that we remove the boulders and let people know that in thirty (30) days, and at the point, you have to use the parking lot.

Mr. Costa: I agree.

Council Chair Rapozo: I am really concerned about the salt beds. I am really concerned. They have been crying for help. Now, it has been decades.

Mr. Costa: Yes.

Council Chair Rapozo: I think we have put a special treatment area protection on that many years ago, but they do not get any special treatment. I know it is not you, George, but maybe something that I something that we can facilitate with DLNR or whoever needs to do it, because I think it needs to be done. I am afraid that the longer we wait, the more damage to those salt beds will happen.

Mr. Costa: We just need to be diligent because I had one-on-one communication with DLNR, and it is like going around and around. But we just have do something to help.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I have a follow-up on that situation. I did meet with the Hui and talked to Scott Suga about it. What I heard from Scott is that in the next two (2) weeks, he is hoping to be able to get out there. I guess my question is really about, I think what I am hearing from the Hui is that we have to look at the whole area, holistically, because the impact is big all the way along the coast. Right now, there are rocks that go down and limit people from driving anywhere past a certain point. If we are moving the rocks, we should be moving them according to cutting off the beach so that it is not even an issue. People will not be able to drive on the beach because they are not supposed to.

Mr. Costa: Right.

Councilmember Chock: That is the first step in a series of many. I understand that community outreach is important. We are going to have to talk about it. But you have to look at the bigger pieces, which is also down the coast along it. The reason why I believe this has become such a circular discussion with State is because of the airfield and the interest of commercializing that. Let us put things on the table with the State in a real way, in order to ensure that we are not here in twenty (20) years talking about the same rocks.

Mr. Costa: I agree. We recently had a meeting with all of the parties down there and we all agreed. As far as I am concerned, it is time we need to get it done. One of my proposals was besides moving the boulders, lining the boulders along the fence so that in my mind, only the security vehicles can go along that fence line, and put a gate so that literally, you are going to have to park in that parking lot if you want to go to the beach. Then, on the other end, it is open, too, right? We would have to block that end. So literally, people have to park in the asphalt parking area, or if they want to go fishing, they can go on the point, but accessing that beach is going to be closed off on both sides of that runway.

Councilmember Chock: As you said, the educational part and once people understand the preciousness of it and liability of it, it will be accepted a little bit better. Thank you.

Committee Chair Kaneshiro: Are there any further questions on this item, Salt Pond? If not, we will move on. Are there any other questions? Councilmember Yukimura.

Councilmember Yukimura: Who is monitoring and administering the Sunshine Markets now?

Mr. Costa: Right now, it is myself. We have a new Sunshine Market Monitor who is farmer, Rumpai Clemmons.

Councilmember Yukimura: Oh, yes. That is right.

Mr. Costa: She is actually a Thai farmer, but gave up her spot to be the monitor.

Councilmember Yukimura: Okay. Is all of agriculture under you, George?

Mr. Costa: Yes.

Councilmember Yukimura: Okay. Was the goal of the Sunshine Market to move to a fee system?

Mr. Costa: Right, because right now, we do not have a fee at all.

Committee Chair Kaneshiro: Page 21.

Councilmember Yukimura: Thank you. Support a self-sustaining Sunshine Market Program, is that the overall goal?

Mr. Costa: Correct.

Councilmember Yukimura: How is that envisioned to happen?

Mr. Costa: Well, I had proposed a fee structure several years ago and after it was reviewed by the Office of the County Attorney, and I had it as a sliding scale based on the income generated from the different markets, so the smaller markets like Kekaha and Kalāheo have a few farmers. They do not generate a whole lot of income as opposed to the Kōloa, Vidinha, or Kilauea markets. But according to the Office of the County Attorney, whatever fee we impose needs to be fair and across the board. Right now, we are looking at something, because there has been no fee, at least an introductory fee say of \$20 a month per market for these farmers so that it does not really hurt them, but at the same time, the County recuperates some of the money for the Sunshine Market Monitor because right now, that position is paid about \$41,000.

Councilmember Yukimura: How much?

Mr. Costa: \$41,000 a year.

Councilmember Yukimura: Is that the cost of the Sunshine Market in terms of the County administering it?

Mr. Costa: Right, \$41,000 plus the \$5,000 for marketing.

Councilmember Yukimura: Really, that is all the costs? Actually, there are benefits and et cetera, right, if you did a full costing of the program? If you are talking about self-sustaining, then you want to know what the total costs is and how you are going to raise that money.

Mr. Costa: Yes.

Councilmember Yukimura: What is total cost, or have you done that calculation?

Mr. Costa: Yes. Right now, it is \$41,000 plus \$5,000 for marketing.

Councilmember Yukimura: Okay, but you have to include the benefits to the \$41,000?

Mr. Costa: No, it is an 89-day contract.

Councilmember Yukimura: Excuse me. Okay.

Mr. Costa: In the past, we did it as a grant to the Garden Island Resource Conservation and Development, Inc., and they were responsible for finding the monitor.

Councilmember Yukimura: Okay.

Mr. Costa: A few years ago, we took it in-house.

Councilmember Yukimura: So you are setting the fees according to the total costs?

Mr. Costa: Well, initially when I had the sliding scale, it covered costs. But in this case, it will have to be overtime just so that we do not hurt the farmers.

Councilmember Yukimura: What does the marketing involve?

Mr. Costa: As I mentioned, the printing of new brochures. We just recently moved the Kīlauea Sunshine Market, so we had reprint the brochures. But those fliers go pretty fast. It is in the Kauaʻi Drive Guide. It is in a lot of areas. We get a pretty good mileage for the \$5,000.

Councilmember Yukimura: One of the thoughts I have had for a long time, and maybe you folks can take it and use it if it is worthwhile, how about doing recipe cards for how to use the produce, because a lot of mainlander or even me, sometimes, there is now a wide variety with our Asian farmers and all of the experimentation. At one point, atemoya was strange. Anyway, even regular green onions, like how to use them might be a really good thing that vendors could have if they have that particular crop. You could have recipes, and ultimately, you might do a recipe book to begin with, just recipe cards that would help promote the different produce and how to use them.

Mr. Costa: It is interesting that you say that because just yesterday, Rumpai, is a Thai farmer, so she was mentioning it would be good to educate people how to use it, especially the visitors...

Councilmember Yukimura: And how to cook it.

Mr. Costa: ...and how to cook it.

Councilmember Yukimura: Oh, that is great. Then maybe she can take that idea and run with it.

Mr. Costa: Okay.

Councilmember Yukimura: But that seems like it would promote sales.

Mr. Costa: Alright.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Brun has a follow-up.

Councilmember Yukimura: Sure.

Councilmember Brun: Sunshine Markets, you said it is costs us about \$46,000?

Mr. Costa: Right.

Councilmember Brun: Do you think it is even worth trying to get that money back from the farmers? We are already have a lack of farmers. I personally think we are just discouraging the farmers by trying to charge them. Yes, it is \$46,000. We give millions to the golf course, we have millions to the bus, and we are worrying about \$46,000

that every single person on this island eats something. Not everybody golfs, not everybody rides the bus, but everybody eats vegetables—well, most of us. I am kind of struggling with that if we are just trying to recoup \$46,000. I strongly encourage do not even try to charge that. We are only going to discourage the farmers. It is already hard as it is with water and land. Farming is not easy. It is a struggle for me if we are going to try to get back \$46,000. There is a lot more money we can get back on this island, and we are trying to nitpick on \$46,000. I am sorry. I am kind of struggling with that one. Please, if you can, do not do it.

Mr. Costa: Thank you, Councilmember Brun. I really appreciate that because on the other hand, I am trying to do my fiduciary duty as the Director of Economic Development, but you are right. Everybody else charges the farmers and if it is the pleasure of this Council, that would probably be a good statement for our farmers. One of Rumpai's goals is to now recruit more farmers to come to the markets.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I think that is good in terms of what the goals are here, if it is promoting agriculture. Are we having vacancies now in the market, because at one point, we had waiting lists?

Mr. Costa: Right.

Councilmember Yukimura: Do we have vacancies now? Are we finding the slots hard to fill?

Mr. Costa: We have some vacancies in some of the markets. I just recently went through the list of those that have left in the last year, and the majority have been with the program from the start. So they are up there in age, and like everything else with agriculture, we are trying to recruit the younger and growing new farmers. That is part of the charge, to look for younger farmers to take their place in the markets.

Councilmember Yukimura: It seems to me some of the younger farmers are not going to the market because they found some other good markets. I know a couple of young farmers out at Moloa'a who grow the most amazing produce and much of it is being bought by Kaua'i Juice.

Mr. Costa: Right.

Councilmember Yukimura: So that is a much more stable, regular market and they do not have to go all around the island. It just works out better that way for them. If you are thinking about those kinds of farmers, it seems to me, the daily type of Pike Street Market would be the next level of Sunshine Market. Is there any thought about building capacity among the Sunshine Market people in terms of business planning or value-added processing? For example, going from bananas to dried bananas, or to canned goods, or to fruit leather, and dovetailing it with your—you have some new industry efforts. Warren Doi, I think, has been helping entrepreneurs. Is there any way to make that kind of connection?

