

COUNCIL MEETING

JANUARY 9, 2019

The Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Arryl Kaneshiro at the Council Chambers, 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Wednesday, January 9, 2019 at 8:35 a.m., after which the following Members answered the call of the roll:

Honorable Arthur Brun (*present at 8:36 a.m.*)
Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Luke A. Evslin
Honorable Ross Kagawa
Honorable KipuKai Kuali'i (*present at 8:42 a.m.*)
Honorable Arryl Kaneshiro

APPROVAL OF AGENDA.

Councilmember Chock moved for approval of the agenda, as circulated, seconded by Councilmember Evslin.

Council Chair Kaneshiro: Is there anyone in the public wishing to testify on this?

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

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

Council Chair Kaneshiro: Seeing none, members, is there any discussion?

The motion for approval of the agenda, as circulated, was then put, and carried by a vote of 5:0:2 (*Councilmembers Brun and Kuali'i were excused*).

Council Chair Kaneshiro: The motion is carried. Clerk, next item, please.

MINUTES of the following meetings of the Council:

November 26, 2018 Council-Elect Meeting
December 19, 2018 Council Meeting
December 19, 2018 Public Hearing re: Bill No. 2726, Bill No 2727, Bill No. 2728, Bill No. 2729, Bill No. 2730, and Bil No. 2731

(*Councilmember Brun was noted as present.*)

Councilmember Chock moved to approve the Minutes as circulated, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Is there anyone in the audience wishing to testify on the Minutes?

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

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

Council Chair Kaneshiro: Seeing none, is there any discussion from the members?

The motion to approve the Minutes, as circulated, was then put, and carried by a vote of 6:0:1 (*Councilmember Kualii was excused*).

Council Chair Kaneshiro: The motion is carried. Clerk, please read the next item.

CONSENT CALENDAR:

C 2019-20 Communication (12/21/2018) from Council Chair Kaneshiro, transmitting for Council consideration, a Resolution to correct the dates for the term of office of Kaua'i representatives on the Hawai'i State Association of Counties Executive Committee.

C 2019-21 Communication (12/26/2018) from the Director of Finance, transmitting for Council information, the County of Kaua'i Schedule of Fund Balances as of June 30, 2018; pursuant to Kaua'i County Charter Section 19.14.

Councilmember Chock moved to receive C 2019-20 and C 2019-21 for the record, seconded by Councilmember Brun.

Council Chair Kaneshiro: Is there anyone in the audience wishing to testify on this?

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

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

Council Chair Kaneshiro: Seeing none, are there any questions from the members on any of these items?

The motion to receive C 2019-20 and C 2019-21 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Kualii was excused*).

Council Chair Kaneshiro: The motion is carried. Next item, please.

COMMUNICATIONS:

C 2019-22 Communication (12/04/2018) from the Deputy County Engineer, requesting Council approval to write-off an uncollectible delinquent landfill account in the amount of \$4,493.87, pursuant to County Code Section 21-9.4.

Council Chair Kaneshiro: Can I get a motion?

Councilmember Brun moved to approve C 2019-22, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions on this item from the members for the Administration. I will suspend the rules.

There being no objections, the rules were suspended.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Council Chair Kaneshiro. Good morning, Lyle. I just wanted to, for the record, get more information on the nature of the write-off amount, four thousand four hundred ninety-three dollars (\$4,493) and what it is attributed to.

LYLE TABATA, Deputy County Engineer: Good morning, Council Chair Kaneshiro and members of the Council. Lyle Tabata, Deputy County Engineer. This particular write-off is for an uncollectible delinquent landfill from an outstanding invoice for that amount, four thousand four hundred ninety-three dollars and eighty-seven cents (\$4,493.87). It is from a building contractor who is no longer in existence. We sent the arrears to the Office of the County Attorney, who then does the legal process of trying to collect these outstanding fees.

Councilmember Chock: So it has come down the process as far as it can in terms of collecting?

Mr. Tabata: Right. Our process for collecting delinquencies after thirty (30) days is we send a letter from our Solid Waste Office; after sixty (60) days, we send a second letter reminding the vendor or persons of their outstanding delinquency; then at ninety (90) days, we send a certified letter, return receipt request, for that same purpose to remind the company or person that they need to pay the County; and then at one hundred twenty (120) days, we turn the account over to the Office of the County Attorney who then does a legal letter that would get sent out and at the same time, our Department locks that company, vendor, or person out from access to the landfill.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I just have a couple of process questions so I can understand a little bit better. When you say this building contractor no longer exists, does the main person still live on the island?

