

COUNCIL MEETING

JANUARY 29, 2020

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 29, 2020 at 8:33 a.m., after which the following Members answered the call of the roll:

Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Luke A. Evslin
Honorable Ross Kagawa (*present at 9:13 a.m.*)
Honorable KipuKai Kualī'i
Honorable Arryl Kaneshiro

Excused: Honorable Arthur Brun

APPROVAL OF AGENDA.

Councilmember Chock moved for approval of the agenda, as circulated, seconded by Councilmember Kualī'i.

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

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 Kagawa were excused*).

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

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Chair, just to clarify, there are corrections to the agenda. Page 3 Communication C 2020-29, there is a typographical (typo); it should be "for a partial term ending 12/31/2021," and also on page 10, on Executive Session, it is just the numbering. It should be numbers 2 through 5, instead of 5 through 8.

Council Chair Kaneshiro: So noted.

MINUTES of the following meeting of the Council:

January 16, 2020 Public Hearing re: Bill No. 2766 and Bill No. 2767

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

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 5:0:2 (*Councilmembers Brun and Kagawa were excused*).

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

CONSENT CALENDAR:

C 2020-19 Communication (11/29/2019) from the Mayor, transmitting for Council consideration and confirmation, Mayoral appointee Melvin I. Chiba to the Planning Commission (Environmental) – Term ending 12/31/2022.

C 2020-20 Communication (12/06/2019) from the Mayor, transmitting for Council consideration and confirmation, Mayoral appointee John Latkiewicz to the Board of Ethics – Term ending 12/31/2022.

C 2020-21 Communication (01/13/2020) from Charles A. Foster, Deputy County Attorney, transmitting for Council information, the Quarterly Report on Settled Claims filed against the County of Kaua'i from October 1, 2019 through December 31, 2019.

C 2020-22 Communication (01/13/2020) from the Deputy County Engineer, transmitting for Council consideration, a Resolution Establishing School Zones With 15-Mile Per Hour (MPH) Speed Limits On Portions Of Kekaha Road And Kala Road, Waimea District, County Of Kaua'i.

C 2020-23 Communication (01/13/2020) from the Deputy County Engineer, transmitting for Council consideration, a Resolution Establishing A Crosswalk On Hokua Road At Pu'u Road, Kōloa District, County Of Kaua'i.

C 2020-24 Communication (01/14/2020) from the Deputy County Engineer, transmitting for Council consideration, a Resolution Establishing A No-Parking Zone At The Intersection Of Mano Street And Hanalima Street, Līhu'e District, County Of Kaua'i.

C 2020-25 Communication (01/14/2020) from the Deputy County Engineer, transmitting for Council consideration, a Resolution Establishing A New Maximum Speed Limit And Repealing Existing Speed Restrictions Along Alahula Road, Waimea District, County Of Kaua'i.

C 2020-26 Communication (01/14/2020) from the Deputy County Engineer, transmitting for Council consideration, a Resolution Establishing Turn Lanes On Hanamā'ulu Road At Kūhiō Highway, Līhu'e District, County Of Kaua'i.

C 2020-27 Communication (01/15/2020) from the Director of Finance, transmitting for Council information, the Period 1 through 3 Financial Reports – Statements of Revenues (Estimated and Actual), Statements of Expenditures and Encumbrances, Revenue Reports, and Detailed Budget Report for the period July 1, 2019 through September 30, 2019, pursuant to Section 21 of Ordinance No. B-2019-856, relating to the Operating Budget of the County of Kaua'i for Fiscal Year 2019-2020.

C 2020-28 Communication (01/17/2020) from Councilmember Kualii and Councilmember Cowden, transmitting for Council consideration, a Resolution Urging The Hawai'i State Legislature To Provide Foreclosure Parity To Native Hawaiian Beneficiaries Of The Hawaiian Homes Commission Act Of 1920.

C 2020-29 Communication (01/21/2020) from the Mayor, transmitting for Council consideration and confirmation, Mayoral appointee Carolyn R. Larson (History) to the Kaua'i Historic Preservation Review Commission for a partial term ending 12/31/2021. This communication supersedes the transmittal dated 12/03/2019 in which an incorrect term ending date was stated.

Councilmember Kualii moved to receive C 2020-19, C 2020-20, C 2020-21, C 2020-22, C 2020-23, C 2020-24, C 2020-25, C 2020-26, C 2020-27, C 2020-28, and C 2020-29 for the record, seconded by Councilmember Chock.

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

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 receive C 2020-19, C 2020-20, C 2020-21, C 2020-22, C 2020-23, C 2020-24, C 2020-25, C 2020-26, C 2020-27, C 2020-28, and C 2020-29 for the record was then put, and carried by a vote of 5:0:2 (*Councilmembers Brun and Kagawa were excused*).

Council Chair Kaneshiro: Motion carried. Next item.

COMMUNICATIONS:

C 2020-30 Communication (12/24/2019) from Council Chair Kaneshiro, requesting the presence of the Managing Director, Director of Finance, and representatives from N&K CPAs, Inc., to discuss the Comprehensive Annual Financial Report (CAFR), Single Audit Reports, and Management Advisory Report for the Fiscal Year Ended June 30, 2019: Councilmember Kuali'i moved to receive C 2020-30 for the record, seconded by Councilmember Chock.

Council Chair Kaneshiro: With that, we will suspend the rules. There is a presentation.

There being no objections, the rules were suspended.

BLAKE S. ISOBE, Managing Principal, CPA, CGMA: Good morning. I am Blake Isobe, I am from N&K, CPAs, and I am the Audit Principal on the audit of the Comprehensive Annual Financial Report (CAFR) for the County of Kaua'i. This is John Bautista. He is the Senior Audit Manager in charge of the audit of the County. We prepared a short presentation on a Summary of Audit and the audit findings of the 2019 Fiscal Year (FY).

We issued three (3) separate reports as a result of the audit. The first is our audit of the CAFR. The second is the Single Audit Report, which is audit of the federally funded programs. Because the County receives federal funds, it is required to have this Single Audit performed. We also issued a Management Advisory Report, which is not a required report, but it is just other comments that might arise from the audit. With that, we will start with the CAFR, which is the larger report that you have received.

This is the 26th year that the County received its Certificate of Achievement for Excellence in Financial Reporting. There are certain requirements that the County must achieve in order to receive this certificate, which appears on page 11. On page 11

of the CAFR is the certificate for the 2018 CAFR. 2019 will be submitted and reviewed to determine whether or not the County achieves this. One of the requirements is that the CAFR be completed and submitted by December 31st of the FY, so we are happy to report that it was completed and submitted on time for the 2019 and that it still needs to be reviewed by this Government Financial Officers Association for compliance with financial reporting. The CAFR itself is broken up into a few sections. The first is this Introductory Section, which contains the transmittal from Management Discussion and Analysis (MD&A) of the financial report. The next section, which is actually our part of the report is on pages 14 through 16, which are the Independent Auditor's Report on the financial statements. On page 15 is where opinion is on the CAFR. We were able to issue an unmodified opinion or a clean opinion on the financial statements. The next section is the Government Wide Financial Statements and they start on page 30. The Fund Financial Statements is right after that, and then the Notes to the Financial Statements, which is a large portion of this report. There is Other Supplementary Information that is required by Government Accounting Standards Board (GASB) that also accompany the financial statements and then lastly in the back is your Statistical Section, which is different; other information that provide the users with more information about the county itself.

We will start off on the County's Statement of Net Position. This is like the balance sheet of the County. We have a couple things that we wanted to note. The County's net position, which is on the bottom of page 30. There was an overall increase of about ten million dollars (\$10,000,000) from the prior year, but we also wanted to note that the County continues to have this deficit in unrestricted net position of about two hundred eighty-nine million dollars (\$289,000,000). A lot of this deficit is related to the recording of the net pension liability and the Other Post-Employment Benefits (OPEB) liability that has been put on the books, I guess, have been recorded in the past couple years. Other notable fluctuations in the Statement of Net Position is on the first line item, which is cash and cash equivalents. There was a decrease of about seventeen million dollars (\$17,000,000). I guess in FY 2018, the County was sitting on a lot of cash because, one, there was the bond float, and two, the County had receive the aid from the State in advance to assist with the floods. So, the decreasing cash was kind of expected, as you expend the bonds for the projects and actually use the cash to perform the aid. Another fluctuation was the due from other governments. There was an increase of about eighteen million six hundred thousand dollars (\$18,600,000). A large increase in that is the amount due from the State for the County's surcharge that they were holding—that was about nine million dollars (\$9,000,000) at FY end that they needed to remit to the County. There was also an increase in the Grant CIP Fund Receivable, which were projects waiting for reimbursement from the State. Your capitol assets also saw an increase of about thirteen million dollars (\$13,000,000), that is net of depreciation of twenty-five million dollars (\$25,000,000), so there was an actual increase of more than thirty-eight million dollars (\$38,000,000). Lastly, there was a decrease in your unearned revenues of about ten million nine hundred thousand dollars (\$10,900,000). You are earning that revenue from the use of the State grant that came

in, so until you actually use it for its purpose, it was deferred until you started expended for that purpose. Lastly, you will see that your net pension liability and your OPEB is about four hundred fifty million dollars (\$450,000,000). We have couple slides on this later on that show where those two (2) liabilities have come from, so we will touch on that a little bit later.

On the next page is your Statement of Activities, which is pretty much like your income statement for the County. Your General Revenues had an increase of about twelve million dollars (\$12,000,000). Of that, about ten million six hundred thousand dollars (\$10,600,000) was the increase in your real property tax revenues. Your program revenues saw an increase of about thirty-two million dollars (\$32,000,000). Program Revenues go across the top. Charges for services saw a small increase of about five hundred thousand dollars (\$500,000), while your operating grants and capitol grants saw the remaining of that increase. A large portion of that increase is related to the twelve million nine hundred thousand dollars (\$12,900,000) that the County received in FY 2019 for the County surcharge revenues. With that increase in revenues, you also saw an increase in your expense of about eleven million four hundred thousand dollars (\$11,400,000). A large portion of that increase in expenses is your pension expense, the increased by about five million two hundred thousand dollars (\$5,200,000), totally to about forty-one million dollars (\$41,000,000) for FY 2019.

On your Governmental Fund Financial Statements that begin on page 33, your General Fund saw an overall increase of about fifteen million eight hundred thousand dollars (\$15,800,000). A large portion of that is your real property taxes that get recorded into your General Fund and then also interest earned of about three million six hundred thousand dollars (\$3,600,000). Bond Fund had a decrease of about three million three hundred thousand dollars (\$3,300,000)—primarily just use of the bond that got floated. Moving on to the Notes to the Financial Statements. So the Notes to the Financial Statements begin on page 48 and run to about page 112, so a large portion of the CAFR is actually notes that provide the users with additional information and also provide a lot more clarification on how these numbers...or what some of these numbers are on the face of these financial statements. Two (2) significant disclosures in your financial statements is about your pension liability and your OPEB liability. These two (2) liabilities came around in 2016 and 2018 and it is not new liability. These are just accounted for and just became required to be reported and recorded on within the CAFRs financial statements in those years. In 2015, the liability for pension began at about one hundred fifty-three million three hundred thirty-seven thousand dollars (\$153,370,000), and as of June 30, 2019, it is just under three hundred million dollars (\$300,000,000). The other big liability is your OPEB. That liability began at two hundred thirty-one million seven hundred thirty thousand dollars (\$231,730,000) and at June 30, 2019, it is about two hundred sixty-two million dollars (\$262,000,000). Your OPEB liability also has planned assets that offset that liability, so the net liability actually has decreased slightly from 2017, where it was about one hundred forty-nine million five hundred thousand dollars (\$149,500,000), it is actually about one hundred

forty-nine million two hundred thousand dollars (\$149,200,000), so there has been a slight decrease there.

In comparison, you can also see what contributions the County has been required to make to these two (2) plans; Pension Contributions to FY 2019 was about twenty million one hundred thousand dollars (\$20,100,000) and funding to the OPEB funding was about sixteen million six hundred thousand dollars (\$16,600,000). Another large liability sitting on the County's books and this relates to the landfill liability—at June 30, 2019, that liability sits at about forty-one million six hundred thousand dollars (\$41,600,000). That liability kind of directly relates to the capacity remaining of the landfill at FY end. There was another increase in the cost and that is kind of related to the estimate annual post-closure costs for Kekaha Phase II. That is a quick summary of the significant items within the Financial Statements. We can either answer questions here on the CAFR or move on.

Council Chair Kaneshiro: I would say let us go through the entire presentation first and then Councilmembers just note which page of the spreadsheet you had questions on, and we will come back to it after.

Mr. Isobe: Okay, moving on to the Single Audit Report or the second report. The Single Audit Report contains a couple items that we would like to point out. The first starts on pages 6 and 7. Pages 6 and 7 is our report on Internal Control over financial reporting and compliance and other matters. At the top of page 7, is where we note our findings. For FY 2019, we did note one (1) material weakness and also one (1) significant deficiency. The material weakness is item number 2019-001 and the significant deficiency is item 2019-002. The next item we want to point out in this is our second report in this report is one pages 9 through 11. Pages 9 through 11 is our report on compliance on each major federal program and on internal control over compliance. We also report on the fairness reporting of the Schedule of Expenditures of Federal Awards (SEFA), or what is called the SEFA. On page 10 is our opinion on compliance and here we report that in our opinion the County complied in all material respects with the compliance requirements of the federal major programs. On page 11 is our opinion on the SEFA and at the bottom of that last paragraph is the SEFA is fairly stated on all material respects, so it is a clean opinion there too. On pages 12 through 18 is that SEFA—so this is a detailed listing of all of your federal awards by grant and by what they called the catalog of federal domestic assistance. Here, your total federal expenditures was about twenty-seven million three hundred thousand dollars (\$27,300,000) worth. This is up about seven million eight hundred thousand dollars (\$7,800,000) from the prior year, which was about nineteen million five hundred thousand dollars (\$19,500,000). There were two (2) primary grants that attributed to this increase, one was from the EPA or through the State Department of Health (DOH) and that expended about two million five hundred thousand dollars (\$2,500,000) more than the prior year and that was for the Kekaha Landfill Cell II. We also saw your Department of Transportation's grants increase by about four million six hundred

thousand dollars (\$4,600,000) and that is primary due to the Transportation Investment Generating Economic Recovery (TIGER) grant expending about three million nine hundred thousand dollars (\$3,900,000).

These are the three (3) different types of findings that can be reported within our report. The first is the material weakness and the material weakness is the most severe of findings and here is where you have deficiency or a combination of deficiencies in internal control that we determined will not prevent or detect material misstatement in the financial statements or will not prevent or detect material noncompliance on your federal award side. A significant deficiency is a second type of finding and this is where it is not as severe as a material weakness, but it is still worth merit of attention bringing it to your attention. Last, is just other reportable findings. There are certain types of noncompliance that are just required to be reported and compliance with the Single Audit, so we have none of those. We have one (1) material weakness and one (1) significant deficiency.

Page 21 actually gives you a summary of the full audit. It will go over the opinion on the Financial Statements and whether or not we reported any significant deficiencies or material weaknesses and also go over the audit of the federal awards; same thing, it will note whether or not there were material weaknesses or significant deficiencies identified. Also, it says which major programs or which federal grants were audited as major programs. In FY 2019, we audited the HOME Investment Partnerships Program (HOME), the Housing Trust Fund, Choice Voucher Program (Section 8), and the Capitalization Grant for Clean Water State Revolving Funds. Moving on to page 22, which is our first finding, 2019-001. This is a repeat finding from the prior year and I think we talked about it last year as it relates to the timing of completing the bank reconciliations. When we came in, we noted that the bank reconciliations for the month of June were not completed until September. This is improvement from the prior year, but still there is some delay in getting it done timely. Moving on to the second finding, 2019-002, Ensure Timely Filing of Information Returns and this is considered a significant deficiency. During our audit, we noted that the County was late in filing over three thousand eight hundred (3,800) informational returns to the Internal Revenue Service (IRS). We noted that the 1095-C, the 1099-MISC, and form W-2 that were filed late. Those were the current year findings. Management has prepared a response that is also filed in this report and we will move on to page 40, which is our Status of Prior Audit Findings.

Each year that we perform the audit, we also follow-up on the status of the prior year findings. As you note here, only 2018-001, Reconcile Bank Accounts on a Timely Basis was a repeat finding. 2018-002 was accomplished and the two (2) federal award findings on 2018-003 and 2018-004 were both accomplished and cleared off in the current year. That is a summary of our Single Audit Report. We will move on to the last of the three (3) reports that we issued.

This is our Management Advisory Report. In this Management Advisory Report this year, we only have one (1) finding or one (1) recommendation. This is 2019-001—Perform Timely User Reviews. During our audit, we noted that the annual review of departmental user access to the County software systems was not reviewed timely. I guess, reviewing user access is key general computer control ensuring that users who have access have the right access, users that should not have certain access, do not have that access. Doing the review annually or more frequent than annually provide the County or any company that relies on certain type of access that that reviews happens and people who do not need access get taken off that access. Our recommendation is that the County ensure and strengthen procedures around making sure that this access review is performed timely. Our follow-up, same thing as our Single Audit Report, we do come in and look whether or not the County accomplished any of the prior Management Advisory Comments and we are happy to say that all comments from the prior year have been accomplished. That is the conclusion of a summary of our audit for FY 2019 for the County and we are happy to answer any questions.

Council Chair Kaneshiro: Obviously, some of our questions might be to the Administration also, but let us try to get our questions to the Auditors first and then if we need, bring up the Administration. Do we have any questions? Councilmember Cowden.

Councilmember Cowden: I probably want the Department of Finance up at the same time, but when I am ready for my questions...

Council Chair Kaneshiro: You can ask your questions now.

Councilmember Cowden: I just wanted to just really thank the production of the report. The last time, I was concerned that there was not good summary information and this time it was really great with a lot of explanations regarding the flooding, where the money is coming from. The summary at the very beginning was very helpful, so I appreciate that a lot. I am not sure what all is really to be asked of these consultants. My questions are a little bit deeper at the Department of Finance.

Council Chair Kaneshiro: We can have the Department of Finance up also.

Councilmember Cowden: If Councilmember Chock has questions first, he can do that.

Councilmember Chock: Thank you for giving us this report annually. I appreciate the work that you do for us and you have been doing it for some time. It is really sort of stepping back from an overall, you folks have only been looking at this for six (6) years, but you folks have been doing it for a while now. It seems to me every year

that it is getting tighter and tighter and I just wanted to confirm that from your perspective, particularly with the management audit. I see less deficiencies every year and corrective action being taken. What is your...if you were to characterize it, what is your opinion on how it is we have been progressing in each of these audit findings?

Mr. Isobe: We have been doing the County's audit from 2011 or so. I know that first year or two (2) years that we did perform the audit, we spent a couple hours on the stand testifying, because there was a lot of findings back then. We took a different approach than maybe the prior auditors in the past and there were a lot of findings that took up a lot of time; investigating, documenting, and reporting to you. Now, when we are looking at it with just a few findings, I will say, yes, there has been a lot of improvement in the County.

Councilmember Chock: Thank you. This might be a Finance question, but the one that has me alarmed is the significant deficiency in filing with the IRS. I just wanted an update. We knew this was an issue, but we also knew there were some fines associated with that. I think we had a briefing as to where we were with that. We thought that we might be coming into compliance in a timely manner that we would not be incurring that. Is that something we can talk about in here and get an update on?

REIKO MATSUYAMA, Director of Finance: Reiko Matsuyama, Finance Director. On the IRS finding, we had N&K tax consultants file a request for an abatement and that was done in October when we receive the notice from the IRS. We have not received a response yet.

Councilmember Chock: Can you remind us of the fine, the initial letter that identified a fine associated with this late filing?

Ms. Matsuyama: This is related to 2017 calendar year of filing. The IRS has certain deadlines that are required after a calendar year ends to report W-2s, to report 1099s, those types of things. Related to 2017, in 2018, we missed a lot of those deadlines. For 1099s, the deadline was January 31st. It was a new, pushed up deadline—it used to be March 31st. Our staff did not realize that the deadline had been moved, so we missed that deadline. It was timely filed in accordance to the March 31st deadline, but because the deadline had been moved, we missed that deadline. 1095s are related to the HCA compliance; therefore, if everyone had received medical benefits throughout the year. That was also a new report that the IRS was requiring that year and we missed the deadline by almost a month on that one, it was due March 31st, it is still due March 31st, and it was filed on April 25th or something. The big one was the W-2s. W-2s are due...and I want to say the W-2s to the employees made it out on time, so all of the employees at the County received their W-2s were able to file their taxes timely. What was not done was the transmittal to the IRS of all the W-2 information. That is due at the end of the January every year. That fell through the cracks and that was the big one. It was not filed until October of 2018, so from January 31st to October

was a big oversight. We did not receive the notice from the IRS until October 9, 2019, so that is one (1) year after we had already filed it late.

Councilmember Chock: Do you know what the fine was?

Ms. Matsuyama: I do.

Councilmember Chock: Okay.

Ms. Matsuyama: The fine that the IRS has proposed to us is almost five hundred twenty-five thousand dollars (\$525,000).

Councilmember Chock: Have we heard back from them yet?

Ms. Matsuyama: Being that we had a stellar record before or almost stellar record before, we never had penalties before, we filed for an abatement. Whether they are going to grant it or not, I do not know...whether they are going to reduce it...N&K made good points in their letter to the...we blamed the floods, we blamed a lot of things that hopefully will...

Councilmember Chock: My last question around this was that we have already done the internal calendar changes in order to ensure timely submission or is it a capacity issue as it relates to the W-2s that we need to look at further?

Ms. Matsuyama: No, and I can happily say that although we had met the January 31, 2020 deadlines already, so this is not an issue going forward.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have follow-ups on that. This was my issue that I wanted to bring up first. I wanted to acknowledge that you were not yet the Finance Director when this mistake occurred.

Ms. Matsuyama: Thank you.

Councilmember Cowden: When I look at what this report says...the range of what the fine could be was anywhere as low as two hundred thousand dollars (\$200,000) to three million four hundred thousand dollars (\$2,400,000), so this five hundred thousand dollars (\$500,000)...when we heard about this last fall, it was more than that, I believe it was one million five hundred thousand dollars (\$1,500,000). Is that incorrect?

Ms. Matsuyama: The fine is per report...

Councilmember Cowden: That is right.

Ms. Matsuyama: The fine goes from fifty dollars (\$50) for each return not filed, up to two hundred sixty dollars (\$260) for each return not filed. So they have broken it down into tiers of what is the "not as severe" versus the W-2s were very severe.

Councilmember Cowden: So, these get turned in late in October of 2018. Surely someone in the Department of Finance noticed that they got turned in late and could have anticipated a problem, yes?

Ms. Matsuyama: I will say that, obviously, we filed it as soon as we found out they were not filed yet. It was not like we found out in August and waited two (2) months. As soon as it had been noticed that it was an oversight, it was filed immediately.

Councilmember Cowden: Okay. A concern that I have is that the Council did not hear about it until you all got the 2019 October letter. For me, I have trouble with the fact that when we know we are anticipating a mistake like this, that this was not volunteered. It seems to me that we should have been told ahead of time and that we could have taken proactive steps ahead of time. As I asked and it was never answered, "Is there a percentage fine for our lateness in paying?" We have not paid yet. If someone is late with their County taxes, there is a ten percent (10%) penalty and a twelve percent (12%) annual interest rate. Will we be looking at anything like that?

Ms. Matsuyama: We would not have reduced the penalty if we had paid earlier. We are still negotiating the penalty as it stands right now and we have no idea when we are going to get a response from the IRS. I will say that when it was filed in October 2018 and we knew that we were late, we still did not know if there were going to be consequences. At that point, I think someone had actually contacted the IRS and asked them, "What do we do about it," and the response was, "You have to wait for the letter." The letter did not come for one year. We did not incur any interest or anything on the fine or on the penalty between that time.

Councilmember Cowden: I want to just acknowledge that we have been meeting quarterly on the challenge of getting the nightly books done and I appreciate that. There has been a lot of focus on correcting that situation. I believe I understand the answer, but the main reason we were behind on that is the Treasury Division, correct?

Ms. Matsuyama: Yes, the material weakness that they spoke about is bank reconciliations and that is in the Treasury Division.

Councilmember Cowden: Do we have permanent staff in our Treasury Division yet?

Ms. Matsuyama: We have one (1).

Councilmember Cowden: Permanent or an 89-day hire?

Ms. Matsuyama: We have one (1) 89-day hire and one (1) permanent and we have one (1) vacancy. There are three (3) positions in the Treasury Division.

Councilmember Cowden: Okay. We got caught up by September—are we continuing to be caught up?