Mr. Costa: We have an interesting mix. I would say a third are gardeners that have a small plot in their yard, another third are mainly the Thai farmers that bring a lot of produce to the market, and then the other third is, as you mentioned, the entrepreneurs, the value-added people who for the most part, really bring good products to

market. That has been somewhat of a challenge. If you recall, when we went to adding value added to the Sunshine Markets, I really appreciate the process that you did where initially...

Councilmember Yukimura: Well, I did not complete it.

Mr. Costa: Yes. I apologize because I remember we were down at Hale Kua'i when that was introduced. We had everybody and his uncle coming with value-added products and then it was limited to just the farmers who grow and they could provide value-added because we are finding a lot more people want to come into the markets with just value-added, but they are not farmers. We want to keep it. At least that is my opinion, keep to where it is grown on Kua'i and whatever value-added product is sold, comes from the farm.

Councilmember Yukimura: Yes. I think that was a good connection and I do want to acknowledge that Councilmember Kawakami was the one who initiated that bill.

Mr. Costa: I apologize.

Councilmember Kawakami: Do not apologize. It is all of our efforts, collectively.

Mr. Costa: Yes.

Councilmember Yukimura: That was an important policy decision to tie it to the land.

Mr. Costa: A good decision, a good decision.

Councilmember Yukimura: Made by everyone. Thank you.

Committee Chair Kaneshiro: Are there any further questions? Councilmember Chock.

Councilmember Chock: Thank you. We recently have been having discussions about our aging infrastructure, particularly when we had wastewater up and our water lines. Are you aware of some of the technology in looking at harnessing energy through these water systems? I think it is something that is being utilized now and I guess, if anything, I would like to request to get more information to look into further.

BEN SULLIVAN, Economic Development Specialist IV – Energy/Sustainability:
We are happy to look into it further. I can say that it is my understanding that Hawai'i Island does have some energy recovery with their Water Department, but I think geographically, they are a little different. One of the key pieces, if you are talking about inline recovery like via some kind of hydro, then it is a question of volume on a given system. Since we have a lot of small systems, I think the scale is pretty challenging. I know it has come up before, but we can certainly just make (inaudible) and do a little bit more research.

Councilmember Chock: I was wondering about, just how far we have gone and if it is even an option.

Mr. Sullivan: If we have to change out the system eventually, and I know we do because it is aging, what those options are for us. It seems like it is well

within our purview and partnership with our energy utility. It might be a win-win to take off some of the environmental things that keeps coming up with hydro. *Mahalo*.

Committee Chair Kaneshiro: Do you have a follow-up?

Councilmember Yukimura: Yes, actually I do.

Committee Chair Kaneshiro: Councilmember Yukimura, your microphone.

Councilmember Yukimura: Where is the Kitano? Hydro? Is that in Waimea?

Mr. Sullivan: The reservoir?

Councilmember Yukimura: I recall there is a large pipe and a natural drop, so it is height and volume, and that was kind of a natural to do hydro and it was a piped water system. I am not remembering where that was. I think it is in Waimea.

Mr. Costa: Pump hydro.

Mr. Sullivan: I think some of the things that you are talking about relate more to Kaua'i Island Utility Cooperative (KIUC) in that note. Certainly, the County tries to pay attention to those projects and keep up with them where there is relevant overlap, but largely, the development of hydro-projects is in the purview of KIUC.

Councilmember Yukimura: Okay. Thank you. I have another question. My question is about the FFA Summer Internship Program. I have heard glowing reports about that, so congratulations and thank you. The \$20,000, did you say that was for transportation?

Mr. Costa: Right.

Councilmember Yukimura: So we hire a bus that picks up the kids and then that takes them and drops them off?

Mr. Costa: Right. We work with the Department of Education and they work with Akita Enterprises, Ltd. (Akita), so they are familiar with routes and everything. They students know their drivers. Akita does a great job. We went from the first year with two (2) students, then eight (8) students, and then thirty-seven (37) last summer. We actually had three (3) buses being utilized every day to transport students because each farmer/rancher can only take a maximum of eight (8) students, so we had four (4) groups. Valerie Kaneshiro had her own two (2) students that stayed the entire summer with her. That is why it really works out well for the parents and students.

Councilmember Yukimura: I know the farms tend to be off the beaten track, so I presume The Kaua'i Bus does not help in any way.

Mr. Costa: No. The one farm that is out in Waipa, so at least those buses, small buses, too. They take the students and they wait the four (4) hours for the students to get done working and then they drive back. We are going to pay them for time anyway, so the drivers just wait there for the students.

Councilmember Yukimura: Well, if you get a north shore shuttle going, maybe they will not have to.

Mr. Costa: Then, you have Jerry Ornellas and his farm is way up in Kapahi.

Councilmember Yukimura: Maybe you can do two (2) buses instead of three (3) if the ones how can use the regular bus routes, as the Waipa kids would be able to do probably. So where it does work, you use The Kaua'i Bus.

Mr. Costa: Yes.

Councilmember Yukimura: Okay. Diversified Agriculture RFP, what is that?

Mr. Costa: That is where instead of what we call the "legacy grants," we made a pot of money for the Agricultural sector, and we opened it up to the island. We have had some really good results this past year, and we want to continue with that.

Councilmember Yukimura: I see. So this is the budget for next...

Ms. Brun: Next fiscal.

Mr. Costa: Right.

Councilmember Yukimura: So during the next fiscal, you will be going through vetting process, the solicitation, and then the vetting? The projects you have for this past fiscal year...

Ms. Brun: Page 7.

Councilmember Yukimura: Okay, I see. Alright. Lastly, the Kīlauea Community Agriculture Center, there is going to be a delineation of individual farm lots.

Mr. Costa: Right.

Councilmember Yukimura: How many farm lots are being planned?

Mr. Costa: The original plan called for five (5) 5-acre parcels for organic and five (5) 5-acre parcels for conventional farming. Right now, since we are going to have it surveyed, we want to do half-acre plots where somebody can lease, say, two (2) half-acres for an acre, at least have that flexibility and have it on the site plan.

Councilmember Yukimura: Because they are not going to have houses there, what is the plan for security?

Mr. Costa: Right now, there is a perimeter fence and that is going to continue. There are no plans of hiring a security person, but there are neighbors right there that keep a pretty good watch on that place. Yosh lives in Kalihiwai and he is there pretty much every day, but the farmers along Kahili Quarry Road are kind of our eyes and ears of that place. One of the members is on our Board of Directors for 'Āina Ho'okupu O Kīlauea. He has kind of taken a personal interest. It is like his backyard.

Councilmember Yukimura: Okay. I have another question.

Committee Chair Kaneshiro: Go ahead.

Councilmember Yukimura: Your Kaua'i Food Production and Education Center, where is that?

Mr. Costa: There is no request for funding, but we continue to work with the Kaua'i Economic Development Board as they are doing their restructuring. Right now, the parcel is there, Mark Oyama is moving forward with his *imu* hut area, and we are working with Helen Cox on the program from the curriculum side of the things until we meet with Kaua'i Economic Development Board again to look at the actual structure and fundraising. Right now, the focus is on the program side of things, the curriculum on the education center.

Councilmember Yukimura: Okay. Is the *imu* hut being funded by another source?

Mr. Costa: They have received funding from the State.

Councilmember Yukimura: Okay, so that is going forward.

Mr. Costa: Yes, that is moving forward. So what they have done is the infrastructure, the foundation, and they have done some of the infrastructure to include the eventual food production center so that when that is built...I am not too sure if it the electrical is in, but at least the water, gas, and all of that will already be there, because it will be adjacent to that facility.

Councilmember Yukimura: Okay. I guess you can do that without planning the building. Basically, you have stub outs and you know the capacity needs, et cetera.

Mr. Costa: Right.

Councilmember Yukimura: Okay. We had questions about the Creative Technology Center.

Mr. Costa: Okay.

Councilmember Yukimura: Can you tell us the status?

Mr. Costa: Like the Food Production Center, there is no request right now, for the Creative Technology Center. In 2016, the Kaua'i Economic Development Board looked at the program and basically, did a reboot because the original plan was to build a \$20,000,000 structure adjacent to the Kaua'i War Memorial Convention Hall. Right now, that plan still exists, but the original design has been downsized quite a bit to a projection of an \$8,000,000 facility that would be located on the backside of the Kaua'i War Memorial Convention Hall near the loading dock area. Right now, the focus is on, again, programs working with DBEDT. They provided a \$500,000 GIA to help the Kaua'i Economic Development Board provide some programs. One of the things that we were looking at is when we have these programs like the Transmedia Boot Camp that was held last year and the Riders Immersion Conference, and working with people like the Kaua'i Film Academy, we want to make sure that as we are creating and working with people on programs, we want to make sure there is a commitment to utilize this proposed facility. So that is the goal right now, is working with the State funds to work on programs. They also received funding from the United States Economic Development Administration (EDA) on the actual design of the building to downsize it with regards to the programs they are also working with.