Mr. Tabata: I am not aware.

Councilmember Cowden: Okay. I just wondered if people just fold that company and start another if they need to. Then, the other question is when a contractor is, let us say doing a demolition, so we know there is going to be a lot of rubbish going in, do they get billed ahead of time or do they get billed per load that they are dumping? How does that process go so that we do not end up with a very big dump charge?

Mr. Tabata: If we know of a large demolition project, say for instance what happened at the old Coco Palms property, they have to come for a demolition permit through the Building Division. We are made aware and then we connect them with our Solid Waste Division to attempt to recycle as much of their demolished product as possible, and they get charged as they enter the landfill by scale weight.

Councilmember Cowden: Do they put a credit card down and have a way of account so each time it comes in, it is basically getting charged, because I just wonder...

Mr. Tabata: Every company on this island has an account with us.

Councilmember Cowden: Okay.

Mr. Tabata: That we know of and is registered. If not, on their first load, they come in and we register them because we have to tear their truck and identify their mailing address and company status, et cetera.

Councilmember Cowden: When we have a four thousand dollar (\$4,000) amount, how many dump loads is that typically?

Mr. Tabata: It depends on the weight.

Councilmember Cowden: How much weight is four thousand dollars (\$4,000)?

Mr. Tabata: I would say...

Councilmember Cowden: I am just wondering.

Mr. Tabata: We charge per ton, so probably—I have to calculate that.

Councilmember Cowden: Okay, I was just curious.

Council Chair Kaneshiro: And you can get back to us on that.

Mr. Tabata: I can get back to you.

Councilmember Cowden: Yes. I just wondered if that was ten (10) loads that they came and did not pay or how much they can take advantage before they change their minds.

Mr. Tabata: I do not know the exact amount, but I believe it is, if remember right, one hundred thirty-five dollars (\$135) a ton.

(Councilmember Kualii was noted as present.)

Councilmember Cowden: Okay, so that is a lot of tons.

Mr. Tabata: Yes.

Councilmember Cowden: Okay. Alright. Thank you so much.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Lyle, what triggers a contractor from being able to dump rubbish at the transfer station?

Mr. Tabata: Businesses come in to Solid Waste and they can purchase coupons. We have coupons for various size vehicles and the maximum size vehicle that they are allowed, I believe, is a one (1) ton vehicle.

Councilmember Kagawa: So a contractor can dump rubbish at the transfer station?

Mr. Tabata: Yes.

Councilmember Kagawa: With a coupon?

Mr. Tabata: Yes.

Councilmember Kagawa: And the coupon is not based on tonnage?

Mr. Tabata: It is based on the size of the vehicle, cubic feet of...

Councilmember Kagawa: But if you have concrete rather than drywall, the tons for that same size truck would be vastly different, right?

Mr. Tabata: For people who come in with concrete, which is a recyclable item, we try to send them to the recycle center.

Councilmember Kagawa: Okay. Then, at what point are they forced go down to the landfill? Do we put a limit on how much coupons per day?

Mr. Tabata: No, there is no limit.

Councilmember Kagawa: About how much are those coupons for the largest trailer?

Mr. Tabata: I do not have that with me here.

Councilmember Kagawa: I see some big trailers bringing things there.

Mr. Tabata: Yes.

Councilmember Kagawa: I tell you the problem I have really is, I have a family member that said one day, she had an old, busted up pallet, wanted to throw it away, and was denied. She said that when she had this conversation with the attendant, she said people are throwing full sofas into there. A sofa is about ten (10) or I do not know how many times the weight and size of a pallet. At some point when they bring those questions up to us, it is like, it is hard to give an answer that makes sense. Why do you have to chop up the pallet, which is ten (10) times smaller than a sofa?

Mr. Tabata: It is all about the cubic feet of space that the pallet is compressible, where the sofa it is a bulky item. We try to get people to return it to the vendor because there is a recycle program with a lot of the...

Councilmember Kagawa: Do you mean for the sofa?

Mr. Tabata: Yes. The furniture stores who sell...

Councilmember Kagawa: I see big things. Every time I throw things away, I see big items. I do not think we are doing a good enough job of sending people in what direction they should to divert those big items that you are talking about. Anyway, that is just my food for thought. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Just for the record, I did the math and four thousand four hundred ninety-four dollars (\$4,494) divided by one hundred thirty-five dollars (\$135) is about thirty-three (33) tons, so you do not have to look that up.

Council Chair Kaneshiro: Are there any further questions on this? If not, thank you. Anyone in the audience wishing to testify on this?