Ms. Matsuyama: Yes, we are. I will say that this finding may seem like it was just being neglected and not being worked on at all and I just wanted to assure you that is definitely not the case. The Treasury Division has ten (10) bank accounts that they manage. Nine (9) of which, reconciliations can be done within an hour, they are really fast, there is no excuse for that. The one (1) main checking account that we have...it used to take previous treasury staff four (4) hours daily to keep up with this bank record. Therefore, four (4) hours every day had to be devoted to...and it was being done that way. They were devoting their time to it. Obviously, we had some turn over, things have changed. I will say that this recurring finding, I take full blame for it. I chose accuracy over timeliness. The reconciliations that were done prior were incorrect, because of our non-sufficient checks listing, the non-sufficient funds (NSF) listing. There was basically a black hole and it was a number in there that we could not rely on. We brought in a CPA, we brought in a consultant, she has cleaned up that listing, but it took a lot of time, right? It took a lot of time. I chose the accuracy side of it over the timeliness. I will say that not only are we current, that four (4) hours daily that they used to take on it, is now an hour a month. She has improved these processes, obviously, a lot. Not only are we timely, we are doing it way more efficiently. I will say going back, they were being worked on, they were being done, but every day we found a mistake, every day we found something that was incorrect. Whether it was forty dollars (\$40), one hundred twenty dollars (\$120) NSF sewer check, but every day the reconciliation was changing and so we had drafts...we always had drafts, they just were not final drafts, because they were always changing. I do not want you folks to get the impression that they were not being worked on, because they were being worked on every single day.

(Councilmember Kagawa was noted as present.)

Councilmember Cowden: I appreciate that and I appreciate the regular updates, because my concern is when we do not have good recordkeeping, it leaves us exposed to embezzlement. A year ago after we met with this finding, we saw that in the

past Administration, the books were done on pen and paper, correct? They had the green sheets with pen—has that changed currently?

Ms. Matsuyama: Yes. We have changing processes all the time. We are trying to get rid of carbon paper. Some of these things are very archaic and with the new cashiering system, there are reports that we can produce that IT (Information Technology) is able to help us produce that spits out information that was once done by hand.

Councilmember Cowden: Okay. I have a few questions for the consultants.

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

Councilmember Kualifi: Thank you, Reiko, for everything you just shared. Those were my questions, too. The only other part I am curious now then is when you say, "We are timely now," the next audit will begin the period July 1, 2019 to June 2020. Will we then see material weakness again or will it have improved to the point of significant deficiency and I wonder what the auditors...what the range is? How are you measuring—is there a difference, as we are getting better, will it show in the audit or do we have to just have it completely resolved before we chose any other. Will we see it in 2021?

Mr. Isobe: I believe if it is timely done, I think we had some issue in the past when it was really late and not being done timely, but at this point, without going in and seeing that it is being done timely, I would say that the finding would be cleared. It would go away.

Councilmember Kualifi: Thank you.

Ms. Matsuyama: That is also my hope.

Council Chair Kaneshiro: Are there further questions? Councilmember Cowden.

Councilmember Cowden: When we are seeing some of this...part of it looks like we are doing really well. If I can give a real good shout out to the investment gains—that is nice that we have that coming in. That is nice to see. This is a new way in this job for me of seeing gap accounting, so it is a little difficult in recognizing fully cash flow from real gain or short staffing. I see that we had about twelve million dollars (\$12,000,000) from our General Excise Tax (GET), we had good income from this Act 12, that will not be reoccurring, that was the flood moneys. What I am seeing is real property tax is assessment increases, it looks like that is about nine hundred million dollars (\$900,000,000) in assessment increases, is that right? It says point nine

billion is how much we decided our property is worth more now than it was a year ago. Just for clarity, because we have a lot of issues on the table about taxes, that point nine billion dollars in increased assessments, is that basically because there has been new buildings built and that we have fresh assets on the land or is it simply that the dollar has dropped or the market has gained. Can you give us a sense of that? Is it just that people's houses are said to be worth more or do we have more real assets?

Ms. Matsuyama: I would say that it is due to market improvements.

Councilmember Cowden: Market improvements, okay. I just want to make that point that when we are looking at pulling roughly eleven million dollars (\$11,000,000) out of property tax, is that it is mostly because we are saying properties are worth more money or we are putting them in a higher tax bracket rather than there is necessarily been higher income. I think our general population are not necessarily making more money. Does that sound pretty close to accurate?

Ms. Matsuyama: Keep in mind that the cap is in there, right. For all local residents living in their primary home, that the three percent (3%) cap, whether their market...I know my market value went up higher than the three percent (3%), but I am still capped.

Councilmember Cowden: Okay. If the cap came off...

Ms. Matsuyama: That ten point six million dollars (\$10,600,000) and the nine hundred million dollars (\$900,000,000) assessed value would be much higher.

Councilmember Cowden: I heard there is discussion considering taking caps off as a possibility of raising more revenue in the future...that would not be right in there though yet, right? That is more in our budget. What I am looking at trying to understand is our debt, and you can answer that.

Ms. Matsuyama: That is up to the legislative body.

Councilmember Cowden: Yes, but that came up in discussion a hand full of times, so I just want to be clear that I am understanding what we are looking at and how we become closer in having less debt. Therefore, when I am trying to look at what our debt is, is it one hundred thirty-five million dollars (\$135,000,000)—is that what we would be really saying our debt is? I see we have a two hundred eighty-nine million dollar (\$289,000,000) deficit, but what is our debt? What is our credit card bill for the County?

Ms. Matsuyama: Are you talking about in total or are you talking about our general obligation bonds?

Councilmember Cowden: I am talking in total. Just when we are looking at how much debt that we have, but mostly general obligation bonds.

Ms. Matsuyama: The general obligation bonds, the balance of June 30th was one hundred twelve million six hundred twenty thousand dollars (\$112,620,000). That is at the top of page 75.

Councilmember Cowden: Page 75, okay. On page 30, it was pretty interesting to me where we separate out the Department of Water from the County. That net position for the Department of Water is so much stronger comparatively than the County. Can you speak to that at all?

Ms. Matsuyama: No, I really do not want to speak for the Department of Water. Their OPEB and net pension liability is much smaller than ours.

Councilmember Cowden: Okay, alright. I was just kind of finding that the difference is very striking. I think that is it for the moment, if other Councilmembers have questions.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: Thank you for coming and for the presentation. You had mentioned that because of the NSF checks, our reconciliation was wrong going back for a while, it sounds like. As I understand it, and correct me if I am wrong, but these are people paying their sewer fee and their check bounces, the County is counting this as money coming in, but then the bounce, the money going back out again never gets counted, is that right?

Ms. Matsuyama: It is more than that, it is bounced checks, but it is also wrong checks, like they date it for a wrong date, they do not sign it, they do not write it out to the right person, the number that they write in the box does not match the number that they write longhand. We try to check for all those kinds of things. We double-check it before it actually goes to the bank and that prevents a lot of the backend work that is required. Therefore, now what we are getting is actually true bounced checks, so it is in our NSF listing, but prior, it was all those things.

Councilmember Evslin: And given that it was going on for a while, I guess, why is that not a finding in the CAFR if our reconciliation was wrong?

Ms. Matsuyama: I think it was immaterial, I mean you are talking about thirty thousand dollars (\$30,000), maybe, and so in their world, it is not considered immaterial. In my world, I want to be better than that.

Councilmember Evslin: Great, thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have a follow-up on that. I want to acknowledge that we have a lot of these checks that are going direct deposit now, right into the bank, correct, when people are making their real property tax payments or...

Ms. Matsuyama: We do have lock-box services for real property taxes, yes.

Councilmember Cowden: And so that is probably part of what has made us more efficient?

Ms. Matsuyama: Yes.

Councilmember Cowden: Having been in business for a long time, is all our insufficient checks just about thirty thousand dollars (\$30,000), because otherwise I do not fully understand why we do not allow it to be an online payment without putting out the bank fee. When we put out the bank fee, it discourages people from doing an online payment. Have you looked at the numbers, the amount that we have bounced and the amount of cost it is when we have insufficient checks versus if people were able to just pay online more easily?

Ms. Matsuyama: I mean they can pay online. I think you are asking if the County will absorb the service fees?

Councilmember Cowden: I am asking if you have compared the difference, like if we absorbed the service fees, is it substantially more than the cost of having insufficient checks?

Ms. Matsuyama: Yes.

Councilmember Cowden: It is substantially more.

Ms. Matsuyama: Yes.

Councilmember Cowden: Okay.

Council Chair Kaneshiro: I am thinking if they ran a check and their funds were insufficient then having an online system is not going to make a difference because it is going to be pulling from their bank account that does not have sufficient funds.

Councilmember Cowden: But where it does make a difference is if the check is not quite written right, if it has the wrong date or the minor things of a check, and having had a business, I have years of experience of seeing bad checks. I know for myself it was better just to have it go through on the cards, even though I did pay the difference, it just made so much more efficiency and then I knew there was an accuracy, and I would not be communicating later. I was not doing ten thousand dollar (\$10,000) real property tax payments or something like that. The amount of those checks was much smaller.

Council Chair Kaneshiro: Any other questions from the members?
Councilmember Evslin.

Councilmember Evslin: Do you still not have a Treasurer?

Ms. Matsuyama: No. We posted it and we are doing interviews in the next couple of weeks.

Councilmember Evslin: I just want to give you folks credit for getting basically up to date on your reconciliation and doing all of the process improvements, which sound pretty profound without the benefit of a treasurer, so it sounds like once we get that treasurer online, we will be doing well here.

Ms. Matsuyama: I have to give a lot of credit to the people that we have working in there. It is kind of like, "All hands on deck," in there. That County division has done a good job in holding our hands as well.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I have a follow-up to that. Like the Treasurer position... a lot of times I feel like we find people from the mainland that seem to have on paper and maybe we need a probation period. It seems like a lot of times I rather pick someone from here that do not have it all on paper, because the applicants from the mainland a lot of times on paper they seem to fit, but when they come, they cannot do the job. I rather give a local person without the actual experience on paper because at least we are giving a job to a local person. I have seen it happen so often that it is kind of frustrating to see.

Ms. Matsuyama: To speak to that, I will say we have greatly improved our questioning through the interview process. We use that more than just what is on paper.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I also noticed that we still had an IT violation, so I wondered if we can just learn a little bit about that. I appreciate our IT Department, but I want to understand, so we are best able to manage that.

Ms. Matsuyama: The finding related to IT...the process is if someone leaves, the Department Head or the supervisor is responsible for filling out a delete form and sending it to IT, and IT will do the process of taking them off the system. While that happens regularly, what the auditors want is the follow-up from IT saying, "Hey, look, these are all of our users, please double-check your records to see if they are occurring." We will do that and to even go a step beyond, we can identify inactive users, so we will go ahead and...like every quarter, identify inactive users, send it out to the departments, and make sure that their records match IT records.

Councilmember Cowden: Just for clarity the reason this is extra important is anywhere from malicious post-employment behavior to potential areas for security of our system.

Ms. Matsuyama: Yes.

Councilmember Cowden: Have we had any breaches? Like when we see that we just did not get them closed in time, have we had any indication of breaches or problems or bad actions that is a result of not having it closed?

Ms. Matsuyama: No. Not to my knowledge, no.

Councilmember Cowden: Is that correct? Would you have any further information, right?

Mr. Isobe: No. We have no further.

Councilmember Cowden: Okay. Thank you.

Council Chair Kaneshiro: Are there any further questions for the Auditors or Finance? If not, thank you.

Mr. Isobe: We would like to thank Reiko and the Accounting Division. It is a really fat report, if you folks have noticed. A lot of time and effort goes into this, a lot of on our end late nights for some of my folks, but on their end,

in order for us to finish the audit and finish opining on it, it takes a lot of man hours and man time and women time to get this report done; not only in the Accounting Division, but also around the County. Some of the federal programs, when we need to go out to the Housing Agency or some of the other programs, they are very participating in the audit, very open, gave us what we need, and that helps us finish the audit on time, so I want to thank them.

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

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

Council Chair Kaneshiro: Seeing none. Any discussion from the members? Councilmember Chock.

Councilmember Chock: I also want to thank our Finance Department and the good work that you folks have been doing. I think for the benefit of the community and the public is we are often asked the question about, "How are we managing our funds and what can we look at," and there is a lot of questioning about if we are indeed looking at this. This is our chance annually to do the work and every year that you have been here and like I said, we have been increasing in responding to your findings and so for those who are interested, I have asked my staff and you can get this CAFR report online at our webpage County Auditor under reports. Of course if you look at our agenda, you can click on the specific link and get this. I would encourage the public that if you have questions about what it is we are looking at or how we are looking at our annual finances, this is our chance. Thank you again.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I just want to, one more time, really appreciate how readable this report was for me this year and to acknowledge that the Finance Department has been really willing to the point of what I would describe it as "eager" to come and answer questions and collaborate with myself as a council person and understanding where things are going and really listening to ideas and advice. I am sure with a year of experience has helped too, but I find that everything that I am reading here is consistent with what we have experienced as we move forward, so I give double thumbs up to the Finance Department for managing this window of time when we are moving from a more traditional pen and paper Disk Operating System based (DOS) and window of bookkeeping, we still have ways to go. I think we will still have some other bumps as we move to a more modern software, but basically doing a very good job in this transition. Thank you.

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I, too, want to thank the Auditors for a complete and thorough audit as usual, and I do want to thank our Finance Director and everyone in the Finance Department; Accounting and Treasury, for the work that

you are doing. I like the comment that our Finance Director said about, "All hands on deck," and they got the job done even without a Treasurer. Her comments about choosing accuracy over timeliness and the rewards that we get in the end is so great. I would be curious to know what that one-hour a day versus four (4) hours a day savings would add up to, I think it would be pretty significant. I am looking forward to the bank reconciliation not being on the next audit, but if it is for one (1) more or maybe at least it will come down to a significant deficiency instead of a material weakness, but it is very clear that we are on the right track and doing what needs to be done. Thank you so much. *Mahalo nui loa.*

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I will add my voice to the round of thanks to the work you folks did on the audit and to the work that the Finance Department is doing. It is extremely impressive, I am still kind of blown away on the four (4) hours per day to an hour per month process improvement that is just gigantic. It does seem going through just this year, last year was my only opportunity to see the CAFR and it does seem like the reconciled bank accounts has been sort of a systematic issue, which sounds as if it is solved, so that is great. Obviously, it is disappointing that we were late on our W-2s—I am not sure if I should say this on the floor, but as a small business owner, I once was about three hundred sixty-four (364) days late on mine. I did not realize I did not file with the IRS, until I went to go file the next year and I understand small businesses made these mistakes often. As for the County, it would be obviously good if we did not make that level of mistake, but now it seems as if we have the internal controls to ensure it does not happen in the future. Anyway, it looks like we are definitely trending on a good path here. This, to me, is a positive CAFR. Thank you.

Council Chair Kaneshiro: Is there anyone else? I just want to thank you for the audit. Thank you to the Finance Department for all their hard work and I think this is the first year that I had been on Council...this is my fifth year and internal control over P-Card is finally off our list. Congratulations on that.

The motion to receive C 2020-30 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Motion carried. Next item.

C 2020-31 Communication (01/02/2020) from the Prosecuting Attorney, requesting Council approval to receive and expend funds, in the amount of \$39,584.00, for contract DHS-20-OYS-037, from the State of Hawai'i, Office of Youth Services, to continue the Kaua'i Teen Court program, which is subcontracted to Hale 'Ōpio Kaua'i, for a tentative time period of December 1, 2019 to June 30, 2021: Councilmember Chock moved to approve C 2020-31 to include indemnification of the State of Hawai'i, Office of Youth Services, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Are there any questions from the members?

Councilmember Kualii: Is it still about receiving and expending funds?

Council Chair Kaneshiro: I can suspend the rules.

There being no objections, the rules were suspended.

Councilmember Kualii: What am I not seeing on the agenda?

Councilmember Cowden: I just want to really thank you for this very important program and for the sake of our acknowledging anyone watching or listening, can you just quickly review what the Teen Court services are and what this pays for and if people want to join Teen Court, how are they able to do that? Does it just come from the court?

JAMIE OLIVAS, Grant Coordinator: Jamie Olivas, Grant Coordinator, Office of the Prosecuting Attorney. Teen Court is a program run by Hale 'Ōpio and it services first-time offenders and status offenders and typically a case will come to our office and as it gets screened, it is the Prosecutor who handles the case to decide whether or not it goes to Teen Court or not.

Councilmember Cowden: How many youth do you service in a typical year and is this a partial payment for the position?

Ms. Olivas: Yes, there are several...the funding actually comes from the State of Hawai'i and it is just a pass through, so it comes to our office. Our department also gives five thousand dollars (\$5,000) of our budget to Teen Court to help support the program, but I am not sure it is not to support the entire program. I am not sure exactly how many cases that they service or how many teenagers go through Teen Court, but I can get that information to you.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: Are there any other questions? If not, thank you. Is there anyone in the audience wishing to testify on this item?

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

Council Chair Kaneshiro: Seeing none. Any final discussion from the members?

The motion to approve C 2020-31 to include indemnification of the State of Hawai'i, Office of Youth Services was then put, and carried a vote of 6:0:1 (*Councilmember Brun was excused*).

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

C 2020-32 Communication (01/09/2020) from the Deputy County Engineer, transmitting for Council consideration, A Bill For An Ordinance To Amend Ordinance No. B-2019-856, As Amended, Relating To The Operating Budget Of The County Of Kaua'i, State Of Hawai'i, For The Fiscal Year July 1, 2019 Through June 30, 2020, By Revising The Amounts Estimated In The Solid Waste Fund, to appropriate \$1,312,000.00 for the Kekaha Landfill transition costs and equipment through the end of the fiscal year: Councilmember Chock moved to receive C 2020-32 for the record, seconded by Councilmember Kualii.

Council Chair Kaneshiro: Again, for these next few items, I am going to ask that we ask questions at the time of the bill. Is there anyone in the audience wishing to testify on this communication?

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 discussion from the members?
Seeing none.

The motion to receive C 2020-32 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Motion carried. Next item.

C 2020-33 Communication (01/13/2020) from the Acting Director of Human Resources, transmitting for Council consideration, the cost items for Hawai'i Government Employees Association (HGEA) Bargaining Unit 3 for the period July 1, 2019 to June 30, 2021, pursuant to Hawai'i Revised Statutes (HRS) Section 89-11 and Kaua'i County Charter Section 19.13B. The terms of the Collective Bargaining Agreement were recently ratified by the employees of Bargaining Unit 3: Councilmember Chock moved to receive C 2020-33 for the record, seconded by Councilmember Kualii.

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

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. Any discussion from the members? Councilmember Kagawa.

Councilmember Kagawa: I got a call from HGEA after the last vote and they were unhappy with my vote being "no." The reason that I voted "no" was because

of my disenchantment with the process. You have a white-collar supervisor that oversees the blue-collar worker. In emergency cases and because of overtime policies, the white-collar supervisor is not able to get the job done if someone is not there. The public is tired of seeing inaction at times of emergencies. When is the government going to wake up and say, "Let us operate like a private business when necessary?" When will that happen? I made those comments at the time of these contracts because we never had the opportunity to talk about it. It comes before us already approved by the appropriate bodies. The Department of Human Resources is doing their job and coming before us during that time. They obviously have no idea that there is concern coming from the legislative side. Have we ever been wise enough to say, "Hey, let us have a blue-collar supervisor supervise the blue-collar people to get the job done?" You have filthy bathrooms and parks that need urgent care, and you have a white-collar person who cannot perform the job in the event of an emergency. It makes absolutely no sense. We are not talking about an engineer that needs to design a bridge. We are talking about mowing the yard, cleaning a toilet, et cetera. I am asking the Mayor and the Department of Human Resources to revisit this so that it starts to make sense. Why are we calling a person to do overtime for a simple task? Why bother the person that is at home when you are able to clean the bathroom yourself. I do not get it?

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I have a comment. I would like to echo Councilmember Kagawa's concerns and ask the Administration during negotiations to look at what he is talking about. I do not believe that the unions would be unreasonable and not consider if there was an emergency. I would imagine what the contract calls for now is that you need to call-in for replacements who are at the same level or from the same bargaining unit before you go outside of the unit and give the work to a manager. If there is a rare emergency situation where no one can be called in, the job should not be left undone because the public is who suffers. Our visitor industry suffers. We often see posts of dirty toilets, et cetera. It is horrible. I do not think that the unions would be unreasonable about dealing with these issues. Please make it a part of negotiations. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am going to join the chorus here. I have no problem creating the raises for the people who are working. We see how expensive it is for people to live and to have a home. Although all of this affects our post-employment benefits, it is a challenge. I agree that we need that efficiency. I would really like it if the Council has a chance to talk to our union negotiators before it is time to do union negotiations. Aside from having white-collar people do basic work that is expected from the people who they supervise, I am also hearing comments from our County team saying that there is policy changes that do not make sense. People do not get paid what they should be getting paid when having access

to certain pieces of equipment. When this happens, the equipment stays in disrepair, and the high paying work goes to another department. There is a lot of challenges like this in which I would like to be able to be a part of the discussion. In terms of them getting the pay raise, I support the pay raise.

Council Chair Kaneshiro: Is there anyone else? The motion on the floor is to receive the communication. Councilmember Kagawa.

Councilmember Kagawa: I support the pay raise. I believe that HGEA got upset that I did not support something that was ratified, and I do. I wanted my moment to share what I felt was a solid argument in trying to make government a little more responsive to the public needs.

Council Chair Kaneshiro: The motion on the floor is to receive.

The motion to receive C 2020-33 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Motion carried. Next item.

C 2020-34 Communication (01/15/2020) from the Director of Parks & Recreation, transmitting for Council consideration, A Bill For An Ordinance To Amend Ordinance No. B-2019-856, As Amended, Relating To The Operating Budget Of The County Of Kaua'i, State Of Hawai'i, For The Fiscal Year July 1, 2019 Through June 30, 2020, By Revising The Amounts Estimated In The General Fund, and A Bill For An Ordinance To Amend Ordinance No. B-2019-857, As Amended, Relating To The Capital Budget Of The County Of Kaua'i, State Of Hawai'i, For The Fiscal Year July 1, 2019 Through June 30, 2020, By Revising The Amounts Estimated In The General Fund CIP, to support the Kapa'a Swimming Pool Renovation project: Councilmember Kualii moved to receive C 2020-34 for the record, seconded by Councilmember Chock.

Council Chair Kaneshiro: Anyone in the audience wishing to testify on this item? It is only the communication.

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: Any final comments from the members? The motion on the floor is to receive the communication.

The motion to receive C 2020-34 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Motion carried. Next item.

C 2020-35 Communication (01/16/2020) from the Director of Parks & Recreation, requesting Council approval to receive a grant of services, totaling \$7,500.00, from Beyond Pesticides, a nonprofit headquartered in Washington D.C., whose mission is to educate public officials and municipal parks departments in the United States by promoting alternative pest management strategies in an effort to reduce or eliminate the use of toxic products, to be used to create an action plan and train Department of Parks & Recreation employees at the Kapa'a Beach Park and Captain Cook Park (adjacent to Waimea High School) in organic turf and landscape management practices: Councilmember Kagawa moved to receive C 2020-35 for the record, seconded by Councilmember Chock.

Council Chair Kaneshiro: Any questions on this item? Councilmember Kagawa.

Councilmember Kagawa: I may already know the answer, but is this regarding weeds or wild chickens?

There being no objections, the rules were suspended.

AUTUMN NESS, Beyond Pesticides: No, it is not chickens. It is mostly for weeds, turf management, and creating better grass for the children to play on.

Councilmember Kagawa: I know that we have wild chicken problems. At some of our parks, they dig chicken holes. For the Captain Cook Park where the Waimea High School practices are, they talk about athletes spraining their ankles in the chicken holes. When I walk the park, I see a lot of the chicken holes. I know that chickens are a problem at our athletic fields. This is basically to help us deal with weed control.

Ms. Ness: Yes, weed control and turf quality.

Councilmember Kagawa: Thank you. Does turf quality mean that it will not get too hard?

Ms. Ness: The gist of it is basically talking about soil health and creating healthy soil that breathes healthier turf. It does not need as much inputs that includes aeration, which deals with the quality of the bases and pitchers mound. It really depends on the site. We are unfamiliar with the specific problems with this site, because we have not done the training yet. If the Council approves this and we go with the Department of Parks & Recreation staff to these sites, we will most likely hear about the chickens. We will also learn about the site specific problems and what we are able to do to help troubleshoot. Thank you.

Councilmember Kagawa: Thank you.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Mr. Chair. Thank you, Autumn. I appreciate the opportunity with this program. To my understanding, the training would lead to actual tangible items that we are able to implement. As I read here, in the future, we may see a plan that could include the need for additional funding to support improvements and addressing the use of or less use of pesticides in the park.

