

MINUTES

BUDGET & FINANCE COMMITTEE

May 9, 2018

A meeting of the Budget & Finance Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Arryl Kaneshiro, Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Wednesday, May 9, 2018, at 9:46 a.m., after which the following Members answered the call of the roll:

Honorable Arthur Brun
Honorable Mason K. Chock
Honorable Ross Kagawa
Honorable Derek S.K. Kawakami (*not present 9:46 a.m. to 10:24 a.m.*)
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Arryl Kaneshiro

Minutes of the Fiscal Year 2018-2019 Departmental Budget Reviews.

Upon motion duly made by Councilmember Chock, seconded by Councilmember Yukimura, and unanimously carried (*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kawakami was noted as silent (not present), but shall be recorded as an affirmative for the motion*), the Minutes of the Fiscal Year 2018-2019 Departmental Budget Reviews was approved.

Minutes of the April 18, 2018 Budget & Finance Committee Meeting.

Upon motion duly made by Councilmember Chock, seconded by Councilmember Yukimura, and unanimously carried (*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kawakami was noted as silent (not present), but shall be recorded as an affirmative for the motion*), the Minutes of the April 18, 2018 Budget & Finance Committee Meeting was approved.

The Committee proceeded on its agenda items, as shown in the following Committee Reports, which are incorporated herein by reference:

CR-BF 2018-16: on Bill No. 2701

A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2017-821, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018, BY REVISING THE AMOUNTS ESTIMATED IN THE PUBLIC ACCESS, OPEN SPACE, NATURAL RESOURCES PRESERVATION FUND (*Hanalei Coastal Property Acquisition (Operating Budget) - \$5,600,000.00*) **(Approved.)**

CR-BF 2018-17: on Bill No. 2702

A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2017-822, AS AMENDED, RELATING TO THE CAPITAL BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018, BY REVISING THE AMOUNTS ESTIMATED IN THE PUBLIC ACCESS, OPEN SPACE, NATURAL RESOURCES PRESERVATION FUND – CIP (*Hanalei Coastal Property Acquisition (CIP Budget) – \$5,600,000.00*) **(Approved.)**

(Note: The Committee was in recess from 10:37 a.m. to 10:54 a.m. for a caption break.)

Bill No. 2703

A BILL FOR AN ORDINANCE AMENDING CHAPTER 23, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO TAXICABS **(This item was Deferred to June 6, 2018.)**

Committee Chair Kaneshiro: Can I get a motion?

Councilmember Yukimura moved to approve Bill No. 2703, seconded by Councilmember Brun.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Yes. Today, this morning, I spoke with Ms. Peahu, who represents a lot of the taxicab drivers. Mr. Andaya was here, too. They are actually moving towards a consensus, but need more time, and so they are asking for a deferral to the next Committee Meeting.

Committee Chair Kaneshiro: Are they going to have their consensus by the next meeting or should we make the deferral longer? I do not want to defer it, then they say that they did not agree, and then defer it again. I would hope that they can come in and agree to say, "We all agree with increasing the initial fee to three dollars and fifty cents (\$3.50); increasing the mileage fee to these numbers; we cannot agree on the airport, so we are not going to put that in; and this is what we want to get passed." That is my hope.

Councilmember Yukimura: Well, if I had the answer to that question, we probably would be able to pass the Bill out today because the reason they are asking for a deferral is because they have not had time to talk among themselves in an organized way. Based on what the different parties or groups are saying, it appears to me, that they are coming to a consensus.

Committee Chair Kaneshiro: Okay.

Councilmember Yukimura: They think two (2) weeks will work, but I cannot guarantee you any results in two (2) weeks.

Committee Chair Kaneshiro: Let me do this then, we can either defer it to May 22nd, which is a Tuesday, or June 6th, which is Wednesday. I would be more inclined to defer it until June 6th and know for sure that they have a little less than a month to come back with what they want. If they cannot agree at that point, then I think we may look at receiving this Bill or having them go and discuss it and come back to us. I do not think it should be us having to make a decision on it where some people want this and some people do not. We are not in the industry. We know what the other Counties are paying and we know what the other Counties are getting. I do not want to propose a fee and then they say, "Oh, now that makes us not competitive with these people." I would really like the industry to tell us, "Statewide, these are the rates, and this is what we would like."