Councilmember Yukimura: How much EDA funding did you get?

Mr. Costa: Right now, it is \$100,000, and that is just for the planning.

Councilmember Yukimura: That was about a year ago. Was it EDA funding of \$100,000 a couple of years ago?

Mr. Costa: About a year and a half ago. At this time, we will call Kaua'i Economic Development Board Chair Jonathan Chun so he can brief you on that. He has been very intimate with some of the meetings with DBEDT and EDA.

Councilmember Yukimura: Is Ben leaving?

Mr. Costa: What was that?

Councilmember Yukimura: Is Ben leaving?

Mr. Costa: No.

Councilmember Yukimura: Okay.

JONATHAN CHUN: Good Morning, Jonathan Chun. I think I am the past Chair of the Kaua'i Economic Development Board effective as February. I can answer some of the questions, if you want, regarding the Creative Technology Center and the EDA grant.

Councilmember Yukimura: Please.

Mr. Chun: The EDA grant was awarded roughly about a year and a half ago. It is a \$100,000 grant with a \$100,000 matching from KEDB's own funds. We have not drawn on the EDA grant. The EDA grant is intend for the purpose of doing basically, pre-planning for schematics and/or—it is not construction money. It is money for planning to look at final designs and/or site evaluations. We are in the process right now, of going out for an RFP under the EDA grant paid by the EDA grant for a contractor to be looking at those issues. That is required by the Federal government in order to even qualify for any construction funds, so that RFP is going to go out sometime this month.

Councilmember Yukimura: And you said the \$100,000 is with a one-to-one match?

Mr. Chun: Correct, of KEDB funds.

Councilmember Yukimura: So you folks have that \$100,000?

Mr. Chun: Yes.

Councilmember Yukimura: So we are talking about a \$200,000 RFP?

Mr. Chun: No, the RFP is only for the EDA side.

Councilmember Yukimura: Okay.

Mr. Chun: The EDA side is \$100,000.

Councilmember Yukimura: Okay, so the other \$100,000 will wait in abeyance while you get the pre-planning done?

Councilmember Yukimura: Yes. The EDA required us to have \$100,000 for other aspects of the project.

Councilmember Yukimura: I see.

Mr. Chun: Not in regards to what they are going to pay for.

Councilmember Yukimura: Okay. Alright. Thank you. In the meantime, is there focus on programming?

Mr. Chun: Correct, yes.

Councilmember Yukimura: What kind of programming?

Mr. Chun: As indicated in our report back to the Department, right now, we have the Kaua'i Film Academy that we are supporting, we are going to be supporting the Writers Immersive Program, and it produces immersive programs with the County funds for programs. In addition, we are going to be having a Kaua'i Technology Bootcamp that we are going to be sponsoring, which is going to be focusing on creative technologies in entrepreneurship skills. Also indicated is that we have applied coding seminar or course that we are also going to be sponsoring.

Councilmember Yukimura: Okay. That sounds very good.

Mr. Chun: The programs are going to be very important.

Councilmember Yukimura: Yes.

Mr. Chun: The KEDB's feeling is if you looked at the report that was done way back in 2011 or 2012, even back then it said that this creative technology industry is still a growing industry. They did not have much information on it in terms of how it can develop and the economic impact, so they described it as a nascent industry. What we have found in the past four (4) years, maybe even six (6) years, is it really important to get the people excited and involved in it, and that is what the industry is all about. It is about people. It is not about the buildings or the technology, because the technology changes year to year, but if we can get the people excited about that and dedicated to that, I think then you are going to have a more successful industry.

Councilmember Yukimura: Yes.

Mr. Chun: That is what we are, at least right now, focused on. I congratulate the Department for looking that the programs are most important at this point in time. We have to get the people excited and supportive of the whole thing.

Councilmember Yukimura: I think my husband as a filmmaker, participated in the boot camp that you had and he found it extremely helpful and stimulating. I know a lot of work went into it. I see Sue back there nodding her head. I have some sense of what

that kind of programming is doing. I might suggest, Sue, you were there with the Kaua'i Creative Arts group that we had a meeting about it a week or two (2) ago on Rice Street and dovetailing with what is happening on Rice Street, so it seems like there is a real interface here, too.

SUE KANOHO, Executive Director, Kaua'i Visitors Bureau: Yes. So I think...

Committee Chair Kaneshiro: State your name, Sue.

Ms. Kanoho: Sorry. Sue Kanoho, Executive Director of Kaua'i Visitors Bureau. I also serve on the Kaua'i Economic Development Board. I am the previous Executive Director of the Kaua'i Economic Development Board.

Councilmember Yukimura: That is right.

Ms. Kanoho: There is a variety of things that are happening on the island and it is really bringing everybody together and seeing who is doing what and what we can parlay off each other. I have always seen KEDB as the catalyst. There is the resource and then the needs, and they are the ones that are kind of out there bringing everybody together and deciding who needs what. So that meeting was really helpful as well. There is so much that has been happening since we started down this road, and so it is really important to make sure that we are doing the right thing. If it is not a building, it is the programs, or how do we match the two (2) together? As you know, there are other buildings that have popped up since then. It is really a matter of just making sure that we are doing the right thing.

Councilmember Yukimura: Well, you have been at it for a long time because I think I remember you and...

Ms. Kanoho: Thirty (30) years.

Councilmember Yukimura: You and Judy were putting together....

Ms. Kanoho: We did the Kaua'i Institute for Communications Media, and that was something that...

Councilmember Yukimura: That was cutting-edge back then.

Ms. Kanoho: Yes, and the American Film Institute in Los Angeles. There is a variety of opportunities that exist, but to Jonathan's point, it does change quickly. I think that is the hard part, trying to adapt to where the changes are. I know when Jurassic Park came out, which is the 25th anniversary this year, everyone thought that filmmaking was going to die because of computer-generated imagery (CGI). When you look at that, it had really become more important in what happens in filmmaking. I think the other thing, too, Councilmember Yukimura, there are arts, culture, filmmaking, music, writing, and producing. There are all of these different elements, so bringing it all together is an opportunity for all of us.

Councilmember Yukimura: Right. Thank you very much.

Ms. Kanoho: Sure.

Mr. Chun: Again, just to reiterate, the focus on the Kaua'i Economic Development Board really is, as Ms. Kanoho was saying, is collaboration. We recognize that Kaua'i is an extremely small island compared to the other Counties, and we recognize that we are not going to attract the \$20,000,000 plus funders to this. No individual organization on Kaua'i can do that, but what we want and I think what we can accomplish is to be a catalyst or coordinator of all of the interested groups such as have been mentioned, that are interested and have a stake in creative technology. If we can combine and work with everybody together to bring one (1) project to fruition, that would benefit everybody. I think that is what we are looking at. We want to get away from the standalone, that we are our own island type of the situation. I think to Sue's credit, that is where the focus of the Kaua'i Economic Development Board is going to be going in the future.

Ms. Kanoho: I wanted to point out, too, the Creative Lab Hawai'i, the program that was held, the transmedia, and the two (2) that are going to be held this year, they are free to the residents of Kaua'i. Normally, that would be a minimum \$5,000 program in Los Angeles and New York. So the fact that Kaua'i people and actually other people from other islands can come here for this opportunity and be held on Kaua'i is tremendous.

Councilmember Yukimura: Yes, using the attracting power of the Kaua'i and then matching it with the amazing grassroots people, artists, entrepreneurs, and information technology (IT) people. Great. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: This is a separate question, but since Sue is here, regarding the strategic plan.

Ms. Kanoho: Yes.

Councilmember Yukimura: Tourism.

Councilmember Chock: Yes. In the General Plan, we talked about business industry development fee, and I did not see it in the list of bullets in terms of where that discussion is or what it will take on our end, but I did not want it to happen in a vacuum. I was wondering if it is ordinance driven or if it is something that you folks would work on.

Ms. Kanoho: Are you talking about the Kaua'i Tourism Strategic Plan?

Councilmember Chock: Yes.

Ms. Kanoho: And then you are saying what?

Councilmember Chock: The business industry improvements. What was it Jenelle?

Ms. Kanoho: Yes.

Councilmember Chock: Business improvement. We did not get that far yet.

Councilmember Chock: Okay.

Ms. Kanoho: But we are working on the new plan, and so we will be bringing the person from Hawai'i Island over to talk about that. I did not get very far on that yet.

Councilmember Chock: Okay.

Ms. Kanoho: It is something that we are looking at, yes. We have not done all of our homework yet. That is the one that we need to hold that meeting to bring Deb over for that. Yes, I am working on it.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I just want to thank you and all of the Visitor Industry people who have been working on this strategic plan. I think Ólöf, her presence from Iceland and what they are doing there just pointed out the importance of having a plan, always looking at the data, and getting the feedback is so important. I trust we will keep that money there and give you more if you need it.

Ms. Kanoho: Right. I think the one thing that we all felt as a result of that discussion is how we better communicate with people, and actually, this goes Ben's discussion that he has been raising, is how are we lessening the impacts of our visitors? This is going to be a big shift for us all. This is a real turning of the large, massive ship.