Ms. Ness: If I am able to respond to that. I sent all of you two (2) documents a couple of days ago. This is not exactly what Kaua'i will get. This is the Maui version of the recommendations that you are talking about. The first part is the site visit where we are able to hear from the crew on what their challenges are and for them to share what they are using now. We also do a pre-training assessment on what your current budget is. We really take that into consideration when we put recommendations together. On one of these pages you will see a list of recommended practices and it also has a cost analysis. For example, if you are spending one thousand dollars (\$1,000) a year on synthetic fertilizers, we will try to find you a way to use that same amount of money for product like compost, molasses, and humic acid. We do a cost for cost. We work with county and state agencies all over the country. We recognize that there is no extra money laying around. We try to even that out. Another example is if you are using one hundred (100) man hours a month for this particular park, we will not recommend a practice that is two hundred (200) man hours. It is a process. By no means do we come here, listen, know all the answers, tell everyone what to do, and walk away. This is a relationship of troubleshooting that lasts a few months to a year.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: I have a follow-up. Has Maui already started this?

Ms. Ness: I am based on Maui. I believe Maui took this training in 2016. There was four (4) pilot sites. They have been pesticide and synthetic fertilizer free since then. When the Beyond Pesticides team comes back in February, they will do a refresher for Maui. Maui is expanding to more sites and a couple of resorts. They are one (1) step ahead. While they are here and if approved, they will come to Kaua'i, Hawai'i County, and possibly Kapi'olani Park, City and County of Honolulu.

Council Chair Kaneshiro: That was my question how it worked out on Maui. It sounds like it is working out okay so far.

Ms. Ness: Yes. The follow-up is huge. This is a relationship. The Maui folks could not get some of the products that were on our recommended list. I know that they do not have the time to go shop around. They gave me a call, I call Simplot and say, "Hey, how are we able to get you to stock this product or something similar?" I do a lot the groundwork for them, because if they are going to need it, that means other islands and some of the resorts who are doing the same program are going to need the same product. I am here for support.

Council Chair Kaneshiro: Councilmember Cowden, and then Councilmember Kualii.

Councilmember Cowden: This is a topic that I am very familiar with. When you are talking about soil health and stronger turf, you are meaning the microbes, worms, and everything in the soil. That is the real big difference is that when there is life in the soil. You really do not need water. I know from having gone through this transformation that there is no need to water. However, these two (2) parks are pretty scorched parks, you may need help there. Will there be follow-up? As we learned, we do not need to have the edging done along the fence lines. There is a lot of practices that can be implemented where you no longer need to weed-whack or have the guinea grass coming through the fence. You start the process by replacing most of the fertilizer with an organic fertilizer. Is it a simple process that you start with?

Ms. Ness: It depends on the site and which areas we are talking about. For the actual active playing turf, at times it is as simple as substituting a compost and a microbial impute for synthetic fertilizer. You also need aeration because you have to put oxygen in the soil. We are now talking about the ferial areas, the fence lines and non-playing areas that the Department of Parks & Recreation is still in charge of. Let us talk about the areas where there is guinea grass, sugar cane grass, et cetera. Right now, we are spraying, no judgement here. As part of the training here, we are bringing over steam. There is a women based out of Maui that is using steam along the roadways. I am floored at how well it works. It might not work in all areas. We are going to see that if steam is appropriate in certain areas or if other areas need to be replanted with perennial peanut.

Councilmember Cowden: Comfrey.

Ms. Ness: Yes. There are so many different options and this is the opening up of that conversation. Every area of the park will have a different solution. I am not able to even pretend to know what the solution is right now, but it is troubleshooting.

Councilmember Cowden: Okay. I can talk forever...it works.

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: You mentioned for Maui, that in the second round, there will be hotels that will be doing this. Are you primarily starting with government and then to the private industries? Do you provide a version of this information to the public for people to use in their backyards?

Ms. Ness: Yes, I am so glad that you asked that. Being that we are taking all this trouble to come here and fly people across the ocean to talk to the Department of Parks & Recreation, we are also planning to hold a community meeting here to educate people on how these practices translate to your own front yard. We would show people how to choose which plants to go in their front yard that do not require a lot of inputs and things that are not invasive. I will be working with the team here. I will not be the host of this meeting being that I am on Maui. It will be people here that will host the community meeting and we will invite the public. I am able to send all of you the notice when that happens.

Councilmember Kualii: The one thing that I would add for that is...In Anahola, I am part of a community homestead association. It would be good to pass this information through the different groups.

Ms. Ness: That would be great.

Councilmember Kualii: Down the road, maybe you would be able to train a trainer here on Kaua'i. They would be available here to go to our community associations.

Ms. Ness: That is the long-term goal, and I am glad that you said that.

Councilmember Kualii: As far as being in Hawai'i and working with government, do you have any sites with the State? Would the State do any here on Kaua'i?

Ms. Ness: That is a great question. We have worked a little with Maui Highways Division. That is not really site specific, but in general, they will hopefully attend a steam demonstration. If you have a State site here that I would be able to contact and invite to these trainings, by all means, I am open and I am able to send you an invite later.

Councilmember Kualii: The one that I would like to throw out is for the Department of Hawaiian Homelands. I live in Anahola and immediately adjacent to our subdivision is a large field of guinea grass. I am not able to count how many times in last year or two that the Kaua'i Fire Department has come out due to brushfires. They cleared a setback, but we need to get rid of all of the guinea grass until it is no

longer an issue. It is costing the County money every time there is a fire out there. I believe that the Department of Hawaiian Homelands would be interested. I am able to bring it for my association side.

Ms. Ness: That would be great. I might follow-up and E-mail you asking for more information about that. Thank you.

Councilmember Kualifi: Thank you.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. As a follow-up to Councilmember Cowden's question. As a baseline evaluation, are the parks soil tested?

Ms. Ness: We are not testing for any legacy pesticides. We are actually testing for microbial content and the makeup of the soil sand versus clay.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Are the Department of Parks & Recreation and Beyond Pesticides happy to partner with our nonprofit organizations here like Hawai'i Farmers Union United who is also very strong on Maui. This is a big part of what we do and I am happy that you are coming here to work on this. Partnerships is good for having existing training and places where you are able to see the strong difference. I would like to acknowledge the Office of Economic Development. A few years ago, they gave us a grant to do a study on this. We saw the effectiveness on the study and made a film that won an award for the entire Western United States regarding what our outcome was from the Office of Economic Development. It is already pollinating here, there is a lot of work, and the outer islands work well together. We know each other. It would be wonderful if the Department of Parks & Recreation Recreation...I would be happy to bring in some of our own crew here who...I like that you have a very structured element that works on the government level. In terms of it being new information, we have been doing jumping jacks for quite a while and trying to get the word out. I am sure you are happy to work with us.

Ms. Ness: Yes, I am. In fact, that is our goal. We are working with the Department of Parks & Recreation Recreation and we are so grateful for their solution base in thinking about this. My goal is to expand and work with the people on each island. I have been doing this for a long time on Maui. As you mentioned, there is another whole network that is already doing this work. How do we connect and share ideas and resources.

Councilmember Cowden: You can do training. Guinea grass is a pioneer crop coming into nitrogen depleted soil. If we create healthy soil, guinea grass and *hilahila* will stop coming in.

Ms. Ness: Yes, let us talk more about this. Thank you.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: Thank you Autumn for coming today. From what you sent to us, I would like to point out that it shows significant cost-savings. It says twenty-five percent (25%) compared to conventional turf management program, and it looks like it declines year-after-year. I feel something that leads to healthier parks and cost-savings is something that we are all able to support, so it sounds great. I am wondering how you folks identified the two (2) parks for the prototype parks. What was that criteria for choosing those parks?

PATRICK T. PORTER, Director of Parks & Recreation: Patrick Porter, Director of Parks & Recreation. We met with Autumn, and we came up from five (5) parks. From that five (5), we narrowed it down to two (2) parks, which were more feasible to do all five (5). We basically looked at the climate types and location. We wanted one (1) park on the dryer side and one (1) park on the wetter side of the island. We came up with the Kapa'a Beach Park and Captain Cook Park. Being that Captain Cook Park is directly adjacent to a Department of Education (DOE) facility, DOE already went pesticide free. Being that it was right next to the Waimea High School, we chose that park.

Councilmember Evslin: Thank you. Going forward, is it your folks goal to come back and do this again if you receive more grant money or will the department have the tools to expand this on their own?

Ms. Ness: If I am able to answer part of the question. The goal is to keep expanding as long as there is interest to do so and that people are showing some kind of success. A little of what I do is grant writing for the entities that I am working with. For example, there is a Parent Teacher Association (PTA) in Kihei that is having a problem. I helped them apply for grant money to pay for things like the beginning load of compost, et cetera. I am not able to say yes or no and whether that money is ever going to come. However, I am definitely here to help where I am able to help, create, and problem solve. If there is a cost that comes up where we do not see coming, let us sit down and figure out how to move things around, figure out how to split it up. If I know that the Department of Transportation (DOT) has the machine that you need, I will call them to see if you are able to share the equipment. There is a lot of ways around this, but we are here to help.

Councilmember Evslin: It is the start of an ongoing relationship.

Ms. Ness: Completely.

Councilmember Evslin: Thank you.

Council Chair Kaneshiro: I have a follow up. Captain Cook Park, which park is that?

Mr. Porter: Everyone thinks that it is a DOE field. It is the Waimea High School's practice field. It is actually a County Park.

Council Chair Kaneshiro: Okay. Councilmember Kualii, did you have a question?

Councilmember Kualii: Quickly, I hate to sound so personal. I know a lot of residents have the same problem in their backyard. Do you have the magic solution for guinea grass? If you cut it off, what can you put on it to kill it?

Ms. Ness: At the moment, I do not have the magic solution for guinea grass. I will tell you that we have just finished this really exciting steam treatment pilot on Maui. We took a County road that is guinea grass, right along a river, and it is a bane of the County's existence. There is a woman who is actually coming to Kaua'i with us. I will tell you so you are able to come and see. It looks like a spray setup, but with steam that comes out. It has been around for one month and one half (1½) since we have first treated this strip. Not only does it kill the guinea grass, we are not sure if the root ball has any life left in it, but because you are not cutting it, it makes a really thick mat, it is like a weed mat that actually prevents regrowth. We are waiting to see how long the young sprouts take to come up. It is very little right now. I am trying to see if we missed a spot or if the root ball is still alive? If we do two (2) treatments, are we able to pick it out and cover it with perennial peanut or *pōhinahina*. It is already working better than a Roundup would. The self-created weed mat is chocking it out longer than an herbicide would. Stay tuned.

Council Chair Kaneshiro: I will let you borrow two (2) sheep for your house.

Ms. Ness: Goats are huge.

Council Chair Kaneshiro: Do we have any other questions?
Councilmember Cowden.

Councilmember Cowden: I am excited that it will be right next to the school. Is there going to be an integrated program with the school and the potential for learning soil management with a teacher there is so profound. Is that anything that is a topic for conversation?

Mr. Porter: If they are interested, we would be able to wrap it up altogether.

Councilmember Cowden: I am raising my hand because this is a topic that I am super passionate about. I will tell you the easier success is wetter areas and low salt. You have two (2) areas that are pushing against that. I could answer so many questions, but I will not. There are ways to deal with the guinea grass. I like what you are talking about with the steam. I will not go into other ways to deal with it. When you leave the root ball in and let it die in place, it gives you an eighteen (18) inch soil horizon. Guinea grass is there for a reason. Nature puts it there to correct the soil and if the soil is corrected, it will not come back. It is our partner. It is our ally and not our enemy if we treat it right. It is my passion and I love this topic.

Council Chair Kaneshiro: Any other questions from the members?
Councilmember Evslin.

Councilmember Evslin: I would like to point out that the guinea grass is my enemy.

Mr. Porter: I would like to say from a department's and Administration's standpoint that we are excited that Autumn and her team approached us. Our goal with this is to be ahead of the game. With the social climate around herbicides, we want the County to be ahead of the game, which is why we are going to be working with Autumn and her team to do so.

Council Chair Kaneshiro: Thank you. Anyone in the audience wishing to testify on this item?

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

Council Chair Kaneshiro: Seeing none. Any final discussion from the members? For me, I would like to say that I am thankful that Beyond Pesticides that are coming in with a grant. It is not costing the County any money. We see it all the time and we receive a lot of E-mails whether it is a State Highway or a County Highway where people say, "Stop spraying...do this or do that." To us it has always been, provide us with an analysis that tells us what is the best way to take care of it and what is the most cost efficient way to take care of it? We never had that opportunity. This is a good opportunity to see if there is a more efficient way to maintain our parks without pesticides. I am really excited about the costs and time comparison. It will be interesting to see if this is anything to reduce our man hours or cost on maintaining our parks is a good thing for us and the public in general. I am excited to see the results of this. Anyone else? If not, the motion on the floor is to approve.

The motion to approve C 2020-35 was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Motion carried. Next item.

C 2020-36 Communication (01/16/2020) from Councilmember Kualii and Council Chair Kaneshiro, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 7A, Kauai County Code 1987, As Amended, Relating To The Housing Policy For The County Of Kauai, to reflect the findings and recommendations contained in the June 17, 2019 Workforce Housing Nexus and Financial Feasibility Analysis: Councilmember Kualii moved to receive C 2020-36 for the record, seconded by Councilmember Chock.

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

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. Any comments from the members?

The motion to receive C 2020-36 for the record was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Council Chair Kaneshiro: Next item, please.

Ms. Fountain-Tanigawa: Next item, on page 5.

LEGAL DOCUMENT:

C 2020-37 Communication (01/13/2020) from the Deputy County Engineer, recommending Council approval of a Right-of-Entry Agreement, the associated indemnity provision, and mutually agreed upon applicable lease extensions between the County of Kauai and the State of Hawaii, Agribusiness Development Corporation, on State lands situated at Tax Map Key (TMK) No. (4) 1-2-002:001, Kekaha, Kauai, Hawaii, to allow the County to operate the Mobile Kekaha HI5 Certified Redemption Center on Wednesdays and Saturdays from 8:00 a.m. to 4:00 p.m.

- Right-of-Entry Agreement

Councilmember Kualii moved to approve C 2020-37, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Do we have any questions from the members on this?

Councilmember Kagawa: If you are able to state your name.

There being no objections, the rules were suspended.

ALLISON FRALEY, PW Solid Waste Program Development Coordinator: *Aloha*, Allison Fraley, Solid Waste Division.

Councilmember Kagawa: I am wondering where in particular is this location and if you are able to give a description?

Ms. Fraley: It is on Kekaha Road across from the old mill.

Councilmember Kagawa: Across of the old mill on Kekaha Road. Toward the mountain, *mauka* side?

Ms. Fraley: Yes, *mauka* side

Councilmember Kagawa: Was there an existing HI5 around that area?

Ms. Fraley: Yes, there was one up until June of last year, until the contract expired. We were not able to execute a new contract in time. We wanted to try out a County park option, so we operate at the Kekaha Neighborhood Center. It is not working out and we are getting complaints from neighbors, which we never got at the old mill site.

Councilmember Kagawa: Neighbors are complaining about our operation.

Ms. Fraley: The sound of glass.

Councilmember Kagawa: The sound of glass at the neighborhood center.

Ms. Fraley: Yes.

Councilmember Kagawa: Is the sound during the day?

Ms. Fraley: Yes. It is only one (1) neighbor that complained who is disturbed by the sound of the glass breaking and is saying that it is very loud.

Councilmember Kagawa: Being that we never had any complaints at the previous site, we are looking to work out a deal and move the location.

Ms. Fraley: Yes. State Agriculture is willing to do this lease with us. The State Department of Health actually pays for the lease under our HI5 grant.

Councilmember Kagawa: Okay.

Ms. Fraley: It is a pass through of funds to pay the five hundred dollar (\$500) fee per month in order to use that site. It is a really successful site which is in the host community. On the two (2) days that this site is operating, we get approximately one hundred (100) customers per day. In Fiscal Year 2019, we had over seven million (7,000,000) bottles redeemed at that specific location.

Councilmember Kagawa: They drink a lot of beer out there.

Ms. Fraley: Something is going on.

Councilmember Kagawa: Who operates this site?

Ms. Fraley: Kaua'i Community Recycling Center.

Councilmember Kagawa: How many locations do they have? Is it one in Kekaha and Kapa'a?

Ms. Fraley: They have four (4) locations in total. Their main location is in Kapa'a.

Councilmember Kagawa: Is that in the Arzadon Industrial Park?

Ms. Fraley: Yes, Arzadon Industrial Park, and then up in Kilauea at Ainana Hou Community Park behind the mini golf on Fridays and Tuesdays, in Kekaha on Wednesdays and Saturdays, and in Kōloa next to the Kaua'i Fire Station on Thursdays and Sundays.

Councilmember Kagawa: The site in Kekaha is twice a week on Wednesdays and Sundays?

Ms. Fraley: Yes, it is only twice a week from 8:00 a.m. to 4:00 p.m. I am not sure if there is a typo error, but it is on Wednesdays and Saturdays. I may have heard or read it wrong.

Councilmember Kagawa: Wednesday and Sundays?

- Ms. Fraley: Saturdays.
- Councilmember Kagawa: Clerk, can we make a note of that correction.
- Council Chair Kaneshiro: Wednesday and Saturday, on the last sentence.
- Ms. Fraley: 8:00 a.m. to 4:00 p.m.
- Councilmember Kagawa: Can we note that change for the record.
- Ms. Fraley: My apologies.
- Councilmember Kagawa: Thank you, I appreciate that. I also drink a lot and I redeem all of my bottles.
- Ms. Fraley: Great, thank you.
- Councilmember Kagawa: At times, you think that you take up a lot of space in yard for recycling. It is similar to the people that use the old Kmart parking lot for recycling, you are trying to help the environment. It is not about gaining more dollar per se. It is inconvenient to pile your recycling and drive off being that gasoline is not cheap. The more everyone recycles, the better our island will become with handling waste.
- Ms. Fraley: There are also organizations that take bottles as donations or people that rely on bottles as an income source. There are bins in our parks where people are able to take the materials out. It is a benefit to a lot of people.
- Councilmember Kagawa: Yes, thank you.
- Council Chair Kaneshiro: Councilmember Kualii.
- Councilmember Kualii: Hi, Allison. You mentioned Kapa'a, Kilauea, Kōloa, and Kekaha. What about Līhu'e?
- Ms. Fraley: Līhu'e is operated by Reynolds Recycling. The four (4) that I previously mentioned is operating by Kaua'i Community Recycling Center.
- Councilmember Kualii: What are the hours and where is the location for Reynolds Recycling?
- Ms. Fraley: Reynolds Recycling is at the Kaua'i Resource Center. They are open from Monday through Saturday from 9 a.m. to 5:00 p.m. They

take a lunch break from 12:00 p.m. to 1:30 p.m. They also had a site in Kapahi, which recently temporarily shut down. They are working on a new site that they believe is going to open up in the spring. Reynolds Recycling has one (1) open site now, but two (2) sites soon.

Councilmember Kualii: Thank you.

Ms. Fraley: Yes.

Council Chair Kaneshiro: Any other questions from the members? If not, thank you.

Ms. Fraley: Anyone in the audience wishing to testify on this item?

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 final discussion from the members? The motion on the floor is to approve.

The motion to approve C 2020-37 was then put, and carried by a vote of 6:0:1 (Councilmember Brun was excused).

CLAIMS:

C 2020-38 Communication (01/13/2020) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Glen Antony Silva, for personal injuries and medical bills, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2020-39 Communication (01/15/2020) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Charlene Ventura, for damages to her vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2020-40 Communication (01/17/2020) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Tracy Lee Capman, for damages to her vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2020-41 Communication (01/17/2020) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Rebecca Stulpe, for damages to her vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

Councilmember Kualii moved to refer C 2020-38, C 2020-39, C 2020-40, and C 2020-41 to the Office of the County Attorney for disposition and/or report back to the Council, seconded by Councilmember Kagawa.

(Councilmember Chock was noted as not present.)

Council Chair Kaneshiro: 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. Any discussion from the members?

The motion to refer C 2020-38, C 2020-39, C 2020-40, and C 2020-41 to the Office of the County Attorney for disposition and/or report back to the Council was then put, and carried by the following vote 6:0:1: *(Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kauai, Councilmember Chock was noted as silent (not present), but shall be recorded as an affirmative for the motion and Councilmember Brun excused).*

Ms. Fountain-Tanigawa: Next item is on page 6

COMMITTEE REPORTS:

PLANNING COMMITTEE:

A report (No. CR-PL 2020-01) submitted by the Planning Committee, recommending that the following be Approved on second and final reading:

“Bill No. 2764 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 8, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO CLASS IV ZONING PERMITS OF THE COMPREHENSIVE ZONING ORDINANCE *(County of Kauai, Applicant) (ZA-2020-3),*”

Councilmember Kualii moved for approval of the report, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Is there anyone in the audience wishing to testify on the Planning Committee Report?

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 for approval of the report was then put, and carried by a vote of 6:0:1 (*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Chock was noted as silent (not present), but shall be recorded as an affirmative for the motion; Councilmember Brun was excused*).

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE:

A report (No. CR-FED 2020-01) submitted by the Finance & Economic Development Committee, recommending that the following be Approved as Amended on second and final reading:

“Bill No. 2767 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES”

Councilmember Kualii moved for approval of the report, seconded by Councilmember Kagawa.

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

(Councilmember Chock was noted as present.)

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 for approval of the report was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

COMMITTEE OF THE WHOLE:

A report (No. CR-COW 2020-01) submitted by the Committee of the Whole, recommending that the following be Approved on second and final reading:

“Bill No. 2765 – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2019-856, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020, BY REVISING THE AMOUNTS ESTIMATED IN THE HOUSING DEVELOPMENT FUND (*Waimea Parcel Mowing, Canal Cleaning, and Security – \$230,000.00*),”

A report (No. CR-COW 2020-02) submitted by the Committee of the Whole, recommending that the following be Approved on second and final reading:

“Bill No. 2766 – A BILL FOR AN ORDINANCE APPROVING A COLLECTIVE BARGAINING AGREEMENT FOR BARGAINING UNIT 2 BETWEEN JULY 1, 2019 AND JUNE 30, 2021,”

Councilmember Kualii moved for approval of the reports, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Is there anyone in the audience wishing to testify on the Committee of the Whole Committee Reports?

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 for approval of the reports was then put, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

RESOLUTIONS:

Resolution No. 2020-05 – RESOLUTION CONFIRMING MAYORAL APPOINTMENT TO THE PLANNING COMMISSION (*Melvin I. Chiba – Environmental*): Councilmember Kualii moved for adoption of Resolution No. 2020-05, seconded by Councilmember Chock.

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

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. Any discussion from the members? Councilmember Kagawa.

Councilmember Kagawa: I believe with Mr. Chiba's management of a credit union and seeing it being built, I feel that he is an excellent choice. He is recently retired which means that he has a lot of time. Being on the Planning Commission takes up a lot of time. I am glad that we found someone of Mr. Chiba's caliber to fill the spot on the Planning Commission. Next to the County Council, I feel that this the most important Commission. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am going to second that positive comment and to give real recognition to anyone on the Planning Commission. There is so much work to be on that Commission and your job is to disappoint someone. It would not be up there if there were not any conflict. I really appreciate the effort that goes into the Planning Commission. I am relieved that we are getting closer to having a full Commission. We have been light. A person with so much skill and background is a really good appointment.

Council Chair Kaneshiro: Anyone else? If not, the motion on the floor is to approve. Roll call vote.

The motion for adoption of Resolution No. 2020-05 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Resolution No. 2020-06 – RESOLUTION CONFIRMING MAYORAL APPOINTMENT TO THE BOARD OF ETHICS (*John Latkiewicz*): Councilmember

Kuali'i moved for adoption of Resolution No. 2020-06, seconded by Councilmember Chock.

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

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. Any discussion from the members? Councilmember Cowden.

Councilmember Cowden: Being that I said something good about Mr. Chiba, I would also like to acknowledge that Mr. Latkiewicz having been part of a small business development center has a lot of opportunity to see what comes forward in a community. He is deeply involved as a supporter of the Kaua'i Community College. I would like to commend the Department of Boards & Commissions for doing a good job at finding both of these people.

Council Chair Kaneshiro: Anyone else? The motion on the floor is to approve. Roll call vote.

The motion for adoption of Resolution No. 2020-06 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Council Chair Kaneshiro: On page 8, let us take Resolution 2020-13.

There being no objections, Resolution No. 2020-13 was taken out of order.

Resolution No. 2020-13 – RESOLUTION AMENDING RESOLUTION NO. 2020-02, RELATING TO A MAYORAL APPOINTMENT TO THE KAUAI HISTORIC PRESERVATION REVIEW COMMISSION (*Carolyn R. Larson – History*): Councilmember Kuali'i moved for adoption of Resolution No. 2020-13, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Anyone wishing to testify on this item?

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. Any discussion from the members? If not, roll call vote.

The motion for adoption of Resolution No. 2020-13 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Council Chair Kaneshiro: With that, we will take a ten minute caption break and we will be back.

There being no objections, the meeting recessed at 10:23 a.m. for a caption break.