Councilmember Yukimura: I agree that would be the best way to have the decision made, and I cannot speak for them. I have been trying to encourage them to come to a consensus, and whatever the Council decides is what they will have to live with in terms of the date of the next meeting.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Thank you. I would recommend the one (1) month or two (2) meetings, only because it is not like these people are "palsy-walsy" with each other. They have some serious issues that they have to resolve. I think the way you have it set up—whatever they all agree on, we can move on and whatever they do not, we can take out. If they cannot agree on anything, then like you said, we just kill it. The reason this is on the agenda is because they came to me and they kind of made the impression that they were speaking for the "association" of taxis. I did not go and investigate whether or not there was an association of taxicabs. I listened to them, had a draft bill, and then later found out that there were some disagreements, so we pulled it off of the initial agenda where it was supposed to be on, encouraging them to have this discussion. It has been a while, they have been in discussions, and I do not see them moving forward within two (2) weeks. Just in the discussions that I have had with some of the operators, I just do not. I would give them a month and will let my contact person know that they will get a month to come to a consensus; if not, when they are ready, we will revisit it. But for right now, I agree with you that it is not for us to go dictate. I was just responding to a request from an industry, or what I thought was an industry, and that was not the case. Whatever they agree on in a month, we can move on and put into the Bill to move it out. If they cannot come to a consensus, then they can come to us when they are ready.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I just had a question for Councilmember Yukimura or yourself, Council Chair Rapozo. Are the taxicab concerns that are being brought up in response to Uber entering the market? What is the main reason why we have all of these concerns and uproar right now?

Council Chair Rapozo: The initial discussion I had with again, what I thought was an issue, was the airport and the fact that Uber and Lyft vehicles were being used. They would catch a cab from the airport out to a nearby location like the Courthouse, or Wal-Mart, or even at the commuter terminal. The cabs at the airport wait in line. They have to wait in line and sometimes, it is two (2) or three (3) hours

before they get a fare, and that fare takes them out to the Courthouse for three dollars (\$3), or four dollars (\$4), or whatever it is and then they have to get back in line. The intent of this was to discourage the use of the cabs just to get them to an Uber ride. The twenty dollar (\$20) rate was not to be mandatory, it is optional. So if the cab driver saw a returning resident, the business people, or the attorneys that come all of the time, they had the option of hitting the regular rate. They did not have to do the twenty dollar (\$20) rate. That was what was portrayed to me and at that time, I thought it warranted the discussion on this floor, so that is why this is here, but that was the whole purpose. As we talked about the twenty dollar (\$20) rate, that was a good time to relook at the rates in general, because our rates have not been raised for nine (9) years or whatever it is, in fact, longer than that. It was an opportunity to review all of the rates and get it comparable to the other island Counties. That is how this evolved, but at this point, I do think there is a lot of dissention about the twenty dollar (\$20) airport rate. I do not have a problem taking that out.

Councilmember Kagawa: Yes. I guess my only reason for asking is that if the problem is that the taxicabs are regulated by the State and by the County to operate and Uber and Lyft do not have any regulations, then it should be the State or the County putting in regulations for Uber and Lyft, rather than trying to amend the taxicab rates because you are talking about unfair competition. If they both transport tourists and residents to and from, then it is like a regular business with business regulations. We have laws to regulate everyone the same way. If you have one with a lot of regulations and you have one with no regulation, of course we are going to have to play with this and of course there is going to be dissent as to what the real solution is because in reality, there is no solution to regulating two (2) businesses operating under different circumstances. Anyway, those are just my thoughts, that perhaps this is more of a Statewide issue that needs to be addressed rather than us trying to finagle these rates to fix a game that is not being played fairly.

Council Chair Rapozo: Let me just respond really quickly because I know we have a bill—Mauna Kea is working on it. Councilmember Kagawa, the Office of the County Attorney is working on a bill that will be the regulating bill or ordinance for cabs and for Uber. That has been there for a while. I really did not place a top priority on that with all of the things that has been going on. This is not a criticism of—is it back? Okay, Councilmember Chock. Anyway, we are working on a bill that combines the two (2) not making the same mistakes that O’ahu did with their Uber Ordinance. But the fact of the matter is that these drivers have the choice to drive for a cab or Uber. Uber and Lyft is an industry. They are here. If you have ever tried to use Uber here, you will see that there are not too many drivers. They are finding out that they do not make much money on Kaua’i because the demand is very low. They are not making the money that they do in the bigger cities. But we, in fact, do have a bill that would address both and putting them all under the same ordinance. So that is being worked on.