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

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

Council Chair Kaneshiro: Seeing none, is there any further discussion from the members?

The motion to approve C 2019-22 was then put, and unanimously carried.

Council Chair Kaneshiro: Motion carried. Next item, please.

C 2019-23 Communication (12/05/2018) from the Executive on Transportation, requesting Council approval to dispose of the following government records, pursuant to Hawai'i Revised Statutes (HRS) Section 46-43 and Resolution No. 2008-39 (2008) as amended, which have been kept for over seven (7) years and are no longer of use or value:

- Payroll/Timesheets (Timesheets for fiscal years beginning from July 1, 1995 through June 30, 2010)
- Weekly Schedules/Daily Change Forms (Driver/Dispatcher/Mechanic Weekly schedules and daily Change Forms for Payroll for fiscal years beginning from July 1, 2009 through June 30, 2010)
- Payroll Registers (From July 1, 2008 to June 30, 2009)
- Accounts Payables (Invoices/Receipts/completed Purchase Orders and Travel Request Documents for fiscal years beginning from July 1, 2007 through June 30, 2008; old MSDS Duplicates dated Pre-2009)
- Accounts Payable (Shop/Invoices/Receipts/completed Purchase Orders for fiscal years 2007, 2008, 2009, 2010, and 2011)
- Fixed Asset Inventory (Fixed Asset Inventory Disposal paperwork for fiscal years beginning July 1, 1999 through June 30, 2010)

Councilmember Kagawa moved to approve C 2019-23, seconded by Councilmember Brun.

Council Chair Kaneshiro: Are there any questions on this? I will suspend the rules.

Councilmember Cowden: I...

Council Chair Kaneshiro: One moment.

Councilmember Cowden: I am sorry, go ahead.

There being no objections, the rules were suspended.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I just had a general question. I did get some messaging from a former employee who was feeling like—I need to get a little more details on it. They said that they were coming today, so I got that message that they felt that they had a complaint with the Transportation Agency on their payroll and did not want that to happen. Have you heard directly? That was from Deborah Kekaulua. Did you get anything from her?

JEREMY “KALAWAI‘A” LEE, Program Specialist III: For the record, Kalawai‘a Lee, Transportation Agency. I am not familiar that we have an employee named by that person.

Councilmember Cowden: I guess it was like a past thing. I just wondered if there was any unresolved thing that is on record, anyone fighting their history on these or any of that. Do you have any records of anyone fighting their history?

Mr. Lee: No.

Councilmember Cowden: Okay. Thank you.

Mr. Lee: You are welcome.

Council Chair Kaneshiro: These are all records that are over seven (7) years old, correct?

Mr. Lee: That is correct. But I would like to point out, Council Chair Kaneshiro, please, there was a clerical error in the posting for this Council agenda item. It is the fourth bullet point that reads “Accounts Payable.” It has a date range from 2007 to 2018. That is incorrect. It should be 2008, so it puts us kind of a little outside of when we should be disposing of 2018 documents. I just wanted to make sure that is not our intention to dispose of documents of this year.

Council Chair Kaneshiro: Okay.

Mr. Lee: Everything is seven plus (7+) years old.

Council Chair Kaneshiro: Okay. Thank you. Are there any further questions for the Transportation Agency? Councilmember Chock.

Councilmember Chock: Kalawai‘a, can you remind me when you started recording all of your records digitally?

Mr. Lee: We started in mass with our current documents that we are gathering with Laserfiche. That rolled out about a year and a half ago for us. This set of documents happen to be really old format documents making it very labor intensive and time consuming for us to convert electronically, and this is the reason why we are here today asking for this formal document disposal. So everything that we are currently doing and everything that we have in

our store room from these dates forward into the current day will be electronically filed.

Councilmember Chock: The type of documents that you have listed here: payroll time sheets, payroll registers, accounts payables, and so forth, are all documents that you currently record digitally through Laserfiche?

Mr. Lee: Correct.

Councilmember Chock: Since last year?

Mr. Lee: That is correct.

Councilmember Chock: Okay. Thank you, Council Chair Kaneshiro.

Council Chair Kaneshiro: Are there any further questions? If not, thank you. Anyone in the audience wishing to testify?

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

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

Council Chair Kaneshiro: Is there any final discussion from the members? Councilmember Kagawa.

Councilmember Kagawa: Let us note that correction that he said, if we can.

Council Chair Kaneshiro: Yes, we got it. Are there any further comments or questions?

The motion to approve C 2019-23 was then put, and unanimously carried.

Council Chair Kaneshiro: Motion carried. Next item, please.