The meeting reconvened at 10:37 a.m., and proceeded as follows:

Council Chair Kaneshiro: Welcome back. Next up, Resolution No. 2020-07.

Resolution No. 2020-07 – RESOLUTION ESTABLISHING SCHOOL ZONES WITH 15-MILE PER HOUR (MPH) SPEED LIMITS ON PORTIONS OF KEKAHA ROAD AND KALA ROAD, WAIMEA DISTRICT, COUNTY OF KAUAI: Councilmember Kagawa moved for adoption of Resolution No. 2020-07, seconded by Councilmember Kuali'i.

Council Chair Kaneshiro: Do we have any questions from the members on this? I will suspend the rules. Can you show the picture of it?

There being no objections, the rules were suspended.

MICHAEL MOULE, Chief of the Engineering Division: Good morning, Chair and Members of the Council. My name is Michael Moule, Chief of the Engineering Division, Department of Public Works.

LYLE TABATA, Deputy County Engineer: Lyle Tabata, Deputy County Engineer.

Mr. Moule: This is one of several resolutions we have for you here today. This one is pretty straightforward. I am going to show the location map and then the more detailed exhibit that is included as part of the resolution for each one. This is a resolution to create school zones on two (2) streets; Kekaha Road and Kala Road in Kekaha. There is a...I want to say the old sugar cane company headquarters building...

Mr. Tabata: Yes.

Mr. Moule: ...this is a charter school. There are actually two (2) charter schools in Kekeha. One (1) is across the street from the Kekaha Elementary School and the other one (1) is down the road. One (1) is here in this area, and then down the road, about four (4) to five (5) blocks. There was no resolution for the school zone in this location and so by existing ordinance and resolution, every kindergarten through twelfth (K-12) school, a school zone is supposed to exist by ordinance or resolution, but there was no specific resolution calling out this school zone and identifying the 15-MPH speed limit for the school zone, which is the 15-MPH specified in a Council resolution from many years ago for each school zone. I will zoom in a little bit here and you can see that the proposed school zone is on Kekaha Road for about one thousand four hundred (1,400) foot length, nine hundred (900) feet on one-side of Kala Road, five hundred (500) feet on the other, and about four hundred seventy-five (475) feet on Kala Road. The lengths are based on the fact that County ordinances define the school zone is within five hundred (500) feet of the property that the school sits on, that is how we develop these. And the posted speed of 15-MPH is defined by existing County Council resolution. It is pretty straightforward. We are just taking care of this relatively new school. They contacted us and they asked, "Can we have a school zone," and we said, "Yes, this is appropriate per the existing code," and so we are bringing it to you folks for approval.

Council Chair Kaneshiro: Thank you. Do we have any questions on this? Is there anyone in the audience wishing to testify? Debra.

DEBRA KEKAUALUA: I would like to ask a question.

Council Chair Kaneshiro: On this item?

Ms. Kekaulua: Yes. *Aloha*, for the record Debra Kekaulua. This particular school building...are they going to build a school there?

Council Chair Kaneshiro: I believe there is a school there now.

Ms. Kekaulua: Are they thinking about it?

Council Chair Kaneshiro: All the Resolution does is change the speed limit.

Ms. Kekaulua: Next to the Kekaha public charter school, there is two (2) large...I think they are classified as 4G cell phone towers. Punohu lives on Kala Road, which is across the street from the County housing, which is a big piece of square up there. The old Kekaha Mill, I understand, has Wi-Fi and that there is someone wanting to open that site up as something, but we are not really sure what. I am concerned that they are putting schools where they are putting these cell phone towers, not ten (10) feet away from the door of this charter school. That is really all what I wanted to make mention of that site. Pretty much that entire area, *mauka* to *makai*, as the police commission authorized just a few days ago, because Punohu wrote them a letter, like how we have been fighting you folks, cease-and-desist and all of that things. He had a letter accepted by the Police Commission about this region top to bottom and that is he is the *konohiki*, so I think maybe it would be wise to engage in a process of communication with the real people who own these lands, instead of the folks who think that they "own" these lands. "Own," I put in quotes. Thank you.

Council Chair Kaneshiro: Is there anyone else wishing to testify on this item? Seeing none.

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

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

Councilmember Cowden: I certainly support putting 15-MPH speed limit in there on this an existing school, which I realize is next to these towers. That entire area, including her five (5) grandchildren would benefit by the 15-MPH speed limit right there by those houses. I am supportive of this.

Council Chair Kaneshiro: Is there anyone else? If not, roll call vote.

The motion for adoption of Resolution No. 2020-07 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Resolution No. 2020-08 – RESOLUTION ESTABLISHING A CROSSWALK ON HOKUA ROAD AT PU'U ROAD, KŌLOA DISTRICT, COUNTY OF KAUA'I: Councilmember Kuali'i moved for adoption of Resolution No. 2020-08, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: I will suspend the rules. Michael, do you want to briefly show the map and explain it real quickly.

There being no objections, the rules were suspended.

Mr. Moule: Michael Moule, Chief of Engineering. This is Hokua Road at Pu'u Road. I am sorry it is a little small on the screen, but this is for Kalāheo Elementary School. There is an existing sidewalk along Pu'u Road, which is the road here that leads from the school back to Papalina Road and the kind of "downtown," if you might call it that, Kalāheo; the core of Kalāheo. There is a sidewalk along the northside of the road, I believe it is. There is no crosswalk at this location. This is something that was reviewed and requested by the school and I know that Chief of Police did a visit and with the request of the school, we all think there should be a crosswalk there. It makes sense to have it. There is already a stop sign on Hokua Road, so the idea will be to add the crosswalk, move the stop line back a bit in front of that, so people stop in advance of the crosswalk.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: What is the speed limit on Hokua and Pu'u Road?

Mr. Moule: I believe that both roads have...I am not sure about Hokua Road, because it is maybe too far from the school for it to have a school zone at this time, but Pu'u Road has a school zone. I think we changed that school zone a little bit a couple years ago with the Council, because it did not quite meet the length requirements. It did not meet that length that is specified in the County Code.

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

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 final discussion from the members? Roll call vote.

The motion for adoption of Resolution No. 2020-08 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Resolution No. 2020-09 – RESOLUTION ESTABLISHING A NO-PARKING ZONE AT THE INTERSECTION OF MANO STREET AND HANALIMA STREET, LIHU'E DISTRICT, COUNTY OF KAUA'I: Councilmember Kuali'i moved for adoption of Resolution No. 2020-09, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: I will suspend the rules. Michael, do you want to briefly explain the map?

Mr. Moule: Yes, thank you. Again, Michael Moule, Chief of Engineering. This location is at Mano Street at Hanalima Street in the Puhi area. This is the location map. To orient you a little bit, this is Kaumuali'i Highway, Nuhou Street, Kaneka Street, Chiefess Kamakahalei Middle School is here. Come down Kaneka Street and turn left onto Mano Street to this very large neighborhood, to this intersection and you turn right on to Hanalima. There was a request from a couple that lives on the deadline portion of Mano Street; there has been an ongoing discussion with this couple. I think there was a request from Council that we responded to about this intersection. It is a little odd and the high volume movements are the right-turn to Hanalima and the left-turn from Hanalima to Mano. What happens is that people coming out of Hanalima Street often do not stop there and there has been request to the Police Department to enforce that, but there is often not that much conflict to the people going straight on Mano Street in either direction to conflict with that movement, so it is an issue. We have been going back and forth about it; are there ways to change that? There are ways to change that, potentially, to make the through movement Hanalima and Mano Streets, but we have not

proposed that at this time. The most recent request has been, "Can we remove parking from the intersection location to improve the sight distance," and we looked at it and said, "Yes, there is some concern with that." I will move on to the next image. What we have proposed is forty (40) feet from the federal line on Hanalima Street, which is really just the corner itself, not so much needed for sight distance...just that we do not really like people to park within so many feet of an intersection any way. There is some requirements by code, this extends this a slight bit, but not much. On Mano Street, a little bit longer, ninety (90) feet from the centerline of Hanalima, this way, because that is sort of the sight triangle, sort to speak. If someone stopped here at Hanalima Street and try to look to the left to see traffic coming down Mano Street, cars parked right here in this area could block the view. As far as removing parking from the neighborhood, they were moved a little bit, obviously to places where people can park. Our observation is that we do not find that people park there very often. This corner lot, its frontage is on Hanalima Street, and there is still frontage on Hanalima Street that residents there or other people could park in that area. On Mano Street, this is the side yard of that property. There is still plenty of room down here away from any house frontage that people can park, so it might concentrate folks a little bit further away from the intersection in there today, but there is not a period that would be any sort of parking deficiency as far as spaces in this neighborhood. We think that this is an appropriate solution for improving sight for safety, but does not create any parking problems for the residents.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: What did we do about educating residents in that area?

Mr. Moule: We did not do any specific outreach on this.

Councilmember Kagawa: No outreach.

Mr. Moule: We felt that given the fact that it is not heavily used for parking and that the Council Meeting is a public forum, I think that if you felt that you wanted people to know about this, you could certainly defer this to the next meeting, so people have a chance to come and comment. We did not do any specific outreach, because it is a minor change in our minds.

Councilmember Kagawa: Okay. For me, I constantly see the education come after the implementation and then I think that reaction is always...because when the legislation is passed, it is too late to ask for their input. I typically see, if anything, people only talk when they complain. I would say not most of the time, but I do hear times when we implement without doing the outreach and we just do it here as you stated that there are some times problems and unforeseen reasons why people bring it up. This one, I do not really see any problem, if you say you do not see cars

parked there any way, but in normal cases as we make changes that are going to require us to put in "No-Parking" signs or take parking away, I would like to see some outreach. Whether it takes an hour or two, just telling them what is coming down, and you can hear from the actual users that use it tell you why or why not they are happy with it or not happy with it. I think it is worth it if we take that step, because I see that step as very useful to avoid complaints coming in after legislation has passed. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: You are saying that this area is hardly ever parked on. Is someone asking for this?

Mr. Moule: Looking at aerial imagery and our field observations, we have seen occasional vehicles parked in this area, but when we have seen them, there has been plenty of room to park just down from there, so again, we did not feel that it was an issue. It was requested by residents at this end of the street to improve the sight distance and we do think it is important to do that in this case.

Councilmember Cowden: Okay. Is there a reason that it happens, is it that there is a very active neighbor who has evening parties or is there too many people living in the houses...we have so many parking problems, I just...

Mr. Moule: That is a good question. I do not think that there is an issue where there is a situation here where there is a parking demand that is not being met or would not be met, if we take this parking out. I think that occasionally someone might park in this area, because it is a little closer to their front door and maybe the space in front is taken, but to walk another thirty (30) or forty (40) feet to the spaces...to the space that is adjacent here, is not significant hardship, so I think it is not an issue.

Councilmember Cowden: In general, you do not park right in an intersection.

Mr. Moule: That is right.

Councilmember Cowden: It seems like that is basic that you do not park right where you are going to be blocking the view plane.

Mr. Moule: Yes, but in cases like this, the distance from the intersection where (inaudible) we move parking to get good sight distance is a little more than the average person might think.

Councilmember Cowden: What does that say?

Mr. Moule: Ninety (90) feet. That is from the centerline, though, so it is only...

Councilmember Cowden: Like seventy (70) feet.

Mr. Moule: Well even less. From the actual end of the curve of the pavement, it is probably closer to fifty (50) feet, because you have the width of the street plus fifty (50) to sixty (60) feet, I would say.

Councilmember Cowden: Okay, thank you.

Council Chair Kaneshiro: Are there any further questions from the members? Did we reach out to that homeowner?

Mr. Moule: The one that made the request? The one in the corner, no, we did not.

Council Chair Kaneshiro: I would suggest just reaching out to them. If it is going to affect them...I guess I am a little wary for situations like this, because like I see in that neighborhood, there are cars parked all over the place, not just there. I do not want it to become like a slippery-slope where neighbors are saying, "Oh, I do not want all these cars parked along my area, so let us make a 'No-Parking,'" and you start seeing this all over the Puhi area. I do not drive there a lot, but I drive on the higher streets a lot and I know there are cars parked all along the corners all over the place there, so I do not know if there is a way to discern whether this is where we stop or we are going to get more calls and people are going to want to do it all over the place. It is just a slippery-slope, I guess.

Mr. Moule: That is a good point. I think the response I would have to that is that Hanalima Street is a higher volume street than the other streets that connect to Mano Street, because it has all of the apartments there. Relatively speaking, for this neighborhood, this is a busy intersection. It is probably the busiest intersection of the neighborhood besides the ones that connect to Puhi Road or Kaneko Street. I think there is some justification in this case given the volume of traffic that makes these movements here.

Council Chair Kaneshiro: You said that right now people driving on Hanalima Street that are taking a left on Mano Street are not stopping at the stop sign and that is why the cars that are going down Mano Street are afraid that if a car just pulls out, that they will not see them coming down the street.

Mr. Moule: That has been a constant complaint from the residents at the end of the...or at least one (1) couple that lives at the end of Mano Street. We have observed it and we have observed people not stopping. How often

they do not stop and how fast they roll through, if you observe for a long time, you might see more things than we saw in the short period of time we were there, but that is the continuing complaint. We have in the past beefed up and redone the markings for the stop line, I think we put "Stop" on the pavement there as well, several years ago, to try to remind people of that, but the challenge again is that there is not a lot of people making that through movement, the tendency is to not stop. I used to actually live a block away from here, so I knew it. I saw it then and you do see people rolling through.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Do we know if there were any accidents have happened on that intersection?

Mr. Moule: I am not aware of any specifics that have happened at this location. We did not check the records though.

Councilmember Kagawa: Again, now after hearing Council Chair Kaneshiro share some of my sentiments, I am kind of wary of...I know that area well, some friends live there. I drive that area occasionally. The shoulders are a way of life for people on Kaua'i, parking. Because of our affordable housing problems, we have families bunched up in houses and I do not blame them for having four (4), five (5), six (6) cars. They are doing what they can to live here. They are not fortunate to be EM-7 or whatever with good pay to buy places. What I am saying is I want to see more thought out legislation come before this body. I do not want to see no accidents and then we pull the trigger on something like this. I am not saying the accidents should cause...but I drive that area, it is not more dangerous than any other subdivision like I have in Molokoa where we have stop signs by that type of intersection. You have junk drivers all over the place that do not make a complete stop at stop lights. Are we going to...because one (1) neighbor said, "I saw two (2) never stop yesterday, I like 'No-Parking' in front my house"...it is not reasonable. I am going to vote no.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am not quite making a move for this yet, but I am wondering if we were to defer something like this until all those neighbors right in that corner area get a request to check in with them, because I do think it is important that there is agreement and you do not end up with one (1) neighbor who is over directing...I know next to my house, I do not mind, but my neighbor puts little reflectors, so people cannot park and they have a business out of their house, so they park in front of my house and ruin my grass instead of theirs. I am willing to tolerate it, but there is this pecking order in neighborhoods and I think it is valuable to make sure when we are going to put a "No-Parking" sign that there is an outreach to the

properties right around it. I do not want to say “No” to this, I would rather push it out and have you ask.

Mr. Moule: I suggested that earlier after hearing Councilmember Kagawa’s first comments, so I think that would be reasonable.

Councilmember Cowden: Okay. I will wait to hear everyone else and if everybody does not have other input, I will move to defer.

Council Chair Kaneshiro: Are there any other questions from the members? Councilmember Kualii.

Councilmember Kualii: What is the speed limit on that main street?

Mr. Moule: It is 25-MPH on those streets.

Councilmember Kualii: As in most subdivisions.

Mr. Moule: Yes.

Councilmember Kualii: Okay, no further questions.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: If we moved to defer, how much time would you need to accomplish this?

Mr. Moule: We can certainly get a letter out this week. It may not actually physically go out until next week, but I could have staff prepare a letter or post card to the area around here to ask for comment, and then it is a matter of how long do we want to wait for comment. I would say two (2) weeks or so would be enough. If you probably have a meeting in two (2) weeks, which I assume you probably do, you might want to defer it beyond that.

Councilmember Chock: A month out.

Mr. Moule: A month.

Council Chair Kaneshiro: Thank you. Are there any further questions?
Councilmember Kualii.

Councilmember Kualii: When Councilmember Kagawa asked about accidents, there were none reported.

Mr. Moule: We did not check.

Councilmember Kualii: Are you going to check?

Mr. Moule: The data that I have access to is old.

Councilmember Kualii: The neighbors who complained about someone driving through without stopping did not say there was an accident.

Mr. Moule: I do not remember them saying that, but there has been a lot of communications over the years, so that could have been something that was said, but I am unsure.

Councilmember Kualii: The other thing is, was there any moving violations for not obeying the stop sign?

Mr. Moule: I could not answer that question, that would be a question for Kaua'i Police Department (KPD).

Councilmember Kualii: Maybe you could find out.

Mr. Moule: We could ask.

Council Chair Kaneshiro: Are there any further questions from the members? If not, is there anyone in the audience wishing to testify on this item?

Ms. Kekaua'lua: Hey, folks. For the record, Debra Kekaua'lua. We have the same type of issue up in...off of Kuamo'o Road, Mala, and Ahakea. It is a four-way stop sign and no one ever stops, except for me. I have over the past, I will admit, I have gone through those stop signs many times; just roll through there, but there are people that blatantly go through. I do not even think they look. What they are doing is they are coming off of Kamalu Road, into our subdivision, so that they can get on to Kuamo'o Road quicker than the people who are stopped at the store, waiting to pull out. These are all "MacGyver" type of things. In front of our house we have what is known as a County piece of parcel, it is "County" they say. We have people that will put up horses with a door on top and load it up with coconuts, so people in the overgrowth do not park on their County...but they will make muddy and dirty on both sides of the street and neighbors that come and go are not here all the time. I have written a letter to The Garden Island newspaper about it, I have talked to police officers about it, and they do not have time to watch who is going through a stop sign, get them out of there if they are not working. The main ones that go from Mala to Kuamo'o, yes, leave those ones there, but the other ones are ridiculous. It is like everything else that is ridiculous. This type of thing, do not we have bigger things to be managing and maneuvering? This is just a waste. I am

sorry. I am really wondering where is my friend? Where is Councilmember Brun? Is he no longer with us? Can you folks say?

Council Chair Kaneshiro: He is out sick today.

Ms. Kekaulua: Never mind. I can see it.

Council Chair Kaneshiro: He has an excuse absence.

Ms. Kekaulua: You folks just blew it. You folks are supposed to help this man, not dis him.

Councilmember Kagawa: We are not dissing him. What are you talking about?

Ms. Kekaulua: Well, I do not know, I do not see him here.

Councilmember Kagawa: He is not feeling well.

Ms. Kekaulua: Oh, okay, thank you for that, because I did not know.

Councilmember Kagawa: Do not make that type of accusations; that is uncool.

Ms. Kekaulua: But I really want him here. And who is cool?

Council Chair Kaneshiro: Mike.

MICHAEL A. DAHILIG, Managing Director: Good morning, Councilmembers. My name is Mike Dahilig. I am here as a private citizen. I live at 1970 Hanalima Street and I would like to just say for the record that one (1) thing to take into consideration is that Mano Street is at a hill and so when you are coming to that stop, coming out, trying to make a left from Hanalima on to Mano, you are actually at a disadvantage when you are looking up the hill trying to see what is coming at you. That is why I purposely do not use this left-turn, I go up Ono Street to try to get to the more main thoroughfares to get out of the area, but I would like to testify in support of this...and make very clear that I did not ask for this particular Resolution. Thank you very much.

Council Chair Kaneshiro: Thank you. Is there anyone else wishing to testify? Seeing none.

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

Council Chair Kaneshiro: Is there any discussion? I know there is a question of deferring and we would defer it to February 19th, but if anyone wants to say anything prior to the deferral? Councilmember Kagawa.

Councilmember Kagawa: I know Debra is a little upset there, but the thing is Michael folks are just doing their job. The public either calls us to complain or they call the Administration to complain. If they call the Office of the Mayor, they will send them to the appropriate department. Michael comes up with his recommendation for a solution, even though there are not accidents, the potential of an accident is a safety concern and that is why he has his job as an engineer. He came up with a solution. The process is that for us here, like Council Chair Kaneshiro said, does this set precedent on a very busy street with multi-families living in many of these houses, you folks know. You folks should drive Puhi right now and you look at that area. That area has multi-families living all over the place. There is a lot of cars, a lot of demand for on-street parking throughout the day. Now, when you ask, "What is going to be fair," potential safety or road shoulder for multi-family reasons for parking that I think the bottom line is if the cars treat the stop sign the way they are supposed to, and yes, one hundred percent (100%) do not, and yes, there is a hill that is problematic as well, but what I am saying is if you get the buy-in from the corner lot person, maybe some across the street are families, I feel a little bit more comfortable. To just do it after the one (1) complaint to Michael, I do not know if it is enough for me at this point. There are a lot of intersections like that and are we going to accommodate everyone who want to have "No-Parking" and restrict County right-of-way from parking for families, are we going to do that from now on, going forward? We have a lot of those now, not just Mano Street. We have loaded all over this island. I think it is a valuable source of multi-generational families having vehicles for school, work, or what have. I want to protect those rights of people that Kaua'i County, we provide that for the public as much as possible and allow them to do what they have to do what they have to do to live on this island. I am going to be supportive of a deferral, if that is what you want. Thank you.

Council Chair Kaneshiro: Anyone else want to make a comment before the motion to defer? Councilmember Evslin.

Councilmember Evslin: I will second most of what Councilmember Kagawa said. Although I respect the work that Michael Moule folks do. I had a couple of people complain about a neighborhood situation, Scott folks forwarded it to those folks, and they are super responsive in going out there to figure out what is happening on the ground and making a determination. They do a good job. My gut instinct is generally to preserve on-street parking for the reasons Councilmember Kagawa specified. I also live in a neighborhood with lots of on-street parking and I have been

surprised in how it makes the road safer, because people just inch along there, because the road is narrower. My gut instinct is to preserve it when possible, but I know that in some situations it is really hard for us to know what is happening on the ground there by looking at this map, so I look forward to Michael Moule folks coming back after hearing from the community a little bit more to make a final determination on it.

Council Chair Kaneshiro: Is there anyone else? Councilmember Kualii.

Councilmember Kualii: I would be willing to support the deferral at this time and I am going to look for myself.

Council Chair Kaneshiro: For me, my main concern is I do not want that homeowner to be surprised. Everyone gets to park all along there and then all of a sudden they have a "No-Parking" zone in front of their area. I think it would be wise for us to at least give them a heads-up, see what happens, but I know it could get ugly in...like this case it may be truly for safety, but in other cases, we may get other requests where neighbors do not like each other and they just want to put "No-Parking" all over everyone's area. Then it becomes a question about how do we decipher if it is legitimate or is it neighbors feuding with each other. I think giving us a little more time to see and letting those in the area know about this is a good thing. This issue may seem small and insignificant, but this is our job. Any road issue, speed limit, or crosswalk, has to come through Council to get approved. There is no other way to get it approved. Mike cannot just come up and put a crosswalk anywhere he wants. This is the process. As small or as big as it may seem, that is the process in place. We take all of these traffic resolutions seriously. School safety zones and speed limits, it all has to come through the Council. That is the process. Councilmember Cowden.

Councilmember Cowden: Can I speak to County Attorney Matthew M. Bracken for just a moment?

Council Chair Kaneshiro: Sure.

Councilmember Cowden: Thank you. I just want to make sure that we are accurate and have a full understanding...if this was passed, how does that set a precedent for other similar roads? Are they looked at similarly? Are they looked at independently?

MATTHEW M. BRACKEN, County Attorney: It does not set any precedent. As Michael Moule explained, they look at it on a case by case basis. For this one, he looked at it based on a complaint and then gave his view of the safety of the situation. This does not necessarily set any precedent.

Councilmember Cowden: Okay. That is important for me to know. It does not change my interest in a deferral, but I think it is in agreement with what Vice Chair Kagawa says. This is problematic in neighborhoods all over the place, but we would be impacting people's ability to stay in their home if it did set a precedent. There is no need for me to ask the Department of Public Works or the Roads Division, or Engineering Division for a list or anything like that. Each of these is looked at on a case by case basis?

Mr. Bracken: Correct.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: Every single case would come before the Council. I do not want to go down the slippery slope where we get multiple requests and we have to be a referee in deciding whether it is for safety or neighbors fighting. It is just taking a closer look at this individual situation just like we have been looking at every individual situation that comes before us. Councilmember Cowden.

Councilmember Cowden: Okay, I am comfortable with that. To me, it sounds like what we are setting in terms of how this Council would like to handle this is, for the engineers to know that we would like to have inquiry of the adjacent neighbors and that we give these neighbors an opportunity to respond. Thank you.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock moved to defer Resolution No. 2020-09 to the February 19, 2020 Council Meeting, seconded by Councilmember Kualii, and carried by a vote of 6:0:1 (*Councilmember Brun was excused*).