Councilmember Yukimura: Right.

Ms. Kanoho: But the good news is many of us are agreeing that we really cannot just doing it the same, so where are the areas that we can change? I always give the scene of remember in Hanamā'ulu, where the traffic backed up?

Mr. Chun: Oh, yes.

Ms. Kanoho: And then they put the...what is that called?

Councilmember Yukimura: Yes, stanchions that allowed the through way.

Ms. Kanoho: That one (1) movement, and I remember it was Joe, right?

Councilmember Yukimura: Yes Ka'auwai.

Ms. Kanoho: I sat in that traffic and I thought it was ridiculous. That one movement has opened it up to this day, that one change. So those are the things that we need to start looking at. We have been incorporating Ben into our Tourism Strategic Plan, who pushes us to think outside of the box, which is...

Councilmember Yukimura: That is great.

Ms. Kanoho: Yes.

Councilmember Yukimura: Buckminster Fuller had a term for these solutions that make a big change, and that is the “trim tab.” It is a little device on a ship that can move a big ship.

Ms. Kanoho: Okay, I will go look that up.

Councilmember Yukimura: So you are looking for “trim tabs.”

Ms. Kanoho: That is my trim tab right there.

Councilmember Yukimura: I think what you are doing is critical because I think it is what is necessary to make sure that we sustain tourism into the future.

Ms. Kanoho: Yes. I think the one thing that everybody really says is we should stop marketing tomorrow. The fact of the matter is the sad part of this is you have to do some amount of marketing just to stay in the game. We just had an earthquake in California this morning that at 5.0. I remind everybody, it is one little zinger that can clean our clock real fast. The sad part is you have to do some amount of it and then the question is, what the messaging is when you do it?

Councilmember Yukimura: Exactly.

Ms. Kanoho: That is what we are really working on right now, changing our messaging. Imagine this, but we have a “do not promote” list that we give to the media when we host them and. In fact, when we are hosting somebody, we will see, “These are the things that you cannot cover” or “these are the things that you have to go light on,” and some of that is involving the north shore and understanding that we have a lot of numbers...

Councilmember Yukimura: It is about protection of *wahi pana*, cultural practices, and local sensitivities.

Ms. Kanoho: Right.

Councilmember Yukimura: All of that, which is critical to a flourishing tourism.

Ms. Kanoho: Right. I think to have the opportunity to share with our visitors so they better understand why, is helpful. It is not just to say it, but to explain why.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. In regards to this, maybe this is a George or Nalani question. I know it is the Mayor’s initiative to create these stewardship agreements and I see them kind of dispersed. I just wanted to get a better handle on them. For instance, I know the Kukui Heiau is something that Nalani, your *’ohana* is taking on this haku. Part of what I am seeing occurring in the community is coordination, because we now have now kind of a large swath in every *moku* or *ahupua’a*, which are different *’aina*-based projects. I have been working on trying to coordinate that so there is sort of a workflow

happening as you folks are working with Kumanu and others. I just wanted to get a sense of where that coordination sits in terms of calendaring so that the community can get more involved in it, because I am actually putting a community calendar together so that people can come out and contribute. Any insight into that would be great.

Ms. Kanoho: That is a great question. We have kind of our little inside group, people that work on *heiau* and do those projects. You and I, we all kind of know what it is going on, but the only efforts so far that we have tried to make to actually spread this out to the public is actually through one of our funded grant programs, which is through Volunteer Kaua'i, Mālama Kaua'i's Program. They are actually uploading a big calendar. The calendar is going to have volunteer opportunities all over the island. Of course, they are not just going to post something because they know about it. They first go to us. For example, our Kukui Heiau that our family cares for, sometimes we can take extra people and sometimes we cannot. They are very good about calling us, what is your big work days, how many people do you need, and that kind of thing, so they are posting that. We are hoping to use that as the catalyst for informing people, and if you have a calendar going, that is great. We will just all kind of link up together and share the information.

Councilmember Chock: Thank you. I do not want to take too much time here, but we will be working with Kamehameha on that.

Ms. Kanoho: Great.

Councilmember Chock: There is a calendar that will be hosting maybe quarterly, rather than every weekend.

Ms. Kanoho: Thank you.

Councilmember Chock: And then that way, we can help to share best practices and help each other out.

Ms. Kanoho: Wonderful. Thank you.

Councilmember Chock: *Mahalo.*

Committee Chair Kaneshiro: Are there any other questions for KEDB on any of the projects? Councilmember Yukimura.

Councilmember Yukimura: I just want to commend you, OED and Nalani, for making that transition from the legacy grants to this RFP process. I think it is really stimulating a lot more activity and the match that you described, the growth in the match has been very impressive. Thank you for doing that. I have some questions, if we can go into Energy.

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: And Sustainability.

Council Chair Rapozo: Can I...

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I did not realize we skipped over. I was not sure how...I thought we were going down the list.

Councilmember Yukimura: We were just jumping all over.

Committee Chair Kaneshiro: Yes, we were just jumping all over.

Council Chair Rapozo: Okay. I just had a question on the workforce development capacity. I see there are two (2) goals. The second one is one-stop center. What is the plan for that?

Mr. Costa: The workforce development, if some of you may know, in 2014, the Federal government United States Department of Labor passed a new law that went from the workforce initiative Act to the Workforce Innovation and Opportunities Act. Basically, it mandated the States and the various local jurisdictions to really look at the workforce and come up with more innovative ideas and get the business sector involved in workforce development. One of the those areas was transforming what used to be called the Workwise Center, which is the old singer across from the Motor Vehicle building, to a center where it is truly a one-stop where an applicant can come in, and besides getting service on the Federally-required programs, which is the adult dislocated worker and youth programs as well as Wagner Pieser, they will also be able to get an unemployment insurance person there, there is also vocational rehab, and Alu Like, Inc. There are about nine (9) other partners that are required to physically be there at least on a part-time basis in that area. So it is put a challenge on us because besides the Federal government coming with more regulations and things to do, the funding really has not been there. It is actually reduced. So that is why they really want to call upon the Board of Directors, which is comprised of various businesses, unions, and resort industry throughout the island, to call upon their resources to help the Board. What is now called the American Jobs Center, One-Stop, to really reach out to people that need either employment or retraining for a different type of job, and also addressing the youth. There are a lot of youth that are out of school that either need direction on getting a General Equivalency Diploma (GED) or some kind of certification. If their goal is they are finally they are out of the education system, then work with them to be able to get into the workforce and do it in such a manner that they will be successful. It is a lot of work, but that is what the new law requires.

Council Chair Rapozo: I know this goal one is to make adjustments to the RFP and issue an RFP, and goal two is another RFP. So we have two (2) RFPs that are going to go out. I am still trying to figure out what the RFP would be for.

Mr. Costa: The first RFP we had this past year was a \$5,000 RFP, which helps to fund job fairs. As of right now, today, there is a small business symposium taking place, so that is part of it, to help fund those. The other \$20,000, we would like to go out with an RFP for a one-stop operator with the Office of Economic Development. Right now, we are responsible for coordinating that office, working with those partners and accessing what the cost is of running that place and collecting funds from each of the partners to run that facility.

Council Chair Rapozo: Who is physically doing this right now, your Office?

Mr. Costa: Our Office.

Council Chair Rapozo: Our employees are doing this right now working with these people that need assistance?

Mr. Costa: Yes, that would be myself. The State Department of Labor is in there right now, physically. They are continuing to run that operation, but at some point, the Office of Economic Development needs to coordinate until we can do an RFP and get a one-stop operator in there.

Council Chair Rapozo: So we are asking for someone to come in?

Mr. Costa: Right, an organization?

Council Chair Rapozo: Right.

Mr. Costa: An organization that is familiar with workforce, understands the American Job Center, and that can coordinate that.

Council Chair Rapozo: For \$20,000?

Mr. Costa: It will be like a part-time position.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Are we expecting that to be funding that forever?

Mr. Costa: No, that is where the partnership comes in with the State; Alu Like, Inc.; and all of them contribute to the center. In the long-term, it is the partners that occupy that space that will be paying for the rent utilities, supplies, and the manager.

Council Chair Rapozo: Okay. I know we skipped over sports marketing. Did you have funding in there this year?

Mr. Costa: The \$5,000.

Council Chair Rapozo: Is that sports marketing?

Mr. Costa: Oh, sports marketing?

Council Chair Rapozo: I know it is here, but it is zeroed out. Did they have funding?

Mr. Costa: No. Basically, the sports marketing is Art Umezu. He worked with our sister-cities program like a home and away series with our sister-city Iwaki and Hiroshima on a baseball tournament, so this summer, those Japanese teams will come to Kaua'i.

Council Chair Rapozo: I remember seeing, I think it was in the Parks budget, and there was some significant money in the Parks budget that looks similar.

Mr. Costa: Oh, okay. Art's role is just to be the coordinator of all of that, so there is no request for funding. It is basically his time to coordinate that.

Council Chair Rapozo: Did you see the funding in Parks?

Committee Chair Kaneshiro: Yes, they did have funding in Parks for that tournament.