C 2019-24 Communication (12/21/2018) from the Housing Director, requesting the Council's approval to perform the following:

- a. Acquire under the County's Community Development Block Grant (CDBG) Program a residential unit at 5442 Kula Mau'u Street, Kapa'a, Hawai'i, 96746, Tax Map Key (TMK): (4) 4-6-13-36, for a purchase price of not more than \$510,000.00, based on the fee simple market appraisal, which will be obtained as part of this transaction;
- b. Resale by leasehold of 5442 Kula Mau'u Street, Kapa'a, Hawai'i, 96746, for not more than the leasehold market appraisal, which will be obtained as part of this transaction; and

- c. Authorize the County Clerk to sign legal documents related to the acquisition and resale transactions.

Councilmember Kualii moved to approve C 2019-24, seconded by Councilmember Brun.

Council Chair Kaneshiro: Does anyone have questions? I will suspend the rules. Kanani.

There being no objections, the rules were suspended.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: *Aloha*, Kanani. I am just looking to understand when we are buying a fee simple lease and selling a leasehold, is that a matter of which we are able to keep this in permanent affordability?

KANANI FU, Housing Director: Yes. Through the leasehold process, we are able to retain the affordability of the unit and it also allows the families to then pass the home to their heirs or their qualified family member who they list.

Councilmember Cowden: I looked this up on a tax map key and it does not look like a flag lot or a Condominium Property Regime (CPR). Is that correct?

Ms. Fu: This particular home is being...I believe it is being classified as a CPR unit.

Councilmember Cowden: It is?

Ms. Fu: Yes.

Councilmember Cowden: The last one that we purchased I believe was one also. Is this the beginning of us buying CPRs, or have we been doing that for some time?

Ms. Fu: We have been purchasing homes that fall within the budget that we have, amount of budget, and fall into guidelines of safety standards. Flag lots are not a consideration for purchasing homes or CPR units.

Councilmember Cowden: Okay.

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

Councilmember Evslin: I was able to get some clarification from you before the meeting. My understanding when we approved the last home was that there was just one (1) home per year with the Community Development Block Grant (CDBG) Program for a single-family home.

Ms. Fu: Yes.

Councilmember Evslin: Maybe just for everyone else and the benefit of the public, if you could really quickly walk us through why we are purchasing a second home this year.

Ms. Fu: Sure, I can talk to that. CDBG, this particular program, is a HOME Investment Partnerships Program (HOME) Revolving Loan Fund. Through that home, we have two (2) requirements; we have to purchase a home and sell a home on a yearly basis, but we also can utilize the fund to distribute loans and give out and purchase properties. So what happened in this particular case was we had a home purchase offer for Kamalu, which we were at before Council a few weeks ago, and that had passed and we received enough money. Lo and behold, we continue to put offers in on homes at market value prices. So, we put another offer on this home in front of you for five hundred ten thousand dollars (\$510,000) and we were not the first accepted offer. They had gone through a process and the seller came back to us and said, "Hey, guess what? We would like to sell it to the County and we are willing to wait a little longer." So we had to look at funding and I would say in November or December, we were having a closeout payment of a house that was sold, so that money refunded the revolving loan to get us to, I believe, we have about eight hundred thousand dollars (\$800,000) back into our account to buy this house. It is important to note that through our program, we are bringing in approximately forty-five thousand dollars (\$45,000) a month of payments as well that goes into this revolving fund and we have to maintain a ratio in addition to hitting benchmarks.

Councilmember Evslin: Is the revolving fund different from the moneys used for the home we approved a couple of weeks ago?

Ms. Fu: No, they are in the same pot.

Councilmember Evslin: Oh, it is the same?

Ms. Fu: They are the same pot, yes.

Councilmember Evslin: But the requirement is just the one (1) home per year?

Ms. Fu: Yes.

Councilmember Evslin: Is this is the first time then, that we have done two (2) homes in the same year?

Ms. Fu: No. Historically, it was several years ago where we bought two (2) to three (3) homes because the pricing was a little cheaper and we had a lot of money in our revolving account because we were receiving a lot of payments at the time. This is actually kind of low for us to be doing just one (1) house out of the CDBG program, but that is just the benchmark. That is all we have to do.

Prior to this, like last year, we were slow because the house prices were just...we were not in a good position to purchase homes. The process was really slow for us.

Councilmember Evslin: Could it be used to purchase a multi-family home or does it have to be for a single-family home?