Resolution No. 2020-10 – RESOLUTION REPEALING SECTION XVI, ITEM 7 OF RESOLUTION NO. 54-91, RELATING TO SPEED LIMITS FOR COUNTY ROADWAYS IN THE COUNTY OF KAUAI, STATE OF HAWAII, AND ESTABLISHING A NEW MAXIMUM SPEED LIMIT OF TWENTY MILES PER HOUR (20 MPH) ALONG ALAHULA ROAD, WAIMEA DISTRICT, COUNTY OF KAUAI: Councilmember Kagawa moved for adoption of Resolution No. 2020-10, seconded by Councilmember Kualii.

Council Chair Kaneshiro: Michael, if you would like to come up to give a brief explanation on this.

There being no objections, the rules were suspended.

Mr. Moule: Michael Moule, Chief of Engineering. There was a complaint about people speeding on Alahula Road. We have evaluated the

street and it is narrower than typical residential streets. Let me start by saying the twenty-five (25) MPH is the residential speed limit per the statutory speed limit per the County Ordinance that we have no resolution. That is the standard speed limit for residential streets. Since I have been here with the County, the way that I interpret and use that is if the County residential road is built to our standards, does not have sharp curves, and is twenty (20) feet wide then twenty-five (25) miles per hour is generally the appropriate speed. There may be occasional reasons for us to go lower than that, but typically that is how we have been handling this. When we reviewed Alahula Road, we saw that it was not twenty (20) feet wide is approximately fourteen (14) to sixteen (16) feet wide, and it has a few curves. We felt even with that, a twenty (20) MPH speed limit would be appropriate. We are proposing to change the speed limit to twenty (20) MPH. With the last discussion of contacting residents, we did not contact anyone besides the complainant in this case. The other one had a site distance engineering also but this even more so because of the safety issues of speed is an engineering recommendation to reduce the speed. We have not made any other contacts and it is appropriate in this case. There are only a handful of homes on this street.

- Council Chair Kaneshiro: Councilmember Kagawa.
- Councilmember Kagawa: This is a residential dead end road.
- Mr. Moule: Yes.
- Councilmember Kagawa: There are a few homes.
- Mr. Moule: Very few homes. As you see here on the image, there are only a handful of homes.
- Councilmember Kagawa: I am certain that I know which road this is. Is this in Hanapēpē Valley?
- Mr. Moule: Yes, I should have given you that background.
- Councilmember Kagawa: Thank you, I will support this.
- Council Chair Kaneshiro: Councilmember Cowden.
- Councilmember Cowden: How long is that road and is it dirt or paved?
- Mr. Moule: It is paved for most of the length that is shown on this map. We do not have a scale on this drawing but it is...
- Councilmember Cowden: Is it one half (½) of a mile or...

Mr. Moule: No. We are looking at a two hundred (200) to four hundred (400) feet.

Councilmember Cowden: Is there four (4) to five (5) houses on the road?

Mr. Moule: Yes, around there. There is a few near the entrance and few near the end. There is not that many. I looked at the aerial image this morning. We are able to show you by using Google Maps.

Councilmember Cowden: No, I was curious. It does not look like it is a (Inaudible) of anything else. It sounds like there is one (1) or two (2) neighbors that are driving fast past their other neighbors.

Mr. Moule: That sounds correct.

Councilmember Cowden: It sounds like it is not working for them to talk to each other.

Mr. Moule: It could be? We did not contact the neighbors at the end of the street. For this case, we feel that it is a safety issue and appropriate to reduce the speed.

Councilmember Cowden: Okay. I will support this but in general, for me, what would be better is if there is an inquiry letter that went out to the others. At times, it is good to let someone know that their behavior is not right as they may not have observed that sign. There are times that people do not realize that they are making their neighbor feel threatened. People do not speak up.

Mr. Moule: Okay, thank you.

Council Chair Kaneshiro: Anyone else? If not, thank you. Is there anyone in the audience wishing to testify on this item?

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 final discussion from the members? For me, I do not know if the twenty (20) versus twenty-five (25) will make a difference in speeding? I do like the idea that you went out and looked at the road to realize that the road is not as wide as it should be, and that twenty (20) is a better speed limit for that particular road. For me, I am okay with approving this as-is. Anyone else? Councilmember Cowden.

Councilmember Cowden: I would say that from the description of the road, it almost sounds like a driveway which happens to be owned and maintained by the County. There is only a few people here, is that correct?

Mr. Moule: We have a lot of roads like this that are small roads less than twenty (20) feet wide that lead to a handful of houses. Some are more than a handful. Fourteen (14) to sixteen (16) feet is a pretty common road width for some of these smaller roads especially in older areas. In this case, it is more than just the driveway.

Councilmember Cowden: Would be typically be thinking that should be the established speed limit on all of those roads and to reduce it to twenty (20) miles per hour?

Mr. Moule: Yes, that would be my opinion and engineering judgement on that. I believe many roads already have reduced speed limits. I remember correctly, I believe it was in 1991 when a Resolution posted the speed limit at twenty-five (25) MPH. I am not certain why it was posted that way at that time or there may not be a Resolution and this is by default.

Councilmember Cowden: Are there any roads that are posted at twenty (20) MPH? I am not used to seeing that.

Mr. Moule: There is a lot of roads that are posted at twenty (20) MPH. I could Google a list of over one dozen.

Councilmember Cowden: It could be that I am not paying attention.

Mr. Moule: There is a lot of those roads. To be honest, there are some of which I agree and some that I do not. We do not go out and review every street speed limit weekly, monthly, or every year being that we do not have the staffing to do so. However, when we are notified of a street we feel is not appropriate, we do recommend the change.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Michael, what I believe I hear the Council ask for is a process change in these Resolutions and reaching out to the community. I am curious to hear how difficulty that would be and why is not part of the process now?

Mr. Moule: We do that in many cases and also have outreach meetings for some cases. In other cases, we do mailings. We have used our judgement to determine if that is necessary or not. In this case, being that it is a clear engineering aspect, we felt that we did not need too. The last case is similar in

some ways. It is relatively a high volume road with an intersection having site distance concerns. While we do not remove parking from every street...especially in lower volumes, we felt that it was appropriate in that case. It takes time to prepare letters, to send them out, and to find the right owners. You often get owners only and not renters. There are times that we do it, but not often because we feel that it takes extra time, and we are busy. However, after hearing what I heard today, we can adjust the process when judging when it is appropriate to do so or not. Perhaps to do it more often than we have in the past.

Council Chair Kaneshiro: Any other comments from the members? If not, roll call vote.

The motion for adoption of Resolution No. 2020-10 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Council Chair Kaneshiro: Next item, please.

Resolution No. 2020-11 – RESOLUTION ESTABLISHING TURN LANES ON HANAMĀ'ULU ROAD AT KŪHIŌ HIGHWAY LIHU'E DISTRICT, COUNTY OF KAUA'I: Councilmember Kuali'i moved for adoption of Resolution No. 2020-11, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Michael, if you would like to explain this.

There being no objections, the rules were suspended.

Mr. Moule: Michael Moule, Chief of Engineering. This is the location map. To orient you a little, we have Kūhiō Highway running through Hanamā'ulu and Hanamā'ulu Road. King Kaumuali'i Elementary School is right here. It says Hanamā'ulu Park, but I believe it is Peter Rayno Park which is the official name, if I recall correctly. This is the intersection with Akule Street and 7-11 is here on the corner. What we are proposing here...a little background before I go to the next slide. This came out of public meetings that we had for the Safe Routes To School Program project that we are currently finalizing plans for King Kaumuali'i Elementary School on Hanamā'ulu Road. Our current schedule has that going into construction next year, 2021. This is not part of that project or something that we were able to do relatively easily with our County forces. We are possibly going

through an on-call or existing contractor to do striping for us. It would be a simple solution to create designated turn lanes at this intersection. Right now, there is no separated lanes and there is only a double yellow centerline down the middle. It is sort of used as two (2) lanes or as people are able to fit. With this restriping, we would maintain a ten (10) foot lane for the left through lane coming out of Hanamā'ulu Road turning onto Kūhiō Highway. As long as there is enough width of sixty (60) feet, we would have a solid line with a right-turn lane next to that, and two (2) to three (3) cars will fit in that space. We plan to continue the dash line further down to encourage drivers that are making a left-hand turn to stay as far left as they are able in order to let other vehicles squeeze by when that que gets longer than three (3) cars. What we are asking for here is a sixty (60) foot long, two (2) separate lanes...left through and a dedicated right. We came up with that after the public meetings and we received E-mails from the school supporting this Resolution.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I saw where the extra space is being used as a right-turn lane.

Mr. Moule: Yes, that is right. It is not formally marked as a turn lane and this Resolution would mark it as such.

Councilmember Kagawa: I would like to praise you folks one hundred percent (100%) for this. I love designated right-turn lanes at a busy traffic light intersection to help traffic flow. I love this project, I thank you folks for this, and I support this one hundred percent (100%). Thank you.

Council Chair Kaneshiro: Any other questions from the members on this? If not, anyone in the audience wishing to testify on this item?

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

Council Chair Kaneshiro: Any final discussion from the members?
Councilmember Kagawa.

Councilmember Kagawa: I would like to thank the Department of Public Works for all these resolutions, even the one that got deferred. What I would like to say is as we look towards to perhaps going out and doing educational outreach that Councilmember Chock talked about, we do not necessarily have to use the highest paying personnel. I would hope that we are able to train some of our clerical staff, support staff, et cetera in order to keep our highest paid personnel to do what they do best and to use their expertise in those areas. By utilizing some of the staff the way the Planning Department does and how they get out there, that would be a

great idea. I could see for Michael, what he has on his plate and with all the projects that he has, I do not know if that would make the most sense out of County coffers have him go out and do tedious work. Hopefully we are able to be creative and get the job done like a private sector would. Thank you, Chair.

Council Chair Kaneshiro: Anyone else? If not, roll call vote.

The motion for adoption of Resolution No. 2020-11 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Resolution No. 2020-12 – RESOLUTION URGING THE HAWAI'I STATE LEGISLATURE TO PROVIDE ADEQUATE FORECLOSURE PROTECTION FOR NATIVE HAWAIIAN BENEFICIARIES OF THE HAWAIIAN HOMES COMMISSION ACT OF 1920: Councilmember Kuali'i moved for adoption of Resolution No. 2020-12, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Councilmember Kuali'i.

There being no objections, the rules were suspended.

Councilmember Kuali'i: I have a brief presentation with a handful of slides. The need for this Resolution was brought to Councilmember Cowden and myself by the leaders of the Sovereign Council of the Hawaiian Homestead Association (SCHHA). Founded in 1987, the SCHHA is the largest and oldest coalition of native Hawaiian beneficiaries and homestead associations of the Hawaiian Homes Commission Act. Forty-two (42) homestead areas are members of the SCHHA. The Statewide officers include Chair Robin Danner from Kaua'i, Vice Chair Sybil Lopez from Moloka'i, Kekoa Enomoto from Maui, and Ron Kodani from Hawai'i Island. Chair Robin Danner is here today.

What is the need? The Department of Hawaiian Homelands' (DHHL) loan policies and procedures do not provide adequate protection for native Hawaiian families to access common loan loss mitigation measures, including opportunities to apply for a permanent loan modification, a loan assumption, or reasonable opportunities to sell a home prior to foreclosure. Also, as this Council's Housing & Intergovernmental Relations Committee Chair, I would like to add that as we address

affordable housing crisis and homelessness, we need to do what we are able to help keep our families in the homes that they are already in.

What does this Resolution do? It resolves that “we the Council,” call on the State Legislature to adopt and implement technical amendments to the Hawaiian Homes Commission Act to provide immediate and direct guidance to DHHL to implement a written loan servicing manual that includes, but is not limited to, ensuring federal protections of native Hawaiian active military service members. As well as opportunities to apply for loan loss mitigation such as a permanent loan modification, a loan assumption, or other industry standard loan default cures.

To tell you about other nearly identical Resolutions at the City and County of Honolulu, Councilmember Kymberly Pine will introduce a similar Resolution that reaches out to congress instead of the State Legislature. On Maui County, they unanimously voted to adopt Resolution No. 20-2 on January 10, 2020. On the County of Hawai'i, Councilmember Susan “Sue” L.K. Lee Loy and Councilmember Ashley Lehualani Kierkiewicz will introduce a similar resolution at their February 19th Council Meeting. I would like to give Councilmember Cowden a chance to say a few words.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I would like to say that I strongly support this effort and in alignment with what Councilmember Kagawa had mentioned relating to people losing their housing is such a critical issue on their island. This is a low-hanging fruit and the same as people having a way to park. When we look at the lack of action or inaction over the decades with DHHL, the beneficiaries have fallen behind with what is the “norm” for the rest of the population. This is an area whom we really need to protect. When we look at how to create more housing, one of the biggest impediments is land and in this case, we have the land. We definitely want to ensure that we are able to build on these lands and that we are able to keep people in their houses as best as we can. We need to be able to give them all the rights as every other person in the islands, country or state.

Council Chair Kaneshiro: Any questions from the members?
Councilmember Kualii.

Councilmember Kualii: I would like to add one more thing. We received extensive testimony from the SCHHA in writing. All the Councilmembers have a copy of that. Since the time that we drafted and brought this Resolution into the process, now that the Legislature is open, their bills connect directly to this. I believe that we are going to hear about it in our testimony.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you to the introducers and for this Resolution. I have a question in terms of how we get to the end result in what we are looking for. Is it DHHL that needs to implement this manual, but it needs to be approved by the federal government in order for it...

Councilmember Kualii: I am going to ask the President of SCHHA to come up, give further detail, and help with the questions.

Councilmember Chock: Thank you.

There being no further objection, the rules were suspended.

ROBIN DANNER: *Aloha*, Councilmembers. This is only the second time in twenty-five (25) years I have been before the Council. I must comment to you...

Council Chair Kaneshiro: I am sorry, Ms. Danner, you need to state your name.

Ms. Danner: My name is Robing Danner. I am an Anahola resident and I am the elected Chair of the SCHHA. I am a Hawaiian Homes Commission Act beneficiary. I would like to say that I am really proud to be here. I apologize for not being more of an active County citizen. It is very exhausting being a citizen and to keep up with everything. Please forgive me for being here only twice in the past twenty-five (25) years. Councilmember, thank you for that very important question. Thank you, Councilmember Kualii and Councilmember Cowden for bringing this Resolution forward. More than anything, your action of bringing this Resolution forward means that native Hawaiian citizens of this County are not invisible to our government. No matter what you do with the Resolution, I am not able to tell you how incredible that is. It sends a powerful message that the Hawaiian community needs to hear from every level of government today.

To respond to your specific question, indeed this is the entirety of the State of Hawai'i's DHHL loan policy manual. It is probably like this for other government loan programs. What I provided for you is three (3) pages out of this manual, which is all that is dedicated to handling a loan delinquency. In response to you, yes. DHHL itself could adopt these very common sense recommendations we have made and we have spent months attempting to do that. The leadership at DHHL and the Commission of DHHL believes that everything is cool and there is no need. We do not need to go the federal government. The next level of government is State Legislature. DHHL is a child of the State Legislature. Therefore, the Legislature can amend the Hawaiian Homes Commission Act administratively to add requirements that these loan loss mitigations are included in the State agencies loan

manuals. Yes Councilmembers, we could indeed go to the Federal Congress. They also have jurisdiction over the implementation of this act. However, we are going in order and come before the County Council. As subdivisions of State Government, we seek your support to urge the rightful body, the Legislative body of State Government to make these reforms on behalf of your citizens in this County. Councilmember Chock, I would like to say one last thing about that. In 1959, when the Congress enacted the Hawai'i Statehood Admissions Act, the United States Congress gave State Government the authority to amend the Hawaiian Homelands Commission Act as long as any amendment did not inhibit the rights of native Hawaiians, and as long as it was a technical or administrative amendment. If the amendment is beyond those parameters, State Government is able to still amend the act, but it would then kick in a requirement for the United States Congress to review it.

Council Chair Kaneshiro: Any other questions from the members?
Councilmember Cowden.

Councilmember Cowden: Is there an overall statement that you would like to make that had not come out of Councilmember Chock's...do you have a testimony?

Ms. Danner: I submitted my testimony. I believe that Councilmember Kualii did an outstanding job of the common sense of this Resolution. It is not earth shattering. As Chair of SCHHA and an Anahola homesteader, it shows that our County Council...I would be so depressed if our Kaua'i County Council did not stand with its own citizens to say, "We are asking State Legislature to look at this." I am so thrilled that "my" County Council and Maui's County Council is saying to the native Hawaiians there, "We are your government too. We may not understand the intricacies of the Hawaiian Homelands Commission Act, but we are your government too and we see you." That is the greatest piece that this Resolution is able to give to us besides the fact that it will urge Senator Kouchi and other Senators of the twenty-five senators to adopt Senate Bill No. 2526, which will take this home.

Councilmember Cowden: Can you please give us an example because there are many people who are unfamiliar with this, including people who are beneficiaries.

Ms. Danner: Sure.

Councilmember Cowden: Can you give us an example of the difference between how someone goes into foreclosure under the DHHL rules and what another person may face. People and allies of the Hawaiian community or people in general is able to understand the nuance.

Ms. Danner: If you are on fee simple property...everyone remembers the 2008 mortgage crash? It was a national debacle and it threatened our economy. It threatened it so badly we needed a bailout of the banks. That was caused primarily by poor policies and procedures of lenders and not having good criteria. It was not the fault of borrowers. There was a huge reform and our Hawai'i State Legislature enacted Act 48 in 2011 to bring those national reforms that we learned as a Country to Hawai'i. Act 48 basically reformed the way "lenders" are allowed to foreclose and evict folks from their homes. That could be a debilitating economic. It could create blight and it could create economic hardship. Act 48 attempted or did provide specific guidelines for lenders that you are not able to go around and foreclose. You need to work with borrowers on what we call certain loss mitigations. DHHL does not follow that. Native Hawaiian citizens do not have the benefit of that awesome groundbreaking legislation in Hawai'i. This essentially checks on lenders by the judicial system and others. This is to ensure that before we allow you to take this home, have you discussed loan assumptions, have you discussed modifications to the loan, or have you discussed forbearance We do not have the same opportunities. Essentially, "our" opportunities are this. We do not get to go to court to defend our rights in a judicial or non-judicial foreclosure. We have a state agency that is all powerful. Instead of doing foreclosure, they put us into a landlord/tenant relationship. Although the home on the land is owned by the owner, the land lease is ninety-nine (99) years. They take the path of lease resistance. If you are delinquent on the mortgage of the home you own, the State agency cancels the underline land lease. That is the easiest way, it is the least protection for our people and the native Hawaiian beneficiaries, and it puts us into landlord/tenant space. Right now, the State agency is all powerful to make that decision. We only have one (1) opportunity to have that process put into check. It is the Administrative Review Law which is not even about foreclosures, it is not about asset ownership. It is the state law that if any State agency whether the Hawai'i Department of Land and Natural Resources (DLNR), Department of Health, et cetera, if their agency makes a decision against the citizen that you want to challenge, then you are able to go to Circuit Court within thirty (30) days. You need to know what you are doing, right? What happens then is we have no opportunity...the one opportunity we have is to understand that we are going to Circuit Court not to challenge foreclosure. We are going to Circuit Court and we have to know that we are challenging a State action, any State action. Being that DHHL does not describe the loan loss mitigations, it is available to everyone else and it should be available to us. Most native Hawaiian families are at a loss, they do not understand what is happening to them, and they miss the thirty (30) day window. The next procedure is the State is represented by the Office of the Attorney General in District Court to eject. It is like that. You have families facing this David and Goliath...the Office of the Attorney General. If I may, I will give you a Kaua'i example. We had a Kaua'i family here that went through that process, a nurse, a working family. DHHL and the Commission cancelled her brother's lease. Fortunately, our non-profit organization was made aware of it, and fortunately she came from a professional background. We literally read Chapter 91 of the

Administrative, and we literally needed to find friends or folks in the court system to know where to put the parenthesis, to file within the thirty (30) days. Our non-profit organization helped to find a pro bono attorney. We went to the Circuit Court up against the Attorney General, and Judge Kathleen N. A. Watanabe ruled a reversal on the lease cancellation. The parties are now having to negotiate on what...standard loan loss mitigations that are alternatives to foreclosures and there are so many of them. I gave you that example of one close to home. This is happening across the State of Hawai'i. We would have an eighty-two (82) year old who raised her children for thirty-two (32) years on Kaua'i, on a particular property, with a working class family who is a nurse who is fully capable but was not given the opportunity of standard loan loss mitigations available to everyone else. I want to make clear, this is not an issue of native Hawaiians being deadbeats. This is not an issue of us wanting something more. This is an issue of parity. All we are asking for is for loan policies and procedures that mirror the opportunities to have alternative resolutions to a loan delinquency other than foreclosure.

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Just to clarify, in essence, you are not trying to get everyone to go to court. The example you shared was the last resort being that it was not resolved by DHHL, it had to go to court, but then in fact by getting DHHL to do manual procedures that included those options, most of those issues would be resolved in the same way as (Inaudible).

Ms. Danner: Even before it got to the Commission, yes Councilmember, exactly. It is a simple, fair, common sense...we are asking for those loan loss mitigations to be included in the loan policies manually. Not just for us, but for DHHL's own staff. I will give you a specific example that you mentioned. There was a Federal Law that if you are on active military service duty, it is Federal Law that lenders will not go straight to foreclosure. They are mandated to do loan loss mitigations. You do not send one of our Veterans to war and he has to worry about his family being foreclosed on. That is a Federal Law that says, "You may not foreclose." You must go to mitigations until he returns, right? This loan policy manual does not even mention that. I give you that as an example. What do you think happens with five (5) employees at a State agency? Do you think that they are aware of that law? No. It is not even in here. Our Veterans deserve the same protection as any other Veteran. If the State agency is so shallow, even for that loan loss mitigation they are not mandated to ask "if you are active military." You know that none of the other mitigations that is able to keep families in their home, keep our economy going, and keep...as Judge Watanabe said in the Kaua'i case, "Deputy Attorney General, do you understand what you are asking is to evict this family to put them back on the waitlist where thousands of Hawaiians are dying rather than working it out to keep them in their home?" So, yes...

Councilmember Kualii: One last thing, you mentioned SB 2526, that Bill is at the Legislation, and there is several co-sponsors.

Ms. Danner: Several. We have five (5) Senators that have co-sponsored Senate Bill No. 2526. It will be heard tomorrow. It does exactly what your Resolution would urge. Simply forget court, forget all the complexes of that, let us start with a solution of having DHHL as a State agency and beneficiaries be reading from the same policy manual that creates the opportunity to cure delinquencies. I would like to finally say again that common man often jumps to stigmas. It is not because of native Hawaiians. We have high delinquency rates at DHHL not because native Hawaiians are dead beats. It is because these loan loss mitigations are not available to us. It is why a twenty-five (25) percent delinquency at DHHL's portfolio compared to the conventional lending market which is more like three (3) to six (6) percent is not because we are terrible borrowers, it is because this three (3) to six (6) percent loan portfolio loan management includes loan loss mitigations. Those loans have the opportunity to be modified and to be switched over to performing loans. I would like to make that clear because we get stigmatized so much. That is not the case at all.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have another thing for clarification. When someone is lucky enough to have their number called for being on this list. They may have waited half a lifetime. They get this opportunity to get the lease hold land, but they put the financing up or pay to build the house.

Ms. Danner: Yes.

Councilmember Cowden: They put the investment in. When we are concerned on other bills in here where people may go through foreclosure, am I hearing correctly that when you do not have a regular foreclosure process, are they not able to reclaim some of the equity left? Are they able to sell their house and get some of that equity or no?

Ms. Danner: What an excellent questions that comes to the heart of the Resolution. The way it works now is the State uses the path of lease resistance landlord tenant cancels the lease. The home is owned by the Hawaiian beneficiary, the Hawaiian citizen. However, the effect of cancelling the lease is eviction from their home and DHHL taking ownership of that asset. DHHL is required to then sell the home to another eligible Hawaiian. We have done a little bit of research here and Councilmember Kualii is made well aware of this. DHHL holds hundreds of home for years. That is another major problem in that. If I had the dismiss fortune of being foreclosed on, they would evict me, they would seize my house, and I would then wait for them to sell it to another Hawaiian. It could take

years, the house would be boarded up, and lose value. Eventually when it sells, the sale proceeds would pay off the loan and anything left would come to the beneficiary. Again, this Resolution and this change would fix that without legal fanfare.

Councilmember Cowden: So following up on that. That beneficiary who lost their home...maybe they had an illness or you see all of these problems that people face, would they also lose their credit rating?

Ms. Danner: Of course.

Councilmember Cowden: Everything would be devastated. They would not only lose the investment that they put in, they would lose whatever opportunity for however long that house was held. If they were to get equity back ten (10) years from now, the loss of the value of dollar in that window and they have lost their credit rating. They would not be able to purchase something at Sun Village.