Councilmember Kagawa: Thank you.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Thank you, Committee Chair Kaneshiro. In the past, we have looked at this issue. I think where the County can come in is realize that at one point in time, the regulation of cab companies was necessary because they had a virtual monopoly over private transportation companies. They were the only game in town, but since then, it has changed. We have ridesharing programs and applications like Uber and Lyft. I think if we want to address the problem, our role is to ensure public safety, consumer protection. To allow businesses to succeed. I think the real simple thing is to determine whether or not we should be the one doing the price-fixing, because in my opinion, we are in direct competition. We have a transportation company as well, it is called The Kaua'i Bus. With my private sector hat on, it seems baffling as to why we continue to be in the business of fixing prices. It is almost like we have a Sunshine Market and we are going to dictate to the grocery stores what price they can sell their eggs at or anything else that we are in direct competition with, such as produce and vegetables. I think to address the Uber and Lyft problem with the taxicab companies, we should look at a model that ensures that people are trained, that they have the proper insurance, that they are registered, and that they can ensure public safety. But as far as the price-fixing, I would not know why we would continue in that sort of business. To me, it is something the County should consider getting out of and even taking a look at the fees that we charge some of these cab companies. Right now, I do not think we are charging fees to any of the other ridesharing. I think what we are trying to do is level the playing field and allow these companies to be able to either evolve and adapt or fade off into the sunset. Thank you, Committee Chair Kaneshiro.

Committee Chair Kaneshiro: Thank you. Councilmember Yukimura.

Councilmember Yukimura: In speaking with the cab drivers, they are definitely being affected by Uber. They are strongly in favor of an even playing field, so at minimum, insurance requirements, background checks, and there was a third piece. They definitely want to see even-handed regulation, at minimum. I am glad that this Bill is forthcoming to address that. I think they will be glad to see that Bill, too.

Committee Chair Kaneshiro: Is there any further discussion? If not, I will take public testimony. I will suspend the rules.

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

BRUCE HART: For the record, Bruce Hart. As a disinterested member of the public, I have never even used Uber or a cab. But just listening to the cab drivers and their testimony on the 25th, listening to the Council, now this news from Council Chair Rapozo that there is a bill that is coming up that would level the playing field, Councilmember Kagawa's concerns, everyone's concerns, and Councilmember Yukimura's concerns—I am in agreement. I think that it should be left up to the Council since in the further discussion that comes up, there may be other ideas that the cab drivers have that will be presented that we do not know about now, and you may have thoughts that could go a long ways towards leveling. Uber is

not going to go away. I think it is only fair that the cab drivers are able to compete. Just as a member of the public, I see it pretty much the way the Council sees it at this point. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else wishing to testify? Seeing none...

Councilmember Kagawa: She is raising her hand.

ALEXANDRA BERNADEZ: Thank you. *Aloha*. My name is Alexandra Bernadez. I am a peace emissary on Kaua'i. I represent the World Peace Collage. With the taxi issue, airport, and transportation around Kaua'i, one issue as far as taking a stand that I wrote to the Mayor and the County about is a zero tolerance for pollution whether you are a taxi driver, a member of the public, or a government official. I would just like to present that today. We are past the eleventh hour. We just had major flooding and volcano activity in Hawai'i. To come together on air quality whether again, it is public transportation through Kaua'i's County bus, which is very impressive and to support the County with technology that basically within almost one (1) decision, and I hope it would be unanimous our your part. I would be happy to facilitate an emission-free County/State government cooperation because I respect Kaua'i for the *aloha* and the *ohana* that we have. I feel that we really can set an example. That is why I am here. I really honor what we have here, which is a lot of beauty. Whether it is individual, County, State, or military, I think we all ought to join together, learn from the past, and correct our mistakes. With public transportation, government transportation, or State transportation, I guarantee you that if you allow me to help, we really can drive emission-free. I think that is the matter we ought to regulate. Speeding is an issue in Hawai'i, as well as drug and alcohol abuse. So those are areas that I would like to offer my services for. I support an emission-free, zero tolerance for pollution and litter. It is such a beautiful State. Let us keep it beautiful. Thank you.

Committee Chair Kaneshiro: Thank you.

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

Committee Chair Kaneshiro: Again, I would request that we defer to the June 6th Wednesday meeting.

Councilmember Yukimura moved to defer Bill No. 2703 to June 6, 2018, seconded by Councilmember Kagawa, and unanimously carried.

Committee Chair Kaneshiro: I do want to make one quick announcement. We do have a public hearing at 5:00 p.m. today on our Real Property Tax rate, Operating Budget, and Capital Improvement Projects (CIP) Budget. 5:00 p.m. today, so we will need to be back. Do not try to run away. 5:00 p.m. Seeing no further

business and hearing no objections, the Budget and Finance Committee is now adjourned.

There being no further business, the meeting was adjourned at 11:12 a.m.

Respectfully submitted,



Allison S. Arakaki
Council Services Assistant I

APPROVED at the Committee Meeting held on May 22, 2018:



ARRYO KANESHIRO
Chair, BF Committee