Ms. Fu: The unit can be a multi-family unit, but we need to sell it to a family of eighty percent (80%) income. That is the benchmark we are meeting, the sale of the house to a family. We spoke earlier and that does not have a cap on what you can buy a home for. It does not matter the subsidy. The sale of the house is the benchmark that we need to hit.

Councilmember Evslin: Do you expect any more for 2019?

Ms. Fu: We will continue to pursue homes with it. We like to just find the opportunity and then we will find the money somehow. Particular in this case, we could utilize CDBG. If another home was to come to us at a price like this, we have other funding sources that we would look at purchasing the home.

Councilmember Evslin: Okay.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Council Chair Kaneshiro. I was looking at that action plan because it references one (1). The goal is at least one (1) per year, per annual budget, but we have been averaging two (2) or three (3).

Ms. Fu: Yes.

Councilmember Chock: Based on, I guess, the amount that we are receiving for intake of the revolving fund, do you anticipate around three (3) annually? I know it just depends on the prices.

Ms. Fu: I would like to, yes. I anticipate that.

Councilmember Chock: But the goal is more about three (3)?

Ms. Fu: Yes. It is really about, again, having our staff facilitate the opportunity fast enough. When we get a home that we see on the multiple listing service (MLS), we have to contact the realtor and get out there that date to do just a quick inspection to make sure the house can be purchased. Our staff will just go out there immediately. Meanwhile, my other staff is working to just process a sales contract and get it all done because of the routing system. We are at a disadvantage to begin with because of our processes, so we continue to chase it ongoing. We have a homebuyer program that is consistently putting offers on MLS. With the CDBG program—well, we are coming in to 2019, but as of 2018, we put in seven (7) offers.

Councilmember Chock: Seven (7)?

Ms. Fu: Seven (7), yes. So what we brought to you is only one (1) last year.

Councilmember Chock: Yes. We put in seven (7) favorable at the time and so we got one (1). This one was part of that seven (7), but it is coming into the 2019 year.

Councilmember Chock: If we were able to purchase seven (7)...mostly what is holding us back is just the amount in the revolving fund?

Ms. Fu: It is a competition. We are competing with the public and if the seller would like to have a faster closing with a cash buyer, then they will choose that. They do not want to deal with our thirty (30) day waiting period and our inspection processes.

Councilmember Chock: I guess I am trying to get a sense of like are we not getting some of these we are bidding for because on our end, either the process like you said is more difficult so we are at a disadvantage, or because we just do not have enough of that money in our revolving fund. I guess to project what we could materialize, is there something that we could do to support you more?

Ms. Fu: I would say that we are at a disadvantage because of the former that you mentioned, our inability to move quickly. When you are dealing with a cash buyer that can go to the bank and wire five hundred thousand dollars (\$500,000) in forty-eight (48) hours, I want to go with that person. I do not want to wait for the County for sixty (60) days and then I have to sell my house and pay taxes. It is just who is the most ideal buyer for your home, and the County is not. But we are fortunate to have families and realtors that we work well with that understand our program and they are willing to communicate the process to their sellers. We have to be careful with the fair housing, right? We cannot go out and say "No, just sell your house to the County." It is education as to if you come through our program, these are kind of the requirements. The realtors are a little bit aware of the types of homes that we are looking for as well.

Councilmember Chock: How many houses do you think we lost on a bid because of the process?

Ms. Fu: Approximately about five (5) that is realistic for us to obtain and it just has to do with the timing.

Councilmember Chock: Five (5) in the last year?

Ms. Fu: Five (5) in the last year.

Councilmember Chock: Wow.

Ms. Fu: It has to do with the timing issue for us. We cannot compete privately as a County procurement for the homes that come up for sale. Homes that come up for sale that are good, for example, four hundred thousand

dollars (\$400,000) homes that we can go in and fix, the public is buying it or the private sector.

Councilmember Chock: Just in terms of process improvement, there is nothing else that we can do to speed it up?

Ms. Fu: No. I believe we are moving as fast as we can. We created an expeditious process. We worked with the Office of the County Attorney who has given us the approval. I do not believe it is seamless—I do not believe it is our administrative processes. It is what it is. It is as effective and efficient as we work together and we have seen these gaps. We are into forty-eight (48) hour...we give a contract and they give it right back. It has to do with the ability that when you have a private buyer who is willing to wire cash over forty-eight (48) hours, it just a better, favorable buyer and we have many of those sales.

Councilmember Chock: In terms of the action plan, is there an interest to change that figure from one (1) to three (3)?