Ms. Danner: It is devastating. On top of the eviction, we are not talking about just a mom and dad. We are talking about children. This now kicks off a generational trauma and we are adding to homelessness. I do want to say to you that if your Resolution is enacted, if our Legislature adopts this very simple thing, one of the loan loss mitigations that would be included is giving the Hawaiian family the opportunity to sell the home on their home to a family member, transfer it to an adult child, et cetera. Today, DHHL essentially gives you sixty (60) days to figure that out. Your work here at the Council level and work at the State Legislature would open a full opportunity Councilmember Cowden, for us to be able to have the opportunity we all have on fee simple property. That would be to take control of our asset, put it out for sale before foreclosure, and to have an organized way to keep this asset in our families or to have another family.

Council Chair Kaneshiro: Any other questions? If not, thank you.

Ms. Danner: Thank you so much.

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

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

Council Chair Kaneshiro: Seeing none. Any final discussion from the members? Councilmember Kualii.

Councilmember Kualii: I would like to thank SCHHA for bringing this forward to us and we need all of your support. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I would like to thank Robin Danner for bringing extra clarity on that. When I looked and when we are looking at the ability of the emerging generation to be able to have and buy a home, it really gives me a stronger understanding of why so many of our Hawaiian community are denied the ability to make these purchases. When their parents have had the place, they get old, and they are not able to maintain the ability to do the funding, that child is not able to come back from the City and County of Honolulu or wherever else they moved to, to be able to pick up on that opportunity which is available to them. I am in strong support of the Resolution that we have put forward. It is my goal to help as many of our people on our island have access to housing and to stay in housing that they have.

Council Chair Kaneshiro: Anyone else? Councilmember Evslin.

Councilmember Evslin: I just want to thank the introducers for bringing this to our attention, and of course Robin Danner. Your testimony here and answering our questions really helped me to understand better. This seems pretty straightforward and clear. Clearly, one of the greatest on-going crimes is...I do not want to say mismanagement...but the sheer number of people that are dying while waiting for a home here. We so often hear that the solutions are really complicated and hard. This is super straightforward. This seems like something we can chip away at the problem and to ensure that people can stay on their land. Thank you.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. I am happy to support this Resolution moving forward. I am looking with great enthusiasm at Senate Bill No. 2526. I hope that this Resolution does make it to the Legislature for support. Thank you.

Council Chair Kaneshiro: Anyone else? Councilmember Kualii'i.

Councilmember Kualii'i: Yes, I would just say, from a personal standpoint as a homesteader myself and for my family...there are five (5) of us that have homesteads in Anahola. Without this opportunity, we probably would not be homeowners or it would be more of a struggle. Like anyone else, for us, our home is our biggest asset. The SCHHA President Robin's comment about it being intergenerational is really important. I do not have any kids myself, but my sibling's kids and their grandkids and the ability to keep that family in the home and pass it down is just really, really important for people's lives. Thank you.

Council Chair Kaneshiro: With that, the motion on the floor is to approve.

The motion for adoption of Resolution No. 2020-12 was then put, and carried by the following vote:

FOR ADOPTION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Ms. Danner: Thank you.

Council Chair Kaneshiro: Next item, Bills for First Reading.

BILLS FOR FIRST READING:

Proposed Draft Bill (No. 2770) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2019-856, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020, BY REVISING THE AMOUNTS ESTIMATED IN THE SOLID WASTE FUND (*Kekaha Landfill Transition Funding and Equipment – \$1,312,000.00*) Councilmember Kagawa moved for passage of Proposed Draft Bill (No. 2770) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole, seconded by Councilmember Kuali'i.

Councilmember Kagawa: I have a process question.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I noticed on the Bills for First Reading, we have this one and the Bill on the swimming pool coming up. It is my hope...for some of these I am already able to tell that we will have a lot of questions. If we are able to have a briefing from the Department of Public Works, so that the public is aware of what the request is. My suggestion is to handle the meat and potatoes at the Committee Meeting. We had a four (4) hour Committee Report done last week. I would hate to see us do lengthy reports in both the Council Meeting and the Committee Meeting. When it comes to Bills for First Reading, I believe we need to get back to the basics by letting the public know what the bill is about. Divulging deep into questions should be held at the Committee-level. If not, my suggestion would be to get rid of the Committee Meetings and let us only do weekly Council Meetings.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Mr. Chair, I was requested to introduce an Amendment to this Bill on First Reading.

Councilmember Cowden moved to amend Proposed Draft Bill No. (2770) as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 1, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Michael, if would you like to come up to explain the Amendment.

(Councilmember Kagawa was noted as not present.)

There being no further objection, the rules were suspended.

MICHAEL TRESLER, Fiscal Management Officer: Michael Tresler, Public Works, Fiscal Management Officer. Good afternoon, Councilmembers. The amendment that is being circulated by our request is basically reducing our original request by five hundred twenty thousand dollars (\$520,000). We are going to defer a project until next year, July 1st, which will appear in our upcoming budget request. There is a timing issue. We are waiting to do procurement and currently waiting on engineering information. I believe it is better to spend the money now on these items and we are able to take care of it first in the next Fiscal Year (FY).

(Councilmember Kualii was noted as not present.)

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

Council Chair Kaneshiro: Any questions on the amendment?

The motion to amend Proposed Draft Bill (2770), as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 1 was then put, and carried by a vote of 6:0:1 *(Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kualii was noted as silent (not present), but shall be recorded as an affirmative for the motion; Councilmember Brun was excused.)*

Council Chair Kaneshiro: Michael, I know that you have a presentation on the Bill as Amended, if you would like to go through it.

There being no objections, the rules were suspended.

Mr. Tresler: We actually provided all of this information on a communication a few weeks ago. We also decided to give a brief presentation for the public's view and to summarize the information that we provided.

This is a picture of dozer similar to the one that we use in our operation. The current status dated December 1st, operation for the landfill reverted back to us. We had previous discussion on this. Our team is doing a good job out there while currently operating the landfill. We are currently contracted to rent equipment needed to run the landfill. A part of the discussion and money bill is a request to purchase and gain approval from the Council, in order to purchase the equipment instead of renting. We also have professional services contracted to replace what Waste Management was doing regarding regulatory compliance.

We have three (3) very straightforward goals. One, keep the landfill operational. Two, improve the reliability of the landfill equipment. Three, minimize operational costs.

I believe we provided you copies. This may be a little difficult to see. The purpose for this slide is point out the rental cost for the equipment. On an annualized basis, it is one million seven hundred thousand dollars (\$1,700,000). For our current FY, it would be one million dollars (\$1,000,000). What we have estimated to purchase the heavy equipment based on a seven (7) year amortization—one (1) year payment on this would be six hundred twenty thousand dollars (\$620,000). Clearly, there is a very good financial case to purchase the heavy equipment, rather than renting it, and to do this as soon as humanly possible. It is shown in detail who we are renting the equipment from and how much it is. This is public information.

Here is the “meat” on this slide. Basically, the funding request reduced to seven hundred ninety-two thousand dollars (\$792,000) for the money bill. In here and previously provided is what the total transition costs were of three million two hundred fifty thousand dollars (\$3,250,000). Of that, four hundred four thousand dollars (\$404,000) was already budgeted and paid for in our current budget. Realistically, the net transition cost is two million eight hundred thousand dollars (\$2,800,000). We had savings from the discontinued contract with Waste Management. As we talked about, we have other savings by deferring the Haleakala DCCS Project. We have a total offset of two million fifty thousand dollars (\$2,050,000). The net amount that we need is seven hundred ninety-two thousand dollars (\$792,000). You are able to chop this up any which way you want, but what we are saying is of the savings, it paid for most of the transition cost. However, this is the equipment costs. The purchase price for the heavy equipment, the miscellaneous small equipment purchases that we need to make, and the balance of forty-five thousand dollars (\$45,000) for the remaining rental costs. That was a breakdown of the seven hundred ninety-two thousand dollars (\$792,000). We can break it down any other way and make it all rental cost that we need for the money bill. This is the simple way we chose to present it to you today. We have the detailed list of the equipment and small equipment available. That is something that needs

to be approved in the budget to be able to purchase those items. I have the copies and details of those items.

(Councilmember Kualii was noted as present.)

That is the request with the floor amendment to reduce the cost from one million three hundred thousand dollars (\$1,300,000) to seven hundred ninety-two thousand dollars (\$792,000).

Council Chair Kaneshiro: Any questions from the members?
Councilmember Cowden.

Councilmember Cowden: One very simple question. All of this looks like equipment costs. This is not for any new hires?

Mr. Tresler: No, not at all. That will be forthcoming and in the budget request discussion.

Council Chair Kaneshiro: Any further questions? Councilmember Kagawa.

Councilmember Kagawa: Last week I received a video sent to me from one of your workers at the transfer station showing me a backhoe that has been broken for a while. The picture looked like it was near the green waste. My question is with the backhoe breaking, are we having a hard time fixing that with our repair shop mechanics or is a contractor fixing that?

Mr. Tresler: No. Councilmember, in that situation, we actually ordered the right piece of equipment in which you folks approved during last year's budget. It is taking time to get here but we have a loader coming in for that purpose. Apart of the reason is that the exposure of the backhoe, it is old an old machine...

Councilmember Kagawa: So this is an old machine that is breaking down.

Mr. Tresler: Yes, it is a really old machine and we are trying to resolve that. However, a part of the resolution was getting the right piece of equipment for that job. It is on order and it will take some time to get here.

Councilmember Kagawa: Okay. Here we are buying more equipment. I want to ensure that we are in line. When it was Waste Management, it was their problem to get it fixed. If it is now under us, is that fixed by a sub-contractor or do our mechanics fix it?

Mr. Tresler: We are going to do an analysis to see if with the equipment purchases, it will come with a maintenance and service plan. We do know that with the information we sent prior to this, we always planned to have additional mechanics and supervisor out at the landfill to help with this specific equipment and Solid Waste equipment.

Councilmember Kagawa: My thinking is that we have a hard time fixing what we have now, when we add to that, we will have a harder time. We are factoring maintenance on the new equipment.

Mr. Tresler: Yes, we plan to address that in the upcoming budget discussions.

Councilmember Kagawa: Thank you.

Mr. Tresler: Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have a follow-up on that. Will we fix the fencing et cetera? My understanding especially when looking at the windows that are broken on a number of these, it is vandalism that happens. If we do not have our equipment fenced or housed in the off hours...if we buy brand new equipment, we want to make sure we do not have a repeat of what is currently happening. I would think that we would be drawing more vandalism, stealing of batteries, et cetera that is creating that problem. When we get these expensive pieces of equipment in, even at the transfer stations, we need to have them kept safe.

Councilmember Kagawa: Yes, we are trying to address that in Kapa'a. Again, that will come through budget request.

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

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

Council Chair Kaneshiro: Seeing none. Any final discussion?
Councilmember Kagawa.

Councilmember Kagawa: Yes, it looks like great news. Fiscally, we save approximately seven hundred thousand dollars (\$700,000) in one day. It is a good day. It is going to be expensive to initially take this over. The key is that we are

getting equipment that we did not have. With the bad, now comes the responsibility to care for the equipment, to run the equipment, and it is no longer going to be under the previous contractor. We have savings, we have gains, and we have risks. If you add it all up, it is really hard to say if we are "winning" or "losing." It is not like in Las Vegas where you know that you are "losing." It is a big task. I was not happy with the previous people. We paid them a lot of money and it seemed as if they were only pushing problems to the future. That is not a good thing when you are talking about waste and landfilling. With that, overall, I am satisfied with the request. We will see where this takes us and we can have a deeper conversation in the Committee Meeting. Thank you.

Council Chair Kaneshiro: Anyone else? If not, roll call vote.

The motion for passage of Proposed Draft Bill (No. 2770) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole was then put, and carried by the following vote:

FOR PASSAGE:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Proposed Draft Bill (No. 2771) – A BILL FOR AN ORDINANCE APPROVING A COLLECTIVE BARGAINING AGREEMENT FOR BARGAINING UNIT 3 BETWEEN JULY 1, 2019 AND JUNE 30, 2021: Councilmember Kualii moved for passage of Proposed Draft Bill (No. 2771) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole, seconded by Councilmember Chock.

Council Chair Kaneshiro: Any questions from the members on this item? I have a question. Can you explain who Bargaining Unit 3 is?

There being no objections, the rules were suspended.

JANINE M.Z. RAPOZO: Acting Director of Human Resources: Good afternoon, Janine Rapozo, Acting Director of Human Resources. Unit 3 is with Hawai'i Government Employees Association (HGEA). HGEA is our clerical and secretarial staff.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Since you are already up. When I read through this, it is my understanding that the people on the lower end of the salary

scale will receive greater raises. We are basically bringing that bottom end up. It will be compressing upward.

Ms. Rapozo: That is correct.

Councilmember Cowden: Okay. I would like to say that when I look at what they are being paid, I am comfortable with creating our hard working staff to have a little more opportunity to make pay their bills.

Council Chair Kaneshiro: Any other questions? If not, thank you. Anyone in the audience wishing to testify on this item?

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

Council Chair Kaneshiro: Any final discussion from the members? Roll call vote.

The motion for passage of Proposed Draft Bill (No. 2771) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole was then put, and carried by the following vote:

FOR PASSAGE:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Proposed Draft Bill (No. 2772) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2019-856, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUA'I, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020, BY REVISING THE AMOUNTS ESTIMATED IN THE GENERAL FUND (*Kapa'a Swimming Pool Renovation (Operating Budget) – \$750,000.00*): Councilmember Kualii moved for passage of Proposed Draft Bill (No. 2772) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Any questions from the members on this? Anyone in the audience wising to testify on this item?

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. Any final discussion from the members? If not, roll call vote.

The motion for passage of Proposed Draft Bill (No. 2772) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole was then put, and carried by the following vote:

FOR PASSAGE:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused.

Proposed Draft Bill (No. 2773) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2019-857, AS AMENDED, RELATING TO THE CAPITAL BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020, BY REVISING THE AMOUNTS ESTIMATED IN THE GENERAL FUND-CIP (*Kapa'a Swimming Pool Renovation (CIP Budget) – \$1,000,000.00*): Councilmember Kualii moved for passage of Proposed Draft Bill (No. 2773) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Any questions? Councilmember Cowden.

(Councilmember Evslin was noted as not present.)

Councilmember Cowden: I have a very simple question. I know that we will work on this in the Committee Meeting. However, is most of this work is already done for the Kapa'a Pool?

Mr. Porter: No. Patrick Porter, Director of Parks & Recreation.

Councilmember Cowden: No. Have we not been working on it?

Mr. Porter: We have been. We did a fifteen thousand dollar (\$15,000) temporary fix for the filer.

Councilmember Cowden: Okay. Is it open now?

Mr. Porter: Yes, it is open now.

Councilmember Cowden: I was thinking that this was a back payment; but, we are going to do something big.

Mr. Porter: This is a large renovation.

Councilmember Cowden: How long will the pool be closed for? When does it close?

Mr. Porter: We have not scheduled yet.

Councilmember Cowden: People are really attached to that pool.

Mr. Porter: Yes, it is popular.

Councilmember Cowden: They were upset when it was down. Okay, thank you.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I believed I asked the Carvalho Administration, so it is not your fault. I said, "When are we going to think about moving that pool *mauka*?" Near the Samuel Mahelona Memorial Hospital or the Kapa'a Middle School area, so we take the pool out of the tsunami zone. That pool is really damaged. Have we looked down the road at this? I know that fixing it now is most likely imminent being that you are not able to build a new pool that quickly. Have we looked at other options although we have already passed Administration? William, you have been here during former Mayor Bernard P. Carvalho Jr.'s time.

Mr. Porter: When coming up with this request, we talked about all of that and for a retreat *mauka*. We have decided through William's research, this one million dollar (\$1,000,000) fix will last about ten (10) to (15) years. Within that ten (10) to fifteen (15) years, we should be looking to relocate after that timeframe.

(Councilmember Evslin was noted as present.)

Councilmember Kagawa: Awesome. Thank you. Great answer.

Council Chair Kaneshiro: Any other questions? If not, thank you. Anyone in the audience wishing to testify on this item?

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

Council Chair Kaneshiro: Seeing none. Any final discussion? If not, roll call vote.

The motion for passage of Proposed Draft Bill (No. 2773) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Committee of the Whole was then put, and carried by the following vote:

FOR PASSAGE:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes, one (1) excused

Council Chair Kaneshiro: With that, we have about fifteen (15) minutes until lunch. The next item will take longer than that. Rather than breaking up the next item, we will take an early lunch, and come back.

Councilmember Kagawa: I am thinking that we are able to get this done. We have the options and let us just vote.

Council Chair Kaneshiro: We have a presentation on it. Is anyone here wishing to testify on the Housing Policy for the County? That is the next item.

Councilmember Kagawa: Oh, we have a presentation on the Housing Policy?

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Being that we have talked deeply and heavily about Bill No. 2767, I believe I saw one (1) person having to leave, he is not in good health, and here struggling to get up the stairs. Are we able to get through that so people are able to go, no?

Council Chair Kaneshiro: I believe he already provided written testimony. I do not want to skip around the agenda that much. Being that next item is the Housing Policy, I know that Councilmember Kualii and I have a presentation on it. The presentation is most likely less than ten (10) minutes but that does not

leave much time for anything else. Rather than doing that, let us take the break now, and come back. We will take a lunch break and come back.

There being no objections, the meeting recessed at 12:18 p.m.

The meeting reconvened at 1:23 p.m., and proceeded as follows:

Council Chair Kaneshiro: Welcome back. Clerk, can you please read the next item?

Proposed Draft Bill (No. 2774) – A BILL FOR AN ORDINANCE AMENDING CHAPTER 7A, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO THE HOUSING POLICY FOR THE COUNTY OF KAUA'I: Councilmember Kualii moved for passage of Proposed Draft Bill (No. 2774) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Housing & Intergovernmental Relations Committee, seconded by Councilmember Chock.

Council Chair Kaneshiro: With that, I will suspend the rules. Councilmember Kualii and I have a quick presentation on the changes that we are proposing.

There being no objections, the rules were suspended.

Councilmember Kualii: There are quite a few slides, but we will just run through it. We are just basically putting it out there for you. The Kaua'i County Housing Agency concluded a Workforce Housing Nexus and Financial Feasibility Analysis, which we are calling it "Nexus Analysis" for short, in June of 2019. The purpose of the Nexus Analysis is to support updates to the Housing Policy for the County of Kaua'i by providing information regarding the ability of new residential and resort development projects to sustain existing and potential updated workforce housing requirement and by documenting and qualifying the relationship between new residential and resort development and the need or demand for workforce housing arising from various types of new development. The proposed amendments in this Bill were developed utilizing the valuable leadership of our new Housing Director Adam Roversi following detailed review of this Nexus Analysis along with consideration of the goals and strategies expressed in the 2018 Kaua'i County General Plan. The Analysis was presented in full to the Council on June 26th and this document is provided in its entirety, the one hundred sixty-nine (169) pages of it, on the County's website.

Council Chair Kaneshiro: In looking at the Nexus Report and the General Plan, I think the goals that we are trying to accomplish with the changes here are to help infill development, which we have all heard, we put sections of the General Plan up here regarding infill and the purpose of infill is to improve traffic, it is to get houses where the workplace is, and reduce urban sprawl, which we all know we do not want to see developments sprawl out into agriculture; you want to keep the developments where the infrastructure is and where the workforce is. That was the goal of the General Plan that we are incorporating into these changes.

Councilmember Kualii: This Bill has twenty-eight (28) proposed amendments. Nineteen (19) of them are non-substantive amendments, primarily housekeeping, grammatical, clarifying definitions, relocating language, and removing duplicative language. Nine (9) of them are substantive amendments based on the different analysis and the General Plan. You all have the internal working document. Basically the document provides the section that we are amending, the actual amendment, and the justification for it. We will be going through each of these shortly. These two (2) tables include all of the nineteen (19) non-substantive amendments and we are going to work through all of them in Committee, but for now I can share an example, the fifth (5th) down on the left table says, "Adds a definition of 'transient accommodation'" and so the justification is just adding "to assist in more clearly defining 'Resort Use' under the policy, and to bring Housing Policy into alignment with the Comprehensive Zoning Ordinance (CZO) and General Plan."

Council Chair Kaneshiro: The first substantive amendment is taken from the Nexus Report and that is to price units at one hundred twenty percent (120%) rather than up to one hundred forty percent (140%). The justification and the Nexus Report that one hundred forty percent (140%) AMI is already very close to the current market rate, therefore they are saying to price it up to one hundred twenty percent (120%) rather than one hundred forty percent (140%), that is the first suggestion.

Councilmember Kualii: The next substantive amendment is adding a Kaua'i Community Housing Land Trust. The Housing Policy, already, in Section 7A-8.2 calls for a Kaua'i Community Housing Land Trust to be established by the Housing Agency that would manage County workforce housing assets. This amendment will provide for that eventuality.

Council Chair Kaneshiro: The next one comes from the Nexus Analysis and it advises that a twenty-year period of affordability is too low and in working with the Housing Agency, we are going to look to adopt a fifty-year affordability timeline on these.

Councilmember Kualii: The next one is a new section that adds a new section to create exemptions to the workforce housing requirements of this chapter. The idea for these exemptions come from the General Plan rather than the Nexus Analysis and the purpose is to promote infill development in urban cores where infrastructure, jobs, and public services are already present. It is presumed that the types of high density infill development that would arise under this exemption would, by their nature, serve the workforce income targets of the Housing Policy. It is also presumed that as additional special planning areas are designed they could be inserted as appropriate with further amendments. The first exemption is "Projects within the following special planning areas and design districts, developed at or above the maximum density allowed." I will show you the maps of each as I say it. The first one is the Līhu'e Town Core Urban Design District as defined in Title IV, Chapter 10, Article 5A. The second one is the Kōloa Town Walkable Mixed Use District as defined in Title IV, Chapter 10, Article 6. The third and final one for now is the Kalāheo Town Walkable Mixed Use District as defined in Title IV, Chapter 10, Article 6.

Council Chair Kaneshiro: Again, another change as far as exempting the Nexus Report recommends exempting multifamily apartment developments from the Housing Policy. This provision is intended to exempt apartments or other higher density developments, which when outside of the VDA will by their nature tend to be relatively more affordable for Kaua'i residents. Therefore, the Nexus Report did make a difference between housing within the VDA and housing out of the VDA, and what this is saying is that if you have a housing project outside of the VDA, which is R-10 or greater, so it is a higher density project, then they are looking at exempting the affordable housing requirement on it, because by its nature an R-10 and above development is already...you are going to have to cluster the homes a lot smaller than a development that maybe is R-1 or R-4, where you can put a lot bigger houses on it.

Councilmember Kualii: The next one...

Council Chair Kaneshiro: Oh, sorry. This is the map.

Councilmember Kualii: Oh, yes, the map.

Council Chair Kaneshiro: This is a map of the VDA areas. There are five (5) of them. One (1) is in Princeville, one (1) is in Kapa'a, one (1) is in Līhu'e, one (1) is in the Southside, and one (1) is in Waimea. It would also be projects outside of the VDA and the Special Management Areas (SMA). The SMAs for the most part are areas along the coastline.

Councilmember Kualii: The last part of this new exemptions amendment includes an expiration period, ten (10) years from the date of adoption for the special planning areas and designed districts and the R-10 or greater density exemptions. The Housing Agency recommends this sunset provision to incentivize property owners and developers to act expeditiously to develop housing in the designated areas to more timely address our communities pressing housing crisis.

Council Chair Kaneshiro: In regards to resort development, the changes that were proposed is that in the past our policy is to create a custom workforce analysis for each individual resort and the Nexus Report said that they want to make it more predictable, not do an individual report for each individual resort, and so some of the changes they asked is to do a fifty percent (50%) workforce housing. Fifty percent (50%) of the units, the hotel units that they are doing, fifty percent (50%) of that, they need to create workforce housing. That number may change depending on how our meeting goes. They say that with resort development between forty-five percent (45%) to one hundred percent (100%) of those units, housing is created...so if you create a hotel development, between forty-five percent (45%) to one hundred (100%), you are going to create that many new houses that you will need for the workers in that resort development, but when you do the feasibility study on "can a hotel afford to create that many houses for their hotel," the number is a lot smaller. It is like in the thirty-five percent (35%) range. In this instance, we are saying fifty percent (50%), so we will probably have to look at that a little clearer. We are still keeping the in-lieu fees also, which the Nexus Report said it is good, because again, it provides predictability to a development. When they want to do a resort

development, they do not want to go and go individual analysis for each resort; one may have a higher number, one may have a lower number. We are just saying let us make it a lot more predictable for resorts.