Council Chair Rapozo: Okay. So there is a cost, but in your Office, you are using Art to coordinate?

Mr. Costa: Right, to coordinate with them.

Council Chair Rapozo: It looks like the cost was put into the Park's budget. Okay, thank you.

Committee Chair Kaneshiro: Are there any other questions from the Members?
Councilmember Yukimura.

Councilmember Yukimura: In terms of our Sustainability budget, where are we? So, there is a Sustainability Support Program Development.

Mr. Sullivan: Yes, that is, as Nalani mentioned, part of the general RFP. So we will be soliciting for...

Councilmember Yukimura: I see.

Mr. Sullivan: ...people to come in for proposals. I think in the document that you have in front of you, it talks about the areas that we are going to be focusing our solicitation on.

Councilmember Yukimura: Which are?

Committee Chair Kaneshiro: Page 26.

Ms. Kanoho: Page 26.

Mr. Sullivan: Page 26, which includes organic waste management, coordination of the statewide sustainability goals, and the climate action planning

Councilmember Yukimura: Where is your organic waste...I see. Organic waste, coordination of statewide sustainability goals, and climate action planning.

Mr. Sullivan: Yes.

Councilmember Yukimura: Okay. Well, then let us go into Climate Action Plan, which is the middle of page 26. You have a budget of zero (0), so how are you planning to do that?

Mr. Sullivan: We hope to go out for grant funding again, this year and we will be coming to Council for a request to apply likely in late June or beginning of July. We also have done a lot of work in the last year to prepare ourselves for climate action planning. When we talked to this body last about eight (8) months ago, we heard a number of things, let me get to my notes here. Just a second. Obviously, after we clarified

the intent of the Climate Action Plan, I think this body expressed general support. We heard strong encouragement to maximize collaboration with other partners and to avoid redundancy and we heard some concern expressed about what the potential impacts of trying to reduce greenhouse gases on the islands. For example, what does that mean for somebody driving a tractor, or what does that mean to the tourism industry? We have done a lot of work over the last eight (8) months. A big part of that has been to focus on partnerships. We worked really hard to establish partnerships with the other three (3) Counties because all four (4) Counties are now creating Climate Action Plans. That began with inviting the other three (3) Counties to join an organization that we have been involved with for a year or two (2), called the Urban Sustainability Directors Network, which is a really great resource for climate action planning tools and other things like that. The next step that we took was to organize a workshop around climate action planning, that was actually held on O'ahu with all four (4) Counties. We invited a bunch of key partners including State agencies, including some of the private sector folks that are involved, and utility folks. That was very successful. I can list some outcomes if you are interested in that.

Councilmember Yukimura: What is it called?

Mr. Sullivan: I am sorry?

Councilmember Yukimura: What is this thing called on O'ahu?

Mr. Sullivan: That was the Climate Action Planning Workshop, and that was really intended for those who implement Climate Action Plans to get a sense and get some expertise and understanding of how to proceed.

Councilmember Yukimura: Good.

Mr. Sullivan: Let me get back to where I was. We have continued communicating with the Hawai'i Department of Health because they are doing an extensive greenhouse gas inventory, and actually, it is multi-year process. One of the keys that we have communicated with them is to request repeatedly, that data that they come out with also have granularity for the island-level because it is possible that could just do a statewide inventory, and then have it be really difficult to breakdown. They have indicated that they are going do that, so we just kept those...

Councilmember Yukimura: Excellent.

Mr. Sullivan: ...doors of communication open. We have also gone through a lot of work to help setup an online platform, which we are going call the "Kaua'i Aloha Plus Challenge," which is very much tied to climate action. That is really just basically an outreach tool for households. We hope to go live in the next four (4) to eight (8) weeks. But basically, it is an online tool that will help individual households to take actions that are basically green-related. A lot of things, we already promote as a County, but the intent with this platform is really to help people see the aggregated impact of their collective actions. I think often when we take on these things and we say, "I am going ride the bus," or "I am going to change my lightbulbs," it is kind of hard to relate those actions to the bigger picture. This platform helps do that in a general way, but I think in a very positive way. That is another action that we took. We have also begun to talk to key partners about what the climate action planning process might look like and trying to get them involved. Sue mentioned the visitor industry, which will be a really critical partner. There is a lot of recognition within the visitor industry that we have been more attentive to emissions as well

as to future impacts of climate, so that is something that we are going to be attentive to going forward. I do not want to go on too much more, unless there are specific questions, but I will say that we have a rough outline of the plan over the next year. It is contingent on a couple of things; one is we are currently and we are almost certain we will be successful, but currently bringing on an AmeriCorps vista volunteer to help us and add capacity to our Office. We are doing that in conjunction with the other three (3) Counties as well, so we are creating basically a cohort of vista volunteers that are going to assist the Counties with action planning. They will begin this fiscal year and carrying into next year. Then other thing is that again, the grant that we talked about which will be critical funding for two (2) big components of this. We are always trying to be as careful and frugal as we can with convening, but the reality of any kind of planning process is that you have to get the community in the room, and that costs money.

Councilmember Yukimura: Yes.

Mr. Sullivan: The convening will be part of the expense that we go out for grants for and the also, we are going to need some heavier lifting in terms of analytics because we are doing some of that in-house, but when we are looking at individual policies and trying to determine exactly how much carbon emissions we might yield from an individual action, so that we can put it in the plan and give you the plan so you can make decision was you might or might not do. That information takes some expertise that we do not have in-house. I think that is decent summary, but I am happy to take questions if there are questions.

Committee Chair Kaneshiro: Follow-up, Councilmember Chock.

Councilmember Chock: Thank you, Committee Chair Kaneshiro. You mentioned these initiatives as it relates to the visitor industry and I think it is a really big piece, as you mentioned, to study that airplanes are a huge piece of it. My question is twofold; to what degree are you seeing the industry involved in this process and second, in terms of our plan that we have locally, are we involved there to really address how we can speak to what it is we are experiencing? We are kind of subjected to it. We know that it is just that we have more planes here, right? I just want to ensure that those stakeholders that need to be part of this very important discussion are present.

Mr. Sullivan: Certainly. Let me think how to respond to that. I think Sue can speak to this. The industry is very cognizant of the impacts of having too many visitors on the island or however those impacts manifest, whether it is traffic or too many people at a beach. We are looking for solutions. A lot of those solutions are things that we are already look at as the County. As an example and I think you folks are well-aware, Planning and Public Works are doing amazing work around complete streets and helping people have choice when they move around. One of the things that tourism wants to and can get involved in is making that a reality for visitors. If you talk to Lee Steinmetz lately, he has a focus on that and we are trying to support that as well. Generally framing of emissions, I think we have to be really clear-minded and say, "Look, we are not going to impact the airline industry in the next five (5) to ten (10) years. There are national and international level plans and there are technologies that are moving along, but we know that is our "bread and butter." The way we look at our Climate Action Plan is, what we can do in every other sector to drive those down our emissions so that we can forgive those emissions in the short-term. Then, hopefully in the long-term, the technology and whatnot comes into play to reduce them more than they need to be." Obviously, the goals at the end of the day, are

extremely ambitious and it is not easy to see where we are today versus how we would get from where we are today to where we need to do in 2050, as an example. Sue.

Ms. Kanoho: What he said. I think one thing that we are kind of trying to move the needle on is the airport is what they are doing and making sure that they are aware of what we are experiencing. It is going to be a multi-level thing because there is the State Department of Transportation (DOT) who we have already—I have already gotten into big trouble for saying that I had concerns. If you do not see me anymore, you will know. I will be in the corner of the Ni‘ihau. That is one (1) element, but the other element is really the further from the Washington, D.C. side, where the applications are coming in for the flights. So we really have to have a talk beyond State DOT as well and the Hawai‘i Tourism Authority about the capacity of what we can handle. Finally, I have heard concerns from both, so the good news is they have acknowledged it.

Councilmember Yukimura: Yes.

Ms. Kanoho: It took me four (4) or five (5) years of talking about it repeatedly and now they are starting to see it, because I am forwarding them information that is not just my opinion. I usually try to speak for the people of Kaua‘i, the industry, and even the residents that talk to me, so now that we are having some of the backup, they are starting to see what I am talking about and some of the complaints. It is a resident complaint and it is visitor complaints. We are an island.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I do not know what it will take for the State to understand. It is kind of hypocritical to do a Climate Action Plan and try to require everyone to reduce their carbon footprint, but because they are our “bread and butter,” we are not going to look at the planes. Those jets create a lot of the problems and yet, the State has no problem increasing the routes to Kaua‘i.

Ms. Kanoho: Right.

Council Chair Rapozo: I do not know what we can do. People always tell us nonstop, we get E-mails every day, and Facebook saying, “Hey, limit the number of people that come and limit the number of cars,” which we cannot do. At the end of the day, what is good for one is good for all, regardless. If the goal of this is to reduce the carbon footprint, then why would we exclude the airplanes?

Ms. Kanoho: Correct.

Council Chair Rapozo: Because money talks? Is that the deal? This is not directed to you. I am just saying in general.