Ms. Fu: No. We just keep it there. If we do more, we do more, but we do not want to put ourselves at a disadvantage by not hitting it.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Are the private buyers also paying more than us sometimes and bidding higher, and then the owner is going with the higher bid?

Ms. Fu: Yes, we have a lot of scenarios. In the last MLS statistics, you have a lot of people paying over market value, for sure.

Council Chair Kaneshiro: Yes, so it is timing and just getting outbid, too.

Ms. Fu: Yes. We can only pay appraised value as well. We cannot go over. We cannot get into a bidding war for a good property either.

Council Chair Kaneshiro: Okay. Are there any further questions?
Councilmember Kualii and then Councilmember Cowden.

Councilmember Kualii: As far as the potential of who we are helping, you say the County's affordable housing waitlist and then the eighty percent (80%). How many are on that waitlist in that category that would qualify, and you obviously offer it to the next person that is on the list?

Ms. Fu: I do not have the statistics of the actual amount of the eighty percent (80%) people. We have approximately six hundred eighty (680) on our list. What happens is if we get approved for this, we will then market out to the six hundred eighty (680), they come look at the home, and then we start qualifying the eighty percent (80%) people. We normally get out on an average, I would say between twenty (20) and twenty-five (25) in the first-round and then from

that, we move down to five (5) families and then we work with the first, work with the second, and work with the third.

Councilmember Kualii: When you talked about the disadvantages, you talked about processes, competition, the cash buyer, and all of that, are we also limited? I mean, you said the benchmark is one (1) per year. We are probably averaging or would like to average two (2) to three (3). Are we also limited by funding, our own funding? Like you said, there is a revolving loan fund.

Ms. Fu: We are.

Councilmember Kualii: Is there only so much you can lend out?

Ms. Fu: We are. We are limited with our funding. We are also limited with how we...with all Federal programs, there is timing benchmarks that we have to meet quarterly and then in a year timing. It is funny that I have to make sure that the bank account is at zero (0) at a certain point and that it is filled at a certain point. So a lot of how we do projects or buy homes, we take into account the timing and funding cycle. It really is about our ability to get the money to the seller in less than sixty (60) days. That is kind of what we try to aim for.

Councilmember Kualii: And that funding pot or revolving loan fund is entirely CDBG funds?

Ms. Fu: No, we have three (3) different types. One was CDBG, we have one under the Development Fund, which was funded last year through the Council. It was replenished. We also have, which is not any more, it used to be Neighborhood Stabilization Program (NSP) in HOME, but that got dissolved into the CDBG fund. We used to have a program that was called NSP that many of our home loans that we have now, came through that program, but that was consolidated with the CDBG program.

Councilmember Kualii: What is the potential for increasing those funds in order to help more people and your ability to do the zeroing out and managing that successfully?

Ms. Fu: With CDBG, it is an allocated amount based upon funding from Congress. It would not be something that we would replenish with our own County money. All the money in CDBG that we receive is straight out of the revolving federal. It is not something I would ever advise the County to replenish because it is a federal program. If the President so decides to increase funding, that is how we would get it. At one point, we were getting one million two hundred thousand dollars (\$1,200,000) a year for CDBG. We are now getting about seven hundred seventy-six thousand dollars (\$776,000) a year. So the need has grown higher, but the money...CDBG is a standalone program. What has made the program successful for the County of Kaua'i is early-on, we started doing this revolving loan. So we still continue to see income come in and that is what is helping us kind of "spread the love," so to speak, longer.

- Councilmember Kualii: The second, you said development fund.
- Ms. Fu: Yes.
- Councilmember Kualii: Is that the County's money?
- Ms. Fu: Yes, that is our revolving.
- Councilmember Kualii: So that could grow to help us to reach more people?
- Ms. Fu: Yes, that replenished through General Fund allocation and revolving fund fees that come in, loan fees.
- Councilmember Kualii: Do you come to Council each year to set that amount?
- Ms. Fu: Last year was the first year we had money appropriated from the Council for that. The fund was originally established through Hurricane 'Iniki funds and various amounts of other funds.
- Councilmember Kualii: Okay. Thank you.
- Council Chair Kaneshiro: Councilmember Cowden.
- Councilmember Cowden: I just had a few more learning questions. Is the current status on the house...I thought I heard you say "the renter?" Is it currently a rental or is it owner-occupied?
- Ms. Fu: I am not sure what the status of this home is. I could follow-up with you.
- Councilmember Cowden: Okay. I thought I heard you say that it had a renter. When it goes for sale, it is going go to a different person than who is already renting it if it does. Does it go off of a list?
- Ms. Fu: Yes. I am unsure if a renter exists in there.
- Councilmember Cowden: Okay.
- Ms. Fu: But once we gain ownership, the County, we market out to the homebuyer list.
- Councilmember Cowden: Okay. I thought I heard something, but I must not have. Thank you.
- Council Chair Kaneshiro: Are there any further questions? If not, thank you.