Councilmember Kualii: The last two (2) substantive amendments are so similar that we put them together and so in both Sections of 19 and 20 of the Bill on the For-Sale Housing and the Rental Housing amendments, respectively, we removed “At the discretion of the County Council”—that language. So when considering the basic purpose of the Housing Policy, to provide affordable workforce housing, alongside the 2018 General Plan, which seeks to place new housing in areas where residents already live and work in order to reduce infrastructure and transportation burdens, the Housing Agency feels that it should be implicitly understood that at least initially workforce housing should be for residents that work in the area of the housing to be provided. Requiring Council approval each time a project is developed an unnecessary additional level of approval that adds to the burden of getting housing units on line, more quickly.

Council Chair Kaneshiro: That is basically the substantive changes to the Housing Policy. Of course, there is the non-substantive where we are just betting defining certain language within it. As far as first reading goes, that is what we have.

Councilmember Kualii: I would just add that in your internal working document, there are four (4) pages, and every amendment is there...all the non-substantive ones as well, the nineteen (19), pointing out the sections that they address and the justification.

Council Chair Kaneshiro: Are there any questions from the members?
Councilmember Chock.

Councilmember Chock: The non-substantive amendments—are they in this document here, because I do not see a separate document.

Councilmember Kualii: Obviously, all the amendments are in the Bill.

Councilmember Chock: Right.

Councilmember Kualii: And then the reference as to how you take the amendment and tie it back to the analysis or the general plan, is listed in here. You should have four (4) pages worth.

Councilmember Chock: I have four (4) pages here.

Councilmember Kualii: The one thing I would tell you is that if a substantive change was made upfront, say like in the definitions area, we are going to work that out in Committee and argue when we address the definitions. Once we get to where that is, when it shows up again later, maybe two (2) or three (3) times more, we will not argue through it again. Therefore, it will just be a follow through. You may not see in the repeat of the same...in the repeat of a substantive amendment, we have called them non-substantive.

Councilmember Chock: I see.

Councilmember Kualii: Because it ends up being grammatical at that time.

Council Chair Kaneshiro: Yes, this internal working document is going to have all the changes.

Councilmember Chock: All of them, okay, that is what I was wondering. I know this is first reading and first of all, thanks for introducing this. We have been waiting for this for a while. I really appreciate the work you folks have done. I will state a couple questions for anticipation of first reading. The first is regarding the study we took years on about the inclusionary zoning—I just wanted to get informed on how it is we moved to this. I see there are exemptions included in it and it sort of address them, and I just wanted to get the back story on it. The other was there were years of committees and task force and all these entities—there have been stakeholders involved in the process and I just wanted to make sure that they have also been vetted with them as well as we move through this process. That is my initial comments.

Councilmember Kualii: So you will see in the Nexus Analysis, itself, pages 11 through 14 is the whole section on the recommendations based on all the other data that comes beyond that. We have referenced...when they reference a table and things like that in the data, it is there in the chart as well. The exemptions is a new section that is based on the General Plan and not on a Nexus Analysis recommendation. Obviously, the new Housing Director helped us with that and he will be actively participating in the committee work as well.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I just have a couple clarification questions. On page...where it is talking about Section 2, page 4 on here, it says for households earning from eighty percent (80%) and below the Kaua'i median household income, too, and now we are changing it to one hundred twenty percent (120%), does that mean only people in that earning window would be appropriate to buy the house or does it mean that is how the house is priced? I am not quite clear on that.

Council Chair Kaneshiro: Typically our affordability went from sixty percent (60%) to one hundred forty percent (140%) and they are basically saying the one hundred forty percent (140%) is almost at like current market rates already, so it is not really helping anyone. You can sell the house at a current market rate. They suggested that if we truly wanted it to be more in the affordable range, you would make the top tier the one hundred twenty percent (120%).

Councilmember Cowden: So this is limiting the price of the house?

Council Chair Kaneshiro: Correct.

Councilmember Cowden: Okay. I am basically asking a constituent question. Say you have a teacher married to a police officer or something, they are just hoping that does not price them out, so we are not necessarily looking at who can buy...well, at some level it will be, but we are looking at the price of the house.

Council Chair Kaneshiro: Again, I think it is the median household income.

Councilmember Kualii: It used to be.

ADAM P. ROVERSI, Housing Director: *Aloha*, Chair, Housing & Intergovernmental Relations Committee Chair Kualii. Adam Roversi, Housing Director. The pricing refers both to the sale price of the house, but also the buyers of the home have to income qualify. There is a table within the Housing Policy that we have not modified that table, so it may not be in the amendments, but when a large number of workforce units...and this is an example, when a large number of workforce units are provided as a result of the Housing Policy, a developer has to provide houses at a range of price points. A certain number of them have to be for people at one hundred twenty percent (120%), a certain number of them have to be for people in eighty percent (80%), a certain number at...and so forth and so forth. So when the houses are actually marketed, the buyers have to present income documents to demonstrate that they qualify for whatever the various brackets of housing that are available. It is not just pricing. It is also refers to...and that protects the teacher who makes a certain income. They are not competing to purchase the house against someone who is well beyond that income.

Councilmember Cowden: The properties that were just built in Hanamā'ulu, do those go up to one hundred forty percent (140%)?

Mr. Roversi: I would have to double-check and get back to you on that.

Councilmember Cowden: Okay, because it seems like some of the properties that we did build is ranging higher. They are still pretty expensive.

Mr. Roversi: Just off the top of my head, that project had price points that were time limited and if buyers did not show up income qualified to purchase the houses at those price points within a time period, they could revert to market. I am not exactly sure on the ground how many have reverted to market rate homes, how many were actually purchased at the affordable prices, I would have to get back to you.

Councilmember Cowden: Okay. That does sound consistent with my memory. On these substantive amendments, so we are saying anything that is built this way is going to go to fifty (50) years that they have to stay within the low-income pool. Does it not go to market rate until fifty (50) years?

Mr. Roversi: It increases the limit from the current twenty-year time limit up to fifty (50) years.

Councilmember Cowden: The last key piece, I am just wanting to make sure that I am understanding it all correctly, with the inclusionary, did I get that right, fifty percent (50%)? With the resort, did it say that, fifty percent (50%)? Right now, we are at thirty percent (30%), right?

Mr. Roversi: No, right now for resort projects, every resort project—there is no defined amount. They have to hire an economist and do a study demonstrating the workforce housing demand that is going to be created by their proposed development and then a study is produced, then there is a back and forth with the Housing Agency, and eventually a number is arrived at. There is no standard currently set for resorts and that is one of the recommendations in the Nexus Report is that is too amorphous for a resort developer and that rather than requiring every developer to go through this customized economic study, you need to provide some predictability.

Councilmember Cowden: So when someone builds a subdivision, the current inclusionary zoning is thirty percent (30%), do I have that right?

Mr. Roversi: That is the current baseline, but as the Nexus Report points out, there are an array of incentives that are available to a developer. In practice, when a developer takes advantage of those incentives, that number goes down to around sixteen and one half percent, so in reality in most cases, that is not actually thirty percent (30%). If they take advantage of those incentives, that number is reduced.

Councilmember Cowden: Because I feel like I am consistently hearing from developers whether they are speaking or talking directly thirty percent (30%) inclusionary zoning is just...they cannot have any median range houses.

Mr. Roversi: Well, that is the starting point in the policy, but as a practical matter...

Councilmember Cowden: Okay. So that is still in here, but it can go down as low as sixteen percent (16%).

Mr. Roversi: Correct.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I want to say one (1) more thing to Councilmember Cowden. If you look on page 8 of the Bill in the middle section, when you were talking about the one hundred forty percent (140%) to one hundred twenty percent (120%), in that in-lieu fee schedule, that eliminates the one hundred forty percent (140%) out of that chart.

Councilmember Cowden: Okay.

Councilmember Kualii: But then also on page 7 in the middle, and I am realizing that I have called this non-substantive, because of the under one hundred forty percent (140%) changing to one hundred twenty percent (120%), what happens here in the middle of page 7, General Requirements 7A-2.1, it breaks down by those different income levels how much affordable housing would need to be provided at those different levels.

Councilmember Cowden: Okay, I see.

Councilmember Kualii: So what is proposed here is that what used to be one hundred forty percent (140%), that twenty percent (20%) is added to the lowest category, so the twenty percent (20%) becomes forty percent (40%) for the eighty percent (80%) Kaua'i median household income. That is helping the most needy, perhaps. Just the proposals.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: Thank you for the presentation. Thank you Adam for coming up. I have a question for either of you folks. For the resort fifty percent (50%), the very last sentence of the deleted section that is in the current ordinance, says, "The developer shall complete construction of the required workforce housing units before final building inspections are issued," basically. So that part is deleted, along with a lot of others. I wonder, was there a reason to delete that section and how does the fifty percent (50%) work right now, can they commit to a future fifty percent (50%), but not actually build it and get theirs to figure out occupancy for the hotel or would it be worth thinking about undeleting that section?

Mr. Roversi: Which page is that on?

Councilmember Evslin: The very top of page 8.

Mr. Roversi: There is a separate sentence and because it is not being amended, there is a separate section because it is not being amended, I do not think it is in your reduced packet. That has to do with in the existing policy. That has to do with the timing of delivery of your workforce housing units, so my reading is that the delivery time of the resort projects would be covered with the existing delivery provision in the existing Housing Policy.

Councilmember Evslin: Okay.

Mr. Roversi: Which requires the delivery of whatever workforce units that you are required to produce before or at the same time as your market rate project. I would read that as if you are building hotel rooms, the workforce housing units have to be available either before you start to let out those hotel rooms or at the exact same time. It would not be "ten (10) years from now we are going to provide the units," which has historically been a problem.

Councilmember Evslin: Yes.

Councilmember Kualii: It is in the middle of page 6, Section 15.

Councilmember Evslin: Two (2) questions on the resort. I believe our General Plan has a policy recommendation for workforce housing to happen on site when possible...so currently if this percentage is triggered, those houses can be anywhere on island or how does that work?

Mr. Roversi: The goal of trying to get on-site housing is pushed by the incentives that are offered within the Housing Policy, so that your total number of units that you are going to have to provide can be reduced, if you provide them on-site. Therefore, rather than forcing that, it is incentivized, you are going to make more money if you put them on-site, it also recognizes that it may not be appropriate in some instances and in that case, you are probably going to have to provide more units if you do off-site.

Councilmember Evslin: Okay.

Council Chair Kaneshiro: Or pay in-lieu fee.

Mr. Roversi: Exactly.

Councilmember Evslin: Just a last question for the resort, do we know approximately based on former resort projects, based on their hiring the economists to do the study what their requirement has traditionally been?

Mr. Roversi: I reviewed several assessments that were put on to the Princeville development and they were significantly lower than that. They were actually ten percent (10%), so they did not even meet the thirty percent (30%) limit that we currently impose on regular developments. They were also not delivered at the time of the rest of the resort housing that came, in some cases, decades later. That all took place before the current Housing Policy was adopted.

Councilmember Evslin: Okay, thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am curious about how entitlements and policy grandfathers in, like for these buyers of resort land recently that are thinking about building...when this passes, will it apply to them or will it not, because they bought prior to this policy?

Mr. Roversi: Part of your question is more of a Planning Department request whether they are building permits or there are zoning permits and things to live on in perpetuity, but as far as the Housing Policy goes, it provides that for a project there is a single assessment unless something changes that increases the density of the project and then a second assessment could be made that

would change what happened in the future...change what had been assessed in the first place.

Councilmember Cowden: Okay. I support the change of the rules in here. Most of them really resonate with me. I just wonder if we would end up having investors who already had a plan going and then they have to build a lot more—if that would be an issue or we can...

Mr. Roversi: If there was an existing housing agreement...so the way the Housing Policy is effectuated for any project is that we enter into a legal housing contract agreement. So if there was a housing agreement signed with someone already, I would say that it is grandfathered in, if you folks were to adopt changes, but we have no pending housing agreements sitting out there that are signed to be grandfathered.

Councilmember Cowden: Okay.

Mr. Roversi: Not under Ordinance No. 860.

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

Councilmember Evslin: The time period where the exemptions expire up to ten (10) years, is the intent that after ten (10) years we are going to reevaluate how it has been going and then reinstate? Where do you think we will be in ten (10) years or why exactly that went in there?

Mr. Roversi: We added that because we realized that we have an urgent current housing crisis and the hope was that by having a sunset provision, it would incentivize more rapid use of these exemptions with the possible threat that they could go away. We would like to see this infill development happen quickly and that is the purpose of having a sunset clause. Obviously, it would be up to the Council to...as that deadline was coming near, to review that—is this policy working well, have we gotten enough housing units developed, is it time now to get rid of this exemption, or do we see a lot more progress that could still happen, and it would be entirely up to you whether to continue that for another ten (10) years, for another five (5) years, whatever you chose to do.

Councilmember Evslin: Okay.

Mr. Roversi: But the whole purpose is to just urge developers and property owners on to get housing units developed more quickly.

Council Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: It is probably more of a Department of Planning question, but maybe you have a sense of the exemption “A” with the special planning areas and design districts, we are currently are proposing these three (3):

Līhu'e, Kōloa, and Kalāheo. The westside has their plans underway, do you have any sense when we might be back here looking at add more?

Mr. Roversi: I believe there is a Kekaha Community Plan, a Hanapēpē or a Waimea Community Plan, I think all of those are going to the Planning Commission within the next month for preliminary approvals, and then they will be coming to Council for review and approval probably within the next three (3) months, I would assume, with the assumption that Planning passes them and approves them as design. That is relatively near term. One thing just to put into your minds, the SPAs that are proposed now is exemptions are just straightforward. The ones that will be upcoming are all coastal, so the Housing Policy's recommendation to the extent those areas are also included in the exemption list, which may be appropriate that we exclude any portion of those areas that is in the SMA, because as a general rule, in keeping with the General Plan, do not want to encourage high density development on the coastline given sea-level rise concerns and so forth.

Councilmember Evslin: During the General Plan process, it came up that there were three thousand (3,000) resort units have entitlements currently around the island. If it has entitlements, does that mean there has already been a workforce housing exaction on it or would that come later?

Mr. Roversi: I believe in many cases that would come later and I would have to look at specific projects, go through our file to see if some workforce development agreement had been development with regard to each of those projects. Typically, the workforce agreement is one of the last steps in the approval process with the zoning permits in all coming first, so my best guess would be that for example, some of the east side projects that have their zoning already, they have not yet dealt with the housing agreement issue.

Councilmember Evslin: Okay, thank you.

Mr. Roversi: But I would have to look.

Council Chair Kaneshiro: Thank you, Adam. Actually, we have one (1) registered speaker.

Mr. Roversi: Could I add one (1) general comment for you folks to keep in mind as you think about the details of this, just to place the Housing Policy within our agency's mission—we do basically two (2) things at the Housing Agency. We provide rental assistance to people and we work to develop housing. We develop housing in two (2) ways...we directly develop housing using federal programs, which is federal subsidized housing. Because of those federal subsidies, that housing, generally, there are some exceptions, but generally can only serve people who make sixty percent (60%) AMI and below. The purpose of the Housing Policy is not to provide for those very low-income people. The purpose of the Housing Policy is to provide that gap housing. Keep that in mind as you review the purpose of the Policy. We have a federal program side of what we do that is geared towards providing housing for the low-income people and the Housing Policy is the other missing piece to provide gap housing that we do not have on Kaua'i.

Council Chair Kaneshiro: Thank you.

Ms. Fountain-Tanigawa: The first registered speaker is Kurt Bosshard.

KURT BOSSHARD: Thank you for having me again. I want to thank the people who have been working on this; the Housing Agency, the Planning Department, Councilmember Kualii, and Chair Kaneshiro. I am quite pleased the Council and the agencies are taking a look at all of these different opportunities to increase housing, the roads and getting that straight, it is allowed in the roadways, the ADUs, the ARUs, all of this that you are doing is a really good thing. I appreciate that you are being proactive in doing that. I am here to support the Housing Ordinance 2774, where the emphasis is on encouraging housing on land that is residentially zoned and is located in the towns, in being consistent with the General Plan. Right now there are many reasons why these lands are not being utilized for the type of housing that you are trying to create and the General Plan's purpose. Probably most significantly is the lack of infrastructure, which often falls to the property owner who wants to build it to a higher density. There are also substantial fees charged by the County for water and sewer hook-ups. The price of the land is quite high and generally the lots are fairly small, and implementing the infrastructure for small properties is too expensive. Therefore, small fragmented residentially zoned lots is the rule of what we are working with and so that is why it is so slow for developers to come in and build those. You also got the length of the permitting time, the uncertainty of the requirements, and as it exist now, a quite expensive affordable housing requirement, which causes property owners to limit development below the ten-unit limit. All these difficulties combined to drive developers out on to agriculturally zoned land for their proposed projects, which is what we do not want. And they do it because the scale is greater there and justifies the infrastructure that they are going to build. I can give a personal example that should bring it home. My friends and I are considering building fifteen (15) duplexes on two (2) vacant lots and the property is zoned R-10. The prior owner planned on building single-family residences, because they wanted to avoid the affordable housing requirement and they would build ten (10) houses. We want to do thirty (30) units, but if we do that, we do have to upgrade or create a self-sewer system. We have the water in positions, driveway now is going to be better, because you folks have been acting on that—very important. It is a place that lends itself to type of development that is being proposed here, where R-10 would be excluded.

Council Chair Kaneshiro: Kurt that is your first three (3) minutes. I will have to see if anyone else in the audience is wishing to testify on this item. Okay, Kurt, you can have your second three (3) minutes.

Mr. Bosshard: Thank you. The property does suffer from infrastructure issues, like most here, and of course the land is quite expensive to begin with. Therefore, the project may not happen if the existing requirements are too costly. The amended ordinance would encourage us to take this on and this property is also in the opportunity zone, which no one has heard of because it is down in the Po'ipū area, Kōloa area, and there is not that much property that is available to do this type of thing. Obviously, that was a mistake and where it was placed, but

you have to deal with the land that is available there and, me looking, that was the only property that lends itself to what I wanted to do here. Here is a situation where money is available to do this, because of the opportunity zone thing, and this is going to be something that is going to play into to make it happen and has to happen within thirty (30) months and then the units have to held for ten (10) years. We will maintain the ownership of these units and rent them for a period of at least a minimum of ten (10) years—that is what we have to agree to do. You are making strides. I do not know how much...it is a few units here, it is a few units there. The cows are not running out of the barn. Obviously, we are not having too much housing built no matter what you do around the edges to do what you can with the ADUs, ARUs, and all those types of things, but you need to take what you can get. As far as the resort properties, I think having a very tight restriction on hotels is really a great idea, because we got too many tourists already and it is very valuable to build a hotel now, because if we are going to be limiting this or we are going to be gaining houses, they will have to pay for it, because we do not have the infrastructure for anymore hotels. And there should not be any “banking” of these permits, like we see at the Coco Palms where you folks lose the ability to put in positions for these types of housing and requirements and the thing sits there for years and you want to do something and they do not terminate the permits, even though it is one made up story after another about why they do not take action. It is kind of embarrassing and people see that. We want to put a good face on this and make everyone look good. I really appreciate the work that you are doing to bring that about, so thank you.

Council Chair Kaneshiro: Thank you. Is there anyone else wishing to testify on this Bill? Seeing none.

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

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

Councilmember Evslin: I really appreciate the work that you folks did here, Councilmembers and Adam, from the Housing Agency. I think so much of what we have been doing on Council...we had a lot of good housing policies, those were all taking strikes at our housing crisis and I think this is taking a sledge hammer. This is probably the most important thing of policy that hopefully will pass this term. That is largely because we are facing this ginormous housing crisis, which is largely the result of so little resident-occupied housing being built. I think between 1960 and 2010, we were building on average six hundred (600) resident-occupied homes per year and now we are down to two hundred (200). Meanwhile our housing crisis is not because new homes are super expensive to buy, it is because existing homes rapidly appreciated value when no homes are being built. This is perfectly in line with our General Plan. In my mind, it is very clearly justified, I always think of an inclusionary housing ordinance as a way to recapture public value from public investment. If a developer is relying on public investment, then we have the right to take public value from that development in a form of affordable housing. But for the most part here as Kurt said, if someone is building a development, the developer is the one who is putting in all of the infrastructure and paying really high exaction

fees. There is not a whole lot of public investment that they are recovering there, so it is when we ask for the thirty percent (30%) requirement and then they cannot build and houses and nothing gets built. Whereas I do still think, though, if we are still building very far from town, in lower density areas, then we do have the right to recover housing from that, because they are relying a public roadway, which is subsidized from excise tax moneys, et cetera. Therefore, there is public investment there for us to try and recapture. I think you folks have done a great job. I am excited to get to Committee and dive a little more into the weeks here, but for the most part, great job.

Council Chair Kaneshiro: Is there anyone else? Councilmember Kualifi.

Councilmember Kualifi: I will agree and say that this is probably the biggest, most important bill that we are working on in this term and I am really glad that we are doing it. I am thankful to Chair for co-sponsoring with me and to Adam for all of his work. I do also want to thank those from before, because this did not happen in this last year or so. There were people working on it before, like prior Mayor Carvalho and our form Housing Director Kanani Fu, and even our prior Council, Council Chair Rapozo, and our prior Chair of the Community Assistance and Veterans Services Committee, which handled housing, Arthur Brun. Thank you to everyone who is working on it now and who has worked on it in the past and I am looking forward to our committee work and hear from our community. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I was just going to simply say, I also appreciate all the work. I am glad that this is in front of us and I am looking forward to learning more and contributing more in the committee meeting.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Besides working on this type of legislative issues, I think it is important for the new Kawakami Administration to work on problematic areas that are known. We know that there are issues with complete street ordinances being mandated upon new developments. Let us have the Administration...you folks have all the departments; the Department of Public Works, the Planning Department, and the Housing Agency, to talk to the developers. A lot of times they come to us and we do not have the administrative power over you folks, so it is senseless. Bikeable, walkable...yes, if you have millions of people here walking. On Kaua'i, we are still rural. We make all these bikepaths, walking paths, and who is using them? The homeless transplants. For what? Thirteen million eight hundred thousand dollars (\$13,800,000)—can you imagine how many housing opportunities that could provide, if we had worked with the federal government on those things, instead we have all these cement and more traffic congestion. I just think that we got to get not only this side of the rail, but we need to get that side of the rail working all together and that is how you solve the housing crisis. Not only on the legislative end. We cannot hire and fire you folks.

Council Chair Kaneshiro: Is there anyone else? I guess for me, you hear a lot being said about, “The County does all these plans and never does anything with it,” and I think this is a prime example of us actually taking the long awaited Nexus Plan, actually taking our General Plan, which everyone worked...and the General Plan incorporated the community plans of Līhu‘e, Kōloa, and coming up with a policy that actually uses these plans. I think it is a good thing. Too many times in the past everyone says we plan, plan, plan, and then we put it on a shelf and never do anything with it and I think this is an example of us actually utilizing the money we spent, looking at the plan, and trying to come up with policy that will benefit us at the current time. We are in a housing crisis. These are big, bold moves. Saying no affordable housing in these main town core areas, that is because we need the housing there. We need people to move into that area so that they can live and work where they are so they are not commuting from Kapa‘a, not commuting from Kalāheo, they are here and it will help traffic. It is going to make it easier for them to get to work and it is a big, bold step because affordable housing, just the word is a very emotional word where it is like you are going to eliminate affordable housing—it is like, yes, but we are trying to target the housing into areas where people can actually build. The way that we are going to try and get the housing to be more affordable is with the density. We are only going to allow them to do it...especially in the non-VDA areas or the non-town core areas, the density has to be R-10 or higher. You will not have a person that has a property of one (1) acre, R-10, and he says he will only build nine (9) units because I do not want to do my ten (10) and then be subject to the affordable housing policy. We are going to get that extra unit now with this type of policy. I think we have been hurting ourselves with those types of policies, those types of cliffs where people want to build more, but say, “I am not ready to step off that cliff.” They will say, “I will build less,” so they can build what they actually want. That is what we are trying to do. We are trying to take bold steps now. It is not something that we are going to keep forever. I think the timeline is there to say the housing crisis is now and obviously it is a big soup, but I do not think it will solve all of our housing issues. I think ten (10) years is a fair amount of time to see whether this is working or not. We are still going to have to keep chipping away at certain housing policies and I think it is just another step to take. We have taken a lot of steps to try and incentivize housing. We have multi-family housing, we have ADU, ARU, ARU incentivizes, and it is just trying to chip away, because there is no single bullet that is going to solve it. I think it is a good step forward and I am looking forward to the committee meeting on it. With that, roll call vote.

The motion for passage of Proposed Draft Bill (No. 2774) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for February 19, 2020, and referred to the Housing & Intergovernmental Relations Committee was then put, and carried by the following vote:

FOR PASSAGE:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST PASSAGE:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

BILLS FOR SECOND READING:

Bill No. 2764 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 8, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO CLASS IV ZONING PERMITS OF THE COMPREHENSIVE ZONING ORDINANCE (*County of Kaua'i, Applicant*) (ZA-2020-3): Councilmember Kualii moved to approve Bill No. 2764 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Are there any questions on this? It is basically incorporating the Department of Transportation into the conversation, which I think is a good thing. Is there anyone in the audience wishing to testify on this item?