Ms. Kanoho: There is a new carrier that is coming in, and I had a caution talk with them and said, “We need to look at what you would be serving to the island.” It is far beyond my capacity. Fortunately, he was willing to listen to me, but I just really feel at this point, we have to start talking about—I mean, if anybody has not figured it out, right now, we are full. There are really no rooms available. We are very full on the island. Then, we get into that other discussion of another source that provides rooms, which is a whole other thing.

Council Chair Rapozo: Yes.

Ms. Kanoho: The sad part is you cannot look at just one (1) thing. To Councilmember Chock's point, it is a holistic issue.

Council Chair Rapozo: Right.

Ms. Kanoho: You really have to look at the roads, the planes and fortunately at the harbors, Bob does a great job with that and that is kind of an in and out thing. Then the parks and then we have to look at workforce development. One point eight percent (1.8%) workforce development is a huge concern, and then you have to look at housing. It is all of these things together. It is really not any one (1) thing. We all have to be talking to each other.

Council Chair Rapozo: No. My comments were really related to the Climate Action Plan and what we are doing moving forward because at some point, the State has to recognize or whoever allows these planes to come here. They brag, and really, the tourism industry comes out with press releases saying, "Hey, yay," and it is not "yay." It is. I have seen it. The Visitors Bureau have come out and...

Ms. Kanoho: The Kaua'i Visitors Bureau does not do it. The Hawai'i Tourism Authority does.

Council Chair Rapozo: Well, the industry gets so excited because we have a new route coming to Kaua'i. They have done their job. At the end of the day, who suffers? It is our island who suffers and we have no say. There are no community hearings. There are no meetings that the State will put on and say, "Hey, we are thinking about bringing a new route to Kaua'i that is going to bring in another sixty-eight thousand (68,000) people a year." That is none of that. It is all of a sudden, "hurray, bring press release that it is happening. Whether you like it or not, we are going to shove it down your throat." At the same time, the State and the Feds say, "Hey, you have to work on reducing your carbon footprint." I am saying it is hypocritical.

Ms. Kanoho: Yes.

Council Chair Rapozo: I am not sure how we get that message out. Yes, the tourism industry is our "bread and butter," but it is going to be the blessing and the curse because it is going to be the cause for the success and the cause for the demise. At some point, we have to be real and say, "Where do we go from here?" At some point, we have to say, "Timeout, enough planes already. We do not need one (1) more route. Go send it somewhere else."

Ms. Kanoho: Right.

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: First of all, Ben, I just want to say excellent job. This whole idea of creating partnerships, creating cohorts, and walking across the line to the visitor industry. When you first think of a Climate Action Plan, you would not think they would be a partner. Anyway, excellent work. I am very excited and I think the work you are

doing will make our grant a very attractive grant to fund. So, that is really good. Then on the issues of planes and tourism, no matter how many planes come in, a programmatic offset requirement could make a big dent on the impact or the carbon footprint and by that, I am talking about the people who come in the planes, pay for, or the airlines, but they will pass it on, they pay for a *koa* forest on Hawai'i Island or on Kaua'i that will offset the carbon that comes from the planes. That is actually happening around the world and is an amazing way to boost conservation. We have great impacts of the visitor industry on conservation, so I would urge you to include that in the Climate Action Plan.

Mr. Sullivan: I will respond. It is a great point. I will say that the State has organized a Carbon Farming Task Force that we participate in. Really what that is about is about land-based carbon sequestration in the islands. That being said, it is a very small amount of carbon that we can sequester in the islands relative to our emissions. I think the idea of offsets, which allows us to look at even broader markets, is also a great one.

Councilmember Yukimura: Yes.

Mr. Sullivan: I am hopeful that we can start with a voluntary market and see if people will participate.

Councilmember Yukimura: Yes.

Mr. Sullivan: That is one (1) of the recommendations that we have in our platform, and our online platform is buy offsets for your air travel. Obviously, that is not easy for everyone. Air travel is an essential part of living here in Hawai'i, as we all know. It is a tricky one. I absolutely appreciate what Council Chair Rapozo, what you are talking about with the airlines. One (1) more thing, it is actually worse because the way that greenhouse gas inventories are typically done for municipalities, is that they exclude emissions. On the mainland, that is pretty much okay for a city or a town that has a five percent (5%) footprint for air travel. But here we are and our footprint for airline travel is thirty percent (30%) of our emissions. What we feel like is the first priority in the plan is to articulate that, as you are saying, to show that it is a big piece and to try to get even better data from the airlines about how that breaks down. So, how much of it is visitor versus how much is resident, so we can start to really see, okay, this is who is using this, and that will hopefully, enable some more informed policy for you folks to consider. That is all I can offer at this point, but I really appreciate the discussion.

Councilmember Yukimura: Thank you. In the world where we are all connected, an offset buying forests in Brazil is not that either.

Ms. Kanoho: Right.

Councilmember Yukimura: When I go to the Smart Growth Conference, I buy my offset for my air travel. It is a voluntary thing, so starting voluntary would be good.

Ms. Kanoho: We did look at some research and that is why, as I mentioned a little bit of a shift, is that we are finding that some of the younger generation are willing to pay a little bit more knowing that they are giving back, so to speak.

Councilmember Yukimura: Right.

Ms. Kanoho: I think that is an opportunity.

Councilmember Yukimura: Right. The other thing is in terms of actual numbers of flights, which is a great concern for all of us. Thank you for your work on that score, and it sounds like you are understanding more and more where the intervention points might be.

Ms. Kanoho: Right.

Councilmember Yukimura: But the other thing that should be of concern to all of us is that move to put the airport's management in private management, because I do not know how sensitive a private operator will be to public policy.

Ms. Kanoho: There was a suggestion on that, that hopefully they would have—similar to the Hawai'i Tourism Authority, that they are mandated, well, I do not know did they are mandated, but they do. They allow a representative from each island and I have to say that Fred Atkins has done a fantastic job with the Hawai'i Tourism Authority in trying to get things to a new level. So having that person, if they could do that and have that person serve, would make a big difference. I would hope they do that.

Councilmember Yukimura: Well, you should talk to our Legislators because I bet they are right in-throws right now making those decisions. Then, it brings up the other one. I saw these emergency flashes about the cuts to the budget for community programs.

Ms. Kanoho: Yes, and us.

Councilmember Yukimura: What is the status of that? Oh, they want to cut your funding, too?

Ms. Kanoho: Yes, so we would be a part of that.

Councilmember Yukimura: And that would affect Kaua'i County and our community programs such as Kōloa Plantation Days?

Ms. Kanoho: Nalani, did you get a head's up on that? That is what I heard. I was told that.

Ms. Brun: Yes, that is typically what they say every time they are going to cut. They are going to cut community programs first, because they know that is going to elicit the largest amount of the feedback, and then of course, it will dip down into the marketing money as well.

Ms. Kanoho: And the Visitor Aloha Society is another organization that would be affected.

Ms. Brun: Beach Safety.

Ms. Kanoho: Yes, there is a lot that could be impacted. If there was a huge cut to marketing, it would flow downhill to the island chapters.

Councilmember Yukimura: Does anyone know what the status of the bills are? Should we all send letters?

Ms. Brun: It passed.

Councilmember Yukimura: Can someone just send us what we should say?

Ms. Brun: Yes.

Councilmember Yukimura: Maybe send it to everyone and we can send individual letters or E-mails, because we could really be affected by this.

Ms. Kano: Yes.

Ms. Brun: Yes.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: We have about twenty (20) minutes before lunch. I would like to finish before then, if we have any more questions on the budget. Council Chair Rapozo.

Council Chair Rapozo: Thank you. I just have some questions on the motor pool, Ben. The operating costs, \$30,000, is that software?

Mr. Sullivan: It is software and hardware, yes.

Council Chair Rapozo: Okay. Then, are you adding the charging stations?

Mr. Sullivan: Yes, we are.

Council Chair Rapozo: Then, I see the cleaning of motor vehicles, but that is going to come down.

Mr. Sullivan: Yes, we are going to cut that in half.

Council Chair Rapozo: Okay.

Mr. Sullivan: I apologize for the error.

Council Chair Rapozo: The only other one is the leasing. It looks like we are going to get new leases. We are going to triple the amount of elective vehicles (EVs). Are we going out and get new electric vehicles?

Mr. Sullivan: That is the intent.

Council Chair Rapozo: What would tripling the fleet be? Is that tripling the fleet this year?

Mr. Sullivan: We are going basically going from four (4) to fifteen (15). It is roughly tripling.

Council Chair Rapozo: And it is one (1) year?

Mr. Sullivan: That is the proposal, yes.

Council Chair Rapozo: Where are we, I do not know if it was last budget or maybe prior, we had issues with employees not wanting to use the cars? They had a hard time forcing employees to use the electric cars.

Mr. Sullivan: I can provide you the number on how many employees use those cars. It is pretty good. I think it is probably about thirty (30) to forty (40) regular users.

Council Chair Rapozo: I see more of them on the road now.

Mr. Sullivan: Yes.