Ms. Fu: Thank you.

Council Chair Kaneshiro: Anyone in the audience wishing to testify on this?

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

Council Chair Kaneshiro: Seeing none, is there any further discussion from the members?

The motion to approve C 2019-24 was then put, and unanimously carried.

Council Chair Kaneshiro: Motion carried. Next item, please.

RESOLUTION:

Resolution No. 2019-18 – RESOLUTION AMENDING RESOLUTION NO. 2019-17, RELATING TO APPOINTING ROSS KAGAWA AS REPRESENTATIVE AND ARTHUR BRUN AS ALTERNATE TO THE EXECUTIVE COMMITTEE OF THE HAWAII STATE ASSOCIATION OF COUNTIES: Councilmember Kualii moved for adoption of Resolution No. 2019-18, seconded by Councilmember Chock.

Council Chair Kaneshiro: We just had a correction on the dates. The last Resolution we had, the dates were wrong and this is the corrected version, so it is more housekeeping. Anyone in the audience wishing to testify on this?

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

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

Council Chair Kaneshiro: Seeing none, is there any discussion from the members? Councilmember Kagawa.

Councilmember Kagawa: I just want to clarify, we discussed this at our last Hawai'i State Association of Counties (HSAC) meeting regarding the General Excise Tax (GET) increase for each island. Hawai'i Island is looking at a quarter percent (0.25%) increase. Maui, of course, is not taking any increase on theirs. But I see a lot of misinformation being printed in blogs and *The Garden Island Newspaper*, which is typical of them. What they include is that they say that this is just an increase that was increased by the Council because this County needed more money. The fact of the matter is that the GET increase would not even be considered by this County had the State not capped our share of the Transient Accommodations Tax (TAT) about seven (7) years ago, which cost this County approximately thirteen million five hundred thousand dollars (\$13,500,000) per year. That is a lot of money, a big *puka*, in our County's budget. This County was left with option to have the same opportunity that O'ahu had with Rail to fill this big *puka* of thirteen million five

hundred thousand dollars (\$13,500,000) per year. The previous Council saw fit that in order to catch up on our backlog of roads and bridges as described by the Carvalho Administration, that this was the only solution because without any money, you are not going to fix backlogs of any sort. We already know that we have bridges over one hundred (100) years old that have not been touched. This tax increase is basically what I see was a health and safety vote because had we not had that gap, we certainly would be just waiting for something to fall. I just want to clarify that point of misinformation out in the public, that it was the State Legislature that forced this County to either take that "carrot" or take nothing at all. Certainly after seven (7) years of pleading with the Legislature, I think it is pretty certain that we would never get our share back of the visitor tax. Certainly, a tough decision had to be made. We did not want to make that decision. No one wants to raise taxes when we are already the second highest State in the nation for taxes next to California. But I think we were forced into it. HSAC, again, is discussing these things. My disappointment with the whole "shebang" has been that a lot of our Kaua'i businesses were not properly informed of the change. When January 1st hit, a lot of our businesses were still charging four percent (4%). I am told that notifications were given. But when you have a tax given, the same amount for the past fifty (50) or sixty (60) years and you make a change all of a sudden, I think we need to give more than one (1) notice to the businesses. It needs to be all over the place in radio advertisements, television advertisements, and what have you because the businesses will owe this tax whether they are charging four point seven one two percent (4.712%) or four point one six percent (4.16%). The businesses will have to pay this tax out of their profit if they do not properly make this accounting change as soon as possible. Again, this is what HSAC is for. When we have local County businesses suffering because of this misinformation, HSAC needs to be there to help the State address these issues because a lot of time at the State Capitol, they do not see what the small people are struggling with. They just see the big-picture up at the Capitol. I think this is the kind of function that HSAC has. I will be on this and make sure that the State is notified that there are a lot of businesses that needed better notification and communication because this is a big change. If you have one million dollars (\$1,000,000) of sales per month, that is a huge accounting error that is not being made. Again, I just want to put out the importance of HSAC and thank our members for your vote of confidence. I will be trying my best to make sure that HSAC tries to improve and get a little more success than we have had in the past. Thank you, Council Chair Kaneshiro.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Council Chair Kaneshiro. Just a question, Councilmember Kagawa. I guess there are two (2) upcoming HSAC meetings; one right before the opening of the Legislature and one after. I guess my question might be for Aida. Does the HSAC package go back for a final vote or is it now that it has gone through all of the Counties, is it final and at which meeting?