Council Chair Rapozo: It looks like it got better.

Mr. Sullivan: One (1) of the things that I think is going to happen, also, is we are going to get a combination of shorter and longer-range vehicles. The most common certain is range. If someone is going to go all the way to Hanalei, we actually usually do not recommend they take an electric car, especially if it is their first trip.

Council Chair Rapozo: Right.

Mr. Sullivan: But we hope to get a combination of shorter and longer-range vehicles in this purchase so that we can accommodate that concern.

Council Chair Rapozo: Are we going replace vehicles?

Mr. Sullivan: Yes.

Council Chair Rapozo: Are we going to replace fifteen (15) vehicles with fifteen (15) electric?

Mr. Sullivan: Eleven (11).

Council Chair Rapozo: Eleven (11)?

Mr. Sullivan: Yes.

Council Chair Rapozo: Okay. Eleven (11) for eleven (11)?

Mr. Sullivan: We are. We are going to try to get rid of the oldest cars that we have in the fleet.

Council Chair Rapozo: The gas cars?

Mr. Sullivan: Yes.

Council Chair Rapozo: And then we are going to sell those?

Mr. Sullivan: Correct.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: In regards to the two (2) electric vehicle charging stations, are those on County property or are those just going to be spread across the island knowing that our electric vehicles do not make it there sometimes?

Mr. Sullivan: County property.

Committee Chair Kaneshiro: County property?

Mr. Sullivan: Those are to accommodate our fleet and the proposed expansion of the fleet.

Committee Chair Kaneshiro: Is that all going to be in this area?

Mr. Sullivan: When we put in the chargers over at the Civic Center on that one (1) island of parking, we added conduits in anticipation of future chargers. So those conduits will be filled and then we will put chargers at the end. We also have to pour sidewalks and make the panel larger. The panel is only one hundred (100) amperes (amps) right now, and we have to go up to about three hundred (300) amps.

Council Chair Rapozo: I have a follow-up to that. I think this came up the last time you were up here, regarding the outside areas such as Waimea Neighborhood Center. Are we looking at installing any more charging stations around the island?

Mr. Sullivan: We have been facilitating discussions as much as we can. There are a number of parties who have expressed interest and without their permission, I do not want to necessarily lay that out.

Council Chair Rapozo: That is fine.

Mr. Sullivan: But I do know there has been at least one (1) party in Waimea that obtained a permit in a charger out there, and that has been a gap. Then, there is another party in the 'Ele'ele area that has expressed a very strong interest in putting a charger, and we suspect...

Council Chair Rapozo: Are you talking about private parties?

Mr. Sullivan: Private parties, yes.

Council Chair Rapozo: What would it take for this County to put up a charging station at the neighborhood centers? How much is one (1)?

Mr. Sullivan: It varies a lot. My recommendation would be that we look at upcoming projects where we are already going to open up the facility, because it is very expensive to do a single contract and to rip up the parking lot just for a charger, but if we are already going in, it might work. We spoke to Parks in anticipation of this question previously. The next facility that might make sense is Bryan J. Baptiste Park. They put that forward as saying, "Hey, that is a facility that we are going to open up, and perhaps there would be a place for a charger there." We still have not gone down the road of, is that the ideal location that we would want to go first? Like I said, the west side is a gap in our

charging right now, so we would love to get one out there, but I do not know of a project that is going under the knife or a facility that is going under the knife...

Council Chair Rapozo: Again, do you have an idea what it would take to put a charging station at the neighborhood center?

Mr. Sullivan: Are you saying to go ahead and do a one-off project?

Council Chair Rapozo: Yes.

Mr. Sullivan: I think a single charger one-off, if it is a simple institution, could be \$20,000 and if it is expensive, it could be \$35,000. If we have to go across a concrete parking lot and trench, it gets very expensive. If all we have to do is run a conduit from a panel, the hardware itself may be \$7,000. We, almost universally, recommend dual-headed chargers because then, you can accommodate more.

Council Chair Rapozo: That is what I would recommend, a dual-headed charger.

Mr. Sullivan: Right.

Council Chair Rapozo: Because I think with Kapa‘a, and Councilmember Yukimura has an electric vehicle, so she is probably a better person to advise.

Councilmember Yukimura: I know where the gaps are.

Council Chair Rapozo: Yes. What I am hearing from the community is, and the older cars do not have the range like the newer ones do. If you are in Kapa‘a, you can go to Kapa‘a and back, or you can get to Līhu‘e. The problem is if you go out to the west side, you cannot go out to the west side, if you do not have a newer type of vehicles.

Mr. Sullivan: Yes.

Council Chair Rapozo: I think that is a concern. Kapa‘a, if we had to prioritize for the community that has electric cars and really incentivize or encourage people get electric cars, it would make sense to have some chargers out in the far areas. I know it is a cost, but I think it is also a necessity because you really limit those people. They are forced to take their gas car if they are going to make a long-distance run.

Mr. Sullivan: I do not know how we would get the money out there, but it seems like another way to do besides just outright buying chargers and managing it at County facilities would be to try to find a way for the County to incentivize private owners, and that way, we are not paying one hundred percent (100%) if we put some money on the table. There is, in fact, if it is a qualifying facility, there is a State law that requires people to have chargers. Right now, there is no enforcement, but it is anticipating there will be. I think the sell could be, “Hey look, we will support you. There is no penalty right now you should be thankful, and we will support you maybe thirty percent (30%) or whatever.”

Council Chair Rapozo: You mean for a private?

Mr. Sullivan: Right.

Council Chair Rapozo: Oh, yes.

Mr. Sullivan But it is tough for us because I do not know how—we typically cannot give money to a private entity.

Council Chair Rapozo: Well, I am not sure how that would work, but that would be ideal.

Mr. Sullivan Okay.

Council Chair Rapozo: Let the private person build them and set them it because it helps their facility.

Mr. Sullivan Yes.

Council Chair Rapozo: And we subsidize it. I do not know how it works.

Mr. Sullivan It is certainly something that we had already highlighted for the Climate Action Plan, but if you want us to expedite looking at that policy...

Council Chair Rapozo: No. I am just thinking of how we can get—I just heard some concerns from the people on the west side that have electric cars, they just do not have anywhere to charge.

Mr. Sullivan We are very aware of that and appreciate that.

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I thought we were looking at the technology center in Waimea, which is on the main highway.

Mr. Sullivan We were, and that was a year and a half ago with the previous Director. There were some concerns about liability and some other concerns about operating costs, so we were not able to move that forward, but certainly, we can check to see if those funds are still available. That was an offer made through the elemental accelerator, which is a startup accelerator based on O'ahu. They were going to subsidize the cost of the charger itself. I think OED had offered to subsidize the first year of electricity costs to kind of help get over the hump, and KIUC was going to help subsidize the installation.

Councilmember Yukimura: That sounds like a win-win.

Mr. Sullivan Yes.

Councilmember Yukimura: Why do we not just take on the electricity costs? It is a public facility, we own the property, and we just take on the electricity costs if that is the main issue. As far as liability, I do not think there is much liability. I mean, we can study the field.

Mr. Sullivan Right. I appreciate your comments. We can certainly bring it up again. I there is interest there.

Councilmember Yukimura: As Council Chair Rapozo is pointing out, the west side has such a gap and people who have electric cars cannot travel there, if there is not some way to electrify because if you put it into a normal plug, that takes eleven (11) to twelve (12) hours.

Mr. Sullivan Understood.

Councilmember Yukimura: So that does not work. I actually said it more for the audience and the people who do not realize the regular chargers are not really workable at their speed.

Mr. Sullivan Just to clarify though, you are not talking about a fast charger? You are talking about a Level 2, right?

Councilmember Yukimura: Yes, right, the kind that are at Safeway and the hospital.

Mr. Sullivan Yes.

Councilmember Yukimura: I think enforcement is really a problem. I have never made the Safeway ones work. I have actually talked to them at Safeway. The enforcement is a key part too, because there is no use to have chargers that do not work. But anyway, good progress. I think the west side is due, though, and we have a County-owned facility.

Committee Chair Kaneshiro: Okay. Councilmember Kawakami.

Councilmember Kawakami: Here is the battle, the State created this law, which is unfunded mandate on the private sector, so they are asking these facilities to now invest tremendous amounts of infrastructure and capital to put these charging systems in, and yet, when you ask the very industry that is profiting on all of this, "where is their skin in the game to create the infrastructure," there really is none. So, if you can come up with some kind of a grant program, because I know the State will not. There are tremendous amounts of subsidies for electric vehicles as far as free parking and charging stations. If we are going to support these types of the things and I brought it up prior, what we just talked about, the neighborhood centers, then we should, in fact, be leading by example. If the private sector is going to step up, then we have to make the investment, too, especially if we are forecasting that this is the future that vehicles are going to be going towards. Thank you.

Committee Chair Kaneshiro: Are there any further questions from the Members? We have ten (10) minutes left. I think Wally wants to make a clarification before we are done.

Councilmember Yukimura: I just have one (1) last question for Sue.

Committee Chair Kaneshiro: Okay. Councilmember Yukimura.

Councilmember Yukimura: My question is about the Wailua Golf Course cooperative efforts to facilitate more play at the golf course, how is that working?

Ms. Kanoho: I will get a report from Ian, which I do not have with me today. The good news they are part of the coop, they officially joined last year, we

did a little revamp and made a logo for them so that the County owns the logo for Wailua Golf Course because you did not really have one before that was outright owned by the County.

Councilmember Yukimura: Great.

Ms. Kanoho: Then, we have been more aggressive in—there is a group called IAGTO, International Association of Golf Tour Operators. Anyway, they are the tour operators for the golf courses. They are bringing out groups to look at bookings, and so that has helped the golf courses. Public relations (PR) wise, we have done a lot better. Facebook-wise, we have done a lot better. Then, they have created a web page themselves and it is called “GoGolfKaua‘i.com.” I feel like they are trying to put all of them together out there so that everyone can select, just like hotels; here is the island, here are the hotels, pick what speaks to you. I feel like we have been doing a lot more with them in the mix and I hope it has been working. I have to get what the rounds of golf are from Ian.

Councilmember Yukimura: Yes. Does GoGolfKaua‘i.com tell about all the golf courses on the island?

Ms. Kanoho: Except for one, who does not want to be part of the golf coop; Kiahuna Golf Club.

Councilmember Yukimura: Okay.

Ms. Kanoho: We do not do Kukuioolono Golf Course just because they are do not want to be in the mix.

Councilmember Yukimura: It is a different nature.

Ms. Kanoho: Correct. We often want to leave things for the locals, too, right?

Councilmember Yukimura: Yes.

Ms. Kanoho: It is marketed themselves, but...

Councilmember Yukimura: Differently.

Ms. Kanoho: Differently. Each of the courses have put in coop funds, and then we do a press trip every year and get articles. When there are accolades, they put out a press release out about it. The thing that we have learned is that, and this is kind of nationwide, is because there are so many things do on Kaua‘i, six (6) applying companies; Backcountry Adventures and all of the great things that there are to do that many people are coming for that, and so golf is kind of waned a little bit. It is an ongoing challenge.

Councilmember Yukimura: Is the success affected or the lack thereof, affected by the fact that under our system, some primetime golf is not available?

Ms. Kanoho: At Wailua Golf Course?

Councilmember Yukimura: Yes.

Ms. Kanoho: I think that has changed. I think that has gotten better.

Councilmember Yukimura: Has it?

Ms. Kanoho: I will double-check on that.

Councilmember Yukimura: Okay.

Ms. Kanoho: Let me get an update from Ian on that because the difference of this coop is everyone is a private course except for Wailua Golf Course, which is a public course, so it is kind of not an apples-to-apples comparison.

Councilmember Yukimura: Right.

Ms. Kanoho: But I will get an update and see how it is going.

Councilmember Yukimura: Okay.

Ms. Kanoho: But I have been really prodding. Nalani has been kind of my go-to girl with Ian. It was the three (3) of us for Wailua Golf Course, so we will get a recap, see how it is going, and what is happening.

Councilmember Yukimura: Yes, that would be great.

Ms. Kanoho: I think having the restaurant out there has helped, too.

Councilmember Yukimura: Yes, for sure.

Ms. Kanoho: So that is one of the pieces, and we will see how that goes, but it is one of those things that people still love that course.

Councilmember Yukimura: It is a fabulous course.

Ms. Kanoho: It is a great course. I give props to them.

Councilmember Yukimura: In looking at our revenues today, it looks like the golf course concessions are back up to what they were three (3) years ago or so.

Ms. Kanoho: Yes.

Councilmember Yukimura: It is a good sign.

Ms. Kanoho: That makes a big difference, yes. I am proud of the other courses to allow them into the mix because it is a different—the rest of them are all private doing their thing and then to allow a County municipal course, I think, was nice of them to do that so that they can be part of the team.

Councilmember Yukimura: In the last few minutes, I just want to congratulate you, Margy, and the Coconut Coast Organization because you have done wonders there with your seed funding and all of that.

Ms. Kanoho: Thank you.

Councilmember Yukimura: Congratulations.

Ms. Kanoho: Thank you to you folks, because that was one of the complaints way back when. Do you remember, George, when everything was going to north and south and nothing to the eastside. I have to say that they have really worked hard on that as a team. I have kind of removed myself a little bit on the day-to-day. They are doing really well thanks to Margy. I give props to Margy.

Committee Chair Kaneshiro: Wally, did you have some final comments?

Mr. Rezentes: My apologies. I wanted to clarify some points relative to Salt Pond. I know it was brought up during George's early testimony, but the Mayor and the Administration actually met with a number of the State agencies, including Governor's Liaison, DOT Airports, Highways, as well as DLNR recently in the last few months to identify things that would need to be done relative to the boulder activity, the salt beds, et cetera. We are in the process of working on a number of things as we speak. One of the items is some sort of an agreement between the County and the State on the work that needs to be done since basically, the majority of the property there is under the State Airports Division. We found that there is a need for some sort of Special Management Area (SMA) permit requirement to do some of the rock removal work that we need to do, so it is not something that we can just do in a couple of days. We have to go through some sort of an SMA process and period. We believe that we are going to need to engage the community, so we are going to have some community meetings on some of the discussions to engage them on some of the things that we plan on doing. There is still a need to circle back and touch base with the relative State agencies. There is going to be a need to address the access to fishing as part of the discussion process. The scope, I think George mentioned most of it. The scope includes boulder removal and potential road closure. The Mayor is hoping that we can agree to have that roadway converted into a walking path. There is also a section of the lands there that we received an Executive Order (EO) or working on an EO that will hopefully result in stewardship agreements to address some of the cultural issues and cultural aspects of that area. As well as you know, the Council had appropriated money and we are working to complete the treatment of the restroom, the wastewater facility, of tying it to wastewater versus having it on cesspool. So that is in process and that was kind of a lot of community input into that process. We had to make some adjustments with how that line was going to be done to address some of the concerns of the Salt Pond folks. We are doing kind of a bunch of things in that area at kind of about the same time. I just want to make sure that it is not something that is going to be overnight without community discussions.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Okay. Thank you, Wally. Are you saying that to put boulders up there, we need a SMA permit?

Mr. Rezentes: There are boulders existing that need to be moved, some of which go to the ocean.

Council Chair Rapozo: Okay.

Mr. Rezentes: What we understand as of late, is that we need some sort of SMA approval process that we need to go through.

Council Chair Rapozo: Was there an SMA permit given to put the boulders there?

Mr. Rezendes: That was decades ago and we do not believe that there was, but we are now under the understanding that to remove it, we would need to do so.

Council Chair Rapozo: And that came from who?

Mr. Rezendes: Basically, when Planning went to assess it, that is what we need to do.

Council Chair Rapozo: Our Planning Department said that we need a SMA permit to remove the boulders?

Mr. Rezendes: It may be a minor, we are not sure yet. It is probably a minor.

Council Chair Rapozo: Okay.

Mr. Rezendes: But our understanding is that it is like a thirty (30) to sixty (60) day process.

Council Chair Rapozo: For the permit?

Mr. Rezendes: Yes.

Council Chair Rapozo: Okay. Access to fishing does not have to be vehicular access, correct?

Mr. Rezendes: I am not sure of those details. I am sorry.

Council Chair Rapozo: We just have to provide access. Again, the access to fishing could be you drive in, drop your things off, and drive out, which I think is how the statute is written.

Mr. Rezendes: That my understanding, too.

Council Chair Rapozo: What part of that does the County own? Is it just the salt beds?

Mr. Rezendes: No.

Council Chair Rapozo: Is it the entire area?

Mr. Rezendes: There is a certain area that we will be given under Executive Order, but a good portion of it is still under State Airport Division ownership.

Council Chair Rapozo: The salt beds itself is State or County? Do you know?

Mr. Rezendes: State.

Council Chair Rapozo: That is State. So we do not have any salt beds?

Mr. Rezendes: No.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: I would like to remind you that a few years back, the State tried to create initiative to try and create public-private partnerships to turn over certain leases from public lands over to private operators. Salt Pond was one of the areas that they were looking at as far as the State being able to go negotiate a master lease for the salt makers and certain areas around the State of Hawai'i.

Mr. Rezendes: Yes, and...

Councilmember Kawakami: That got pushed back so hard and, in fact, some of the people in that area pushed back on it.

Mr. Rezendes: Right.

Councilmember Kawakami: If that had gone through, Salt Pond, those salt beds would be one of the areas where potentially, we could have had a master lease agreement of the salt makers to take control and manage that whole area.

Mr. Rezendes: Maybe George might have more insights on that discussion back then.

Mr. Costa: Now everybody has come together.

Committee Chair Kaneshiro: Okay. Are there any other questions? If not, thank you. At this time, I would like to recess the Departmental Budget Reviews. We will reconvene 9:00 a.m. tomorrow, Friday, April 6, 2018 where we will have the review for the Department of Finance including the various item and for the Kaua'i Humane Society.

There being no objections, the meeting recessed at 12:26 p.m.