Councilmember Kagawa: It is already final. The vote was taken by previous Councils. However, things like the press release and the manner in which we focus our communications with the Legislature and media, those are more, I would say administrative type of functions of HSAC. As far as the packages, they have all

been approved by the previous Councils, so that does not change. However, we just had a discussion on how to release to the press the HSAC package as the Legislature begins their session. We just made a change where we tried not to bring up past blame regarding the Counties tort liability for lifeguards. We did not want to point out that the Legislature took it away in the press release because the Legislature knows that they took it away, so we do not need to point that out and just "poke the bear" more than we need to. We just said, "Please, the tort liability for lifeguards is our most important item." We did not need to again, "poke the bear."

Councilmember Chock: In terms of the two (2) meetings...

Councilmember Kagawa: That was Kaua'i's suggestion. Whether the other islands agree with our suggestion, we do not want to know. But I want to thank Aida for giving me that suggestion.

Councilmember Chock: I believe the second meeting is on the 24th. What is that meeting?

Councilmember Kagawa: The 24th is a luncheon. Senate President Kouchi has committed to attend, as well as from the House of Representatives, Sylvia Luke, and House Speaker Scott Saiki. We have commitments from three (3) big names and we are hoping that we get a good size of representatives that will attend. I think how effective that will be, I do not want to overstate the importance of that. I think it is important that we as Councilmembers around the State, do our due diligence and communications. I think that is more important than handing out a boxed lunch and talking for half an hour. But again, I think it is important that if we can do that type of engagement and even get the Legislators to consider bringing back that tort liability for our lifeguards, I think we will be successful because we are taking away the focus of give us back the TAT or give us back whatever. We are just getting off those negative things that are in our package, but we are staying off that and going after something that we think is doable, like the liability of the lifeguards, which of course is very important.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Building on Councilmember Chock's question, what I am hearing about the January 24th meeting and you are both going to that to be able to help, is there any way that you can make a difference on the GET retroactively? When it was not put out, can we change that for the businesses that did not charge?

Councilmember Kagawa: I would say that would be very difficult for us to do.

Councilmember Cowden: Okay.

Councilmember Kagawa: We are not even at January 11th yet. I think hopefully this meeting will help a little and all of us. I think we need to spread the word. Anyone that you know that is a business owner, just make sure that they know.

Some have just added five percent (5%), so they are saying, “Oh, four point six six percent (4.66%). That is wrong, too. It is four point seven one two percent (4.712%). I guess there is an administrative fee or whatever.

Councilmember Cowden: It is tax on top of tax.

Councilmember Kagawa: Yes.

Councilmember Cowden: They tax the tax.

Councilmember Kagawa: I do not think we can go retroactively, but at least it will help Hawai'i Island to make sure that when they go into effect, to do more than one (1) letter. I think one (1) letter in the mail is not sufficient when you have something that was in place for so long and it is going to change. A lot of people are not going to get it. A lot of people do not really read the mail, sad to say.

Council Chair Kaneshiro: Another misconception was that this money is for Rail, which it is not. This money is going to go to our Kaua'i County Highway Fund, which funds our roads and transportation/buses. That is where the money is going for and that is why I think everyone voted for it, because it was going to stay here and be for Kaua'i. Is there any other discussion on this item? If not, roll call vote.

The motion for adoption of Resolution No. 2019-18 was then put, and carried by the following vote:

FOR ADOPTION:	Brun, Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 7,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Seven (7) ayes.

Council Chair Kaneshiro: Motion passes, and that concludes the business on our agenda.

Councilmember Kagawa: Council Chair Kaneshiro, can I have a personal privilege?

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: You folks are all invited to every event, just check with Aida as far as the legislative briefings. You are more than welcomed to attend and join in. It is not just for me and Councilmember Brun. The HSAC functions that we have cohesively are for everyone, as well as National Association of Counties (NACo) and Western Interstate Region (WIR). I just wanted to make that announcement.

Council Chair Kaneshiro: Okay.

Councilmember Kagawa: Thank you, Council Chair Kaneshiro.

Council Chair Kaneshiro: Thank you. That conclude the business on our agenda. Not seeing or hearing any objections, this meeting is now adjourned and welcome to the New Year. Thank you.

ADJOURNMENT.

There being no further business, the Council Meeting adjourned at 9:19 a.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA
County Clerk

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