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 discussion from the members? If not, roll call vote.

The motion to approve Bill No. 2764 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR APPROVAL:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Bill No. 2765 – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2019-856, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUA'I, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020, BY REVISING THE AMOUNTS ESTIMATED IN THE HOUSING DEVELOPMENT FUND (*Waimea Parcel Mowing, Canal Cleaning, and Security – \$230,000.00*): Councilmember Kualii moved to approve Bill No. 2765 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Are there any questions from the members on this item? I will suspend the rules. Wade or Reiko, can you both come up?

There being no objections, the rules were suspended.

Councilmember Kagawa: My question is, how is the Housing Development Fund related to canal cleaning? We are using the money from Housing to clean canal that possible helped us get rents for agriculture use or cleaning the canals prevents flooding? That would seem like the Department of Public Works. How does cleaning the canal help affordable housing?

Ms. Matsuyama: Reiko Matsuyama. Right now how we have it structured is because at least some of that parcel will be used for affordable housing in the future, the rent that is collected from that parcel is going into the Housing Revolving Fund.

Councilmember Kagawa: So...

Ms. Matsuyama: So these are just offset expenses.

Councilmember Kagawa: So we might rent to Pioneer or whomever, like the seed companies...

Ms. Matsuyama: We are.

Councilmember Kagawa: Oh, we are right now?

Ms. Matsuyama: Yes. They are already an existing tenant.

Councilmember Kagawa: They benefit from the canal, but they cannot clean the canal?

Ms. Matsuyama: They are responsible for their portion of it. They are only on...

Councilmember Kagawa: They are renting our land for farm.

Ms. Matsuyama: Yes.

Councilmember Kagawa: The canal is on our land.

Ms. Matsuyama: We have four hundred seventeen (417) acres, their lease is on the *mauka* side of the parcel, about half of the property.

Councilmember Kagawa: Oh, okay. So, half the canal is on ours?

Ms. Matsuyama: Yes.

Councilmember Kagawa: Can we just give them a break on the rent or something for maintaining of the entire canal?

Ms. Matsuyama: I will let you respond.

Councilmember Kagawa: To me, I think that would be smarter, because they are cleaning half the canal any way, just clean the entire canal and that way...I do not know. I just have trouble trying to relate...even by saying that the rent from the corn companies will go to the housing fund, which is great, but I am just thinking, "How is cleaning the canal should come out of affordable housing money."

WADE LORD, Program Administrative Officer: Wade Lord. We are looking at a variety of ways to try to do it, but immediately we need to get it going, so this was the vehicle we chose to start with. It does not mean it has to stay that way.

Councilmember Kagawa: I like that.

Mr. Lord: I think we want to be flexible and try to find the most efficient way to do it. Right now, we are recovering about two hundred thousand dollars (\$200,000) in rents and the cost if we were to do it that way would be about one hundred fifty thousand dollars (\$150,000). Therefore, we would have a net gain of about fifty thousand dollars (\$50,000) a year.

Councilmember Kagawa: I am thinking that...

Mr. Lord: We can find ways to, like you say, do it in a more creatively way—we might be able to "horse tray" it and get it down even further.

Councilmember Kagawa: I was just thinking about the Wailua one, we only clean when you cannot see the water already...there are the lilies that grow over, but if you clean more often, like lawn mowing every week instead of waiting two (2) months to mow the yard, it will make it easier, because the lawnmower only die after that.

Mr. Lord: Many years that had been left without any maintenance, so we need...

Councilmember Kagawa: I am just thinking that maybe the corn companies they can do it regular and it will not be a big job every time. Thank you.

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

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 discussion from the members?
Councilmember Kagawa.

Councilmember Kagawa: That complaint came from the Housing Agency actually. A Housing worker thought...and I just thought it was a good question. They asked me, "How does the canal cleaning..." but Reiko related it. I just thought it was a good question, so I asked it.

Council Chair Kaneshiro: Is there anyone else? I think the nexus for it is that the revenue that is coming off the property is going into that fund and then that is where the money is coming out. If they wanted to move it into the Department of Public Works, then they would move the money there and it will just be a wash either way. That is a good question. With that, roll call vote.

The motion to approve Bill No. 2765 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR APPROVAL:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Bill No. 2766 – A BILL FOR AN ORDINANCE APPROVING A COLLECTIVE BARGAINING AGREEMENT FOR BARGAINING UNIT 2 BETWEEN JULY 1, 2019 AND JUNE 30, 2021: Councilmember Kuali'i moved to approve Bill No. 2766 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kagawa.

Council Chair Kaneshiro: Are there any questions from the members on this item? Is there 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: Are there any final comments from the members? If not, roll call vote.

The motion to approve Bill No. 2766 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR APPROVAL:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL – 6,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Bill No. 2767, Draft 1 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES: Councilmember Chock moved to approve Bill No. 2767, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kuali'i.

Council Chair Kaneshiro: Do we have any questions on this first before we take our registered speakers? Councilmember Evslin.

Councilmember Evslin: I do not have a question, but I was just hoping to just briefly describe what the amendment does, just so that we are all totally clear. If that is okay with the members. Real briefly, the intent of this Bill was developed because we faced a lot of ongoing crises; housing crisis, infrastructure crisis, tourism crisis, and this Bill was meant to try and address that at a few different levels. I went over pretty in depth the last time, but I just want to say again that it is to ensure that those who are profiting off of visitors are paying for the full infrastructure impacts of those visitors. Therefore, I think it makes our tax (inaudible) more equitable, right, and it is also to try and incentivize more long-term housing into the market to try and address our housing crisis and also to be honest, maybe possibly to reduce tourism numbers based on our strategic plan and our general plan. In going through this Bill and introducing it, I feel strongly with the overall policy direction, but as we dove in here, there are certainly some types of uses that are different and require a different strategy. This Bill would result in doubling or even tripling of some property taxes. With that said, there is home shares with one (1) or two (2) bedrooms and home exchanges, which I think as long as they are pretty low value are a different type of animal. This was not us just sort of shooting in the dark here. I think that there is a ton of research saying that short-term rentals increased the cost of housing and basically the only policy recommendations that I could find among that research is to say that they should be regulated and taxed as resort, but the home shares are different. One of the recommendations in that is to use an income threshold to try and show that difference. I think there was no perfect answer here. We went through probably a dozen different potential amendments before landing on the forty-five thousand dollar (\$45,000) threshold. We went with that as sort of the "low" figure for what someone could do a whole home vacation rental for. This is meant to try to separate those with a true home

share; one (1) or two (2) bedroom type of operation from someone with one, two, three, or full home house rentals. Forty-five thousand dollars (\$45,000) gross includes cleaning fees and all of this and it seems like basically the low-end of the market for a whole home vacation rental, so the intent here is those with entire homes that are being TVR would go to the vacation rental rate and those with smaller operations would not. We also went with forty-five thousand dollars (\$45,000) rather than with some other options, because it seemed to be the most easy to audit, because people file an annual TAT return, so the information is there. You can just take that return and bring it to the Finance Department. We did meet with the Finance Department and the Real Property Tax Division a lot of times on this, hundreds E-mails back and forth, and our very final meeting, we did say, "This was the option, would you rather see this or would you rather see us receive the Bill." It was our impression from that meeting the option was rather see this amendment, but I am hoping that we could have Reiko folks come up and just give one (1) final dialogue with them to really see where they would prefer we go with this. We are not here to try and slam something on their head that they do not want, so I am just hoping to get their input here or answer any questions that you may have.

Council Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I had an amendment prepared today. I know the Council Chair wants us to do amendments back in Committee. If I introduce it, I will do it back in Committee. The reason that I prepared my amendment is because after the meeting, I had second thoughts about the way the amendment was passed last week with the Director of Finance saying that, "It would be difficult to audit, difficult to keep track, and implement." I just thought to myself that it is almost a Charter violation when the Administration tells you they cannot do something and the Legislative side tells you that it is okay and that you need to implement it anyway. I think that is wrong. That is why I hope that when I introduce this amendment and bring to you my thoughts, that you will agree that this is wrong. Maybe this whole issue or Bill needs to be shelved or go back to square one. Maybe the Bill should just live on its merits without the amendment for the forty five thousand dollars (\$45,000) threshold. I am okay with the Bill being pushed back in date to whatever date the original amendment was. I certainly do not feel good without at least having this Council consider the fact that the Department of Finance said that they cannot do what you want them to do even though they believe the idea and intention might be a good one. They cannot do it and they cannot audit it. They cannot prevent fraud from occurring. The right thing to do is to respect their opinion, their current staffing levels, and their ability to do a Council-requested amendment. I think that needs to be reconsidered. That is why I want to propose my amendment. If you want it at the Committee, then I would request that we refer this back to Committee. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I had a couple of questions for the authors of this. On the second page, item (e)(1), it says, "Any real property with hotel or resort use shall be placed in the hotel and resort class. These properties are eligible for the home exemption under this section, but not the assessment cap." Then number two (2) is very similar. It says, "Any real property with vacation rental use shall be placed in the Commercialized Home Use class." I was really wondering, when you are talking about a home, what is the difference between being a hotel and resort use of the home? Does that mean you have a swimming pool? What does it mean different from a vacation rental that is different from a hotel and resort use for a home?

Councilmember Evslin: That is probably a question for Real Property Tax. I do not know how they distinguish between hotel and resort and a vacation rental. The intent here was that if somebody were to move on to the premise of a hotel as our law is currently written, they could get a home exemption for living at the hotel and Commercialized Home Use for the entire hotel.

Councilmember Cowden: Okay.

Councilmember Evslin: It is just to ensure that cannot happen and that they also cannot retain the cap if they were to do that.

Councilmember Cowden: Okay, that is clear to me. Then, on number two (2)...I am just going to read it, because I think there is confusion. There is confusion for me and for some others. It says, "Any real property with vacation rental use shall be placed in the Commercialized Home Use class where the property owner has submitted appropriate forms and proof as required by the Director showing that the total gross annual proceeds from all operations occurring on any property within the County owned by the same property owner does not exceed forty five thousand dollars (\$45,000) for the preceding calendar year. These properties are eligible for the home exemption under this section and the assessment cap for home exemption property under Section 5A-11(a).3." I heard you say that includes the cleaning costs. Does that include the Transient Accommodations Tax (TAT) and General Excise Tax (GET)?

Councilmember Evslin: Ultimately this would be determined by the Department of Finance through their rules. The intent if this were to pass is that it would be based on the TAT return, as it is easily auditable. The TAT return does not, as I understand it, it is optional whether you include the TAT and GET on that return. I think most people do not. It would certainly include cleaning fees.

Councilmember Cowden: So it is the gross, not the net? I noticed in the low income tax credit, if people have a business, it is the gross earnings of the business, not the net earnings of the business. You are in business, you understand your gross by far different than your net. This is looking at the gross.

Councilmember Evslin: The TAT return is your gross. I believe for tax return purposes their net, they could deduct out mortgage expense, cleaning fees, and repairs. This is totally income minus TAT and GET.

Councilmember Chock: Sales.

Councilmember Cowden: Okay. If someone gets forty six thousand dollars (\$46,000) that year, they are going to lose the cap?

Councilmember Evslin: No. As amended, if they were to fall out of the forty five thousand dollars (\$45,000) threshold, they still retain the cap. That was part of the reason with this amendment to add the cap back in...the original Bill as written, you lose the cap entirely if you have a vacation rental operation. The amendment allows for the forty five thousand dollars (\$45,000) threshold, adds the cap back in for both...whether you are under that threshold or over that threshold. The intent here is that if someone forgets to file or goes over the forty six thousand dollars (\$46,000) they do not lose the cap and that their next year's assessment is based off of that. Yes, anyone with a home exemption under the amendment would retain the cap.

Councilmember Cowden: When they go over the forty five thousand dollars (\$45,000) threshold, what they lose is just their property tax? Say they make fifty thousand dollars (\$50,000) they would pay the TAT versus the Commercialized Home Use tax rate?

Councilmember Evslin: Sorry, they will already be paying, in theory, if they are legal, they will be paying the TAT to the State already. What they would lose if they went over, they would go into the vacation rental property tax rate. Their property would go up by ninety-five percent (95%) exactly.

Councilmember Cowden: I do...

Council Chair Kaneshiro: I have a follow-up actually. In reading, "From all operations occurring on any property with gross rental proceeds..." Total gross rental proceeds. I guess the rental proceeds is the one...it clears it up. I was going to say I was not reading the rental proceeds, but we are receiving a lot of testimony from people that have farms and a guest house and are renting it. With the rental proceeds it specifies that it is not the sales of your produce...

Councilmember Chock: It is not for agricultural lots.

Council Chair Kaneshiro: Yes.

Councilmember Evslin: I should clarify that it is properties island wide. So if someone has a vacation rental on a separate parcel and a homestay, then in theory they would go over the forty five thousand dollars (\$45,000) threshold. It is cumulative. Part of the reason for that is that the TAT return people combine their income information together when they file their return often. The other reason was to try to avoid abuse. If someone is going to condominium property regime (CPR) their property to try and make less and less rental income in order to get the threshold. This seemed like the best way to limit abuse.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I think my next questions are really for Real Property Tax and Planning. These are the questions that I had intended to ask last week that I sent ahead.

Council Chair Kaneshiro: Yes, we will suspend the rules.

There being no objections, the rules were suspended.

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

Councilmember Cowden: They did not get answered.

Councilmember Kagawa: Process question. If the intention is that we are going to go deep into this with amendments, let us send this back to Committee. I would hate to...last week we spent four (4) hours doing this. I would hate to spend another four (4) hours here and another four (4) hours next week. Seriously, it should be to the point where it is ready to go. It is a simple question that I am asking. Finance, can you do this or not? The answer to that will determine if I will be floating my amendment or not. If we are not going to amend, we already did four (4) hours on a committee report already.

Councilmember Cowden: I know.

Councilmember Kagawa: Are you going to ask another two (2) hours of questions? That is going to be six (6) hours of questions on one topic.

Councilmember Cowden: I definitely do want to hear from the people that came to testify. I do want to say that last week, I did send in questions to both Planning and Finance. Please forgive me for not being well and not being able to sit-up well. I am doing good today.

Councilmember Kagawa: You were here last week.

Councilmember Cowden: I was here, but my questions did not get answered. I was...even at the end, I said that I had plenty of questions, they were not allowed. I had them.

Councilmember Kagawa: I think if you go back to the minutes, you asked the most questions out of everybody.

Councilmember Cowden: I sure did.

Councilmember Kagawa: Do not say that you did not have time to ask questions. Out of everyone here, you asked the most questions last week. You can go to the minutes.

Councilmember Cowden: I had a whole list that I sent and those were kind of bowled over from the very beginning. That is why when we started having a little bit of a pushback...

Council Chair Kaneshiro: Follow-up questions.

Councilmember Cowden: As the blogger in the room said, I called a few of my friends...I just want to go on the record that I called almost thirty percent (30%) of that list. That was not me calling a few of my friends. I went through quite a lot of work to find out a lot of information. It is really relevant. I am thankful that, I believe it is February 12 that we are going to have Real Property Tax in to ask some of the questions. I was hoping to have a deferral on this so that those questions could be asked in a context that is independent of this. I learned so much about problems with our real property tax that it affects Bill No. 2767, but it affects a whole lot more.

Council Chair Kaneshiro: I think that I hear where you are going. I think for our purposes, the Bill is not going to change in this Council Meeting. I say that we take public testimony and then we discuss what we want to do with the Bill.

Councilmember Cowden: Okay, I am good with that.

Council Chair Kaneshiro: If the Council wants to send this back...I do not want to take amendments or spend a lot of time on it on Second and Final Reading. As we always say, the policy is to do all of the work in Committee. If you are going to send something to Second and Final Reading and do more work, we are going to send it back.

Councilmember Cowden: Okay.

Council Chair Kaneshiro: We should take public testimony, because they have been here all day. Then we can see what we want to do.

Councilmember Cowden: I am on the record from the last time as having more questions and wanting to defer. I will accept that. I did try.

Councilmember Kagawa: You asked a lot already.

Council Chair Kaneshiro: Maybe we might vote on it today. Who knows? I do not know what is going to happen. Let us take public testimony.

Ms. Fountain-Tanigawa: First registered speaker is Bruce Fehring, followed by Lee Roversi.

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

BRUCE FEHRING: My name is Bruce Fehring. I have been living and working with my family for thirty three (33) years on Wailapa Road in Kīlauea. We have raised a family of five (5) children, two (2) grandchildren, with a third happily on the way. We lost our oldest daughter, our son-in-law, and one of our two grandchildren in the Ka Loko Dam breach in March 2006, caused by James Pflueger, a wealthy property owner who stupidly filled in the dam's emergency spillway to raise the level of the water held in the reservoir to enhance the value of the property surrounding the reservoir and his recreational activities. Pflueger was found guilty of seven (7) counts of manslaughter for the deaths caused by his misdeeds. Incidentally, Pflueger was aided in his successful attempt to hide the illegal grading and grubbing around the reservoir by the non-feasance or even the malfeasance of then Kaua'i Mayor Maryanne Kusaka. We have received not so much as an apology of contrition from the former Mayor. We are now coming up on the fourteenth (14th) anniversary of the Ka Loko disaster. My grandson Rowen would now be sixteen (16) years old. I digress somewhat from the subject at hand. My family and I are farmers. We make our living by growing produce for consumption by the local market. Will we get rich by farming? No. But we love working the land and supplying the public with the fruits of our labors. I drive a sixteen (16) year old pick-up truck and a fifteen (15) year old tractor with one older tractor in the tractor shed and a new tractor in the works. By the way, we contribute both economically and societally to the local community. We create jobs and support numerous foundations and charities across Kaua'i. The Kaua'i Food Bank, Kaua'i Children's Theater, Kaua'i Community Players, the Aurora Foundation, the B-rad Foundation, the Hawai'i Farmers Union, the Kanuikapono Charter School, various Hanalei School classes, the Anaina Hou Community Park, and the Rotary Club, have all benefitted from our largess. We reuse and recycle religiously and participate in beach cleanups. Over the years our property taxes have doubled. Again and again, it keeps our profitability in check. Now we stand to have our taxes doubled once again. We do not pay the homestead tax of three dollars five cents (\$3.05) per thousand of assessed valuation, in spite of the fact that we do reside and have resided on the property all these many years. Because we run a homestay to help make ends make, we currently pay five dollars

five cents (\$5.05) per thousand dollars of assessed valuation. As farmers we apparently are held to a higher standard than others with legal transient vacation rentals (TVRs). We were made to apply for zoning and special use permits which we were granted just a few short years ago.

Council Chair Kaneshiro: Sorry, Bruce, that is your first three (3) minutes.

Mr. Fehring: Okay, I will be back.

Council Chair Kaneshiro: We will take everyone's testimony first and you can come back for your second three (3) minutes.

Ms. Fountain-Tanigawa: Lee Roversi, followed by Lisa Breen.

LEE ROVERSI: I am Lee Roversi. The seventy (70) year old proud owner and hard worker of my organic family farm and homestay in Kilauea. Thirty two (32) years ago, my then-husband and I bought four (4) beautiful, affordable acres in the agricultural land of Kilauea. It was open pasture land, did not have a tree or shrub on it. We worked hard and steadily for years and years to plant it, build our home, and out buildings. We raised three (3) children there, two (2) of whom still live on island and work the farm with me. A divorce in 2000 resulted in me taking on a hefty mortgage to buyout my ex-husband. However, I picked up the pieces, continued with my now older children, the hard work of following the original intention behind the founding of the farm, and keeping our lives on this land and island we call home. It is a working organic, family farm with over three (3) acres planted in mango, papaya, bananas, oranges, tangerines, lychee, avocado, grapefruit, ulu, pomelo, pineapples, taro, coconut, and hardwoods. There is also a half (0.5) acre in market garden growing beans, lettuces, chard, kale, beets, arugula, scallions, fennel, herbs, okra, eggplant, and I could say more. We sell directly to fifty (50) families weekly, as well as participate in Farmer's Markets. I also sell to local health food stores. The land has been dedicated to agriculture, first, in 1990, and again in 2010. Farming on agricultural land, something we do not see very often here. To supplement the sometimes volatile reality of farming, our legal guesthouse has been rented as a homestay, an alternative accommodation for intrepid travelers looking to experience Kaua'i as it is really lived and loved. We have hosted folks from all over the world who delight in the experience of staying on a working organic farm. We have received countless notes from them where they speak of the inspiration they have drawn from seeing an actual sustainable business in action. It is a joy to me, to provide produce to our island community, as well as offer an authentic experience to travelers coming to our beautiful island. We support our community further by sending guests to shop locally, dine locally, and enjoy our island activities safely and with great respect. We have operated proudly and openly. I have obtained a Special Use Permit, a Zoning Permit, and a Use Permit, all of which were finally approved in

June of 2016. Yearly, I must renew these applications with the understanding that I show the homestay is an ancillary income to our farming. We have dutifully paid GET and TAT all these years. I have told you my story. My taxes have already gone up significantly in the past several years with Commercialized Home Use status and will become for me, unmanageable with this proposed tax increase. I respectfully ask for relief from this proposed tax bill so that I may continue to operate without this added burden, which I cannot pass along to my guests, as I have that condition in my home Use Permit, which prevents my rental income from ever exceeding my agricultural income.

Council Chair Kaneshiro: Thank you.

Ms. Roversi: Thank you, Councilmembers.

Ms. Fountain-Tanigawa: Lisa Breen.

LISA BREEN: Thank you County Councilmembers for allowing me to add some clarity and understanding to the impacts of passage of Bill No. 2767 would create. I am in support of the amendment that was introduced and passed on Bill No. 2767 at least week's Finance and Economic Development Committee Meeting. I support Bill No. 2767 newly amended, as it offers TVR and homestay owners the ability to remain in the Commercialized Home Use rate category if their total transient year accommodations gross income as filed on Hawai'i Tax Form TA-2 is under forty five thousand dollars (\$45,000). For the record, I do not support the Bill if this amendment is not included in the new legislation and would ask you to exclude agricultural homestays altogether by keeping us in the Commercialized Home Use rate. In 2015, the Planning Commission granted us a Special Use Variance Permit for our homestay, The Garden Hideaway at Lotus Farm as a destination for those travelers looking for an authentic experience. Two (2) guests drive onto our organic farm and stay in the peaceful, quiet guesthouse at the edge of our nursery and orchards. I greet them on arrival, share our fruits in season, and offer them tips about ocean safety. I let them know I am a text away anytime. My husband David is happy to tour them through our farm and nursery as he shares his nearly fifty (50) years of knowledge that begin when he just a teenager working in the pineapple fields in Hāna in Maui. In 1981, he scraped up forty five thousand dollars (\$45,000) to purchase our land in Kīlauea Farms. He cleared it, graded it, planted it, irrigated it, and then registered it as dedicated to agriculture, considered the highest and best use of the land and has been so ever since. He has weathered every kind of imaginable setback in the nearly forty (40) years he has worked our land, but has never once thought about giving up. Our farm is his life's work. What sets our homestay apart from a TVR, besides our agreement to be onsite and available for our guests, meaning we do not rent if we are off island, is an agreement that we made with the Planning Department that must be renewed every year. That agreement shared with only two (2) other families who have homestays on

agricultural land, is that our yearly homestay income as stated on our Hawai'i tax form TA-2, must not exceed our agricultural income as stated on our Federal income tax form, Schedule F. This unique arrangement, which I was sorry to recently learn has not been the case with all homestays on agricultural land, is a cap on the income that we can generate from our homestays. The amendment that was added to Bill No. 2767 will allow us to continue to do agriculture on the vast majority on our land, while supplementing it with the homestay income on a guesthouse that covers one percent (1%) of our land. Many might think that the new tax rate increase, which would double our taxes, could be offset by passing it along to the consumer by increasing our rates or renting it more often. That is not an option for the three (3) homestays on agricultural land. This amendment will further limit our income as the original agreement with the Planning Department allows to stay just under our gross family farm profits which fluctuates yearly for many reasons.

Council Chair Kaneshiro: Lisa, that is your first three (3) minutes. You will have a second chance for three (3) more minutes.

Ms. Breen: Thank you. Okay.

Council Chair Kaneshiro: Anyone else in the audience wishing to testify for the first time on this Bill? If not, we can go back in order. Bruce, did you want to take your second three (3) minutes?

Mr. Fehring: We were made to apply for Zoning and Special Use Permits, which we were granted just a few short years ago. As farmers, we are made to submit our tax returns indicating that we make more from farming than we do from our homestay. For having a homestay, we pay sixty seven percent (67%) more in property taxes than other neighbors who live on their properties as we do. That is not sixty seven percent (67%) just on the homestay portion of our property. It is sixty seven percent (67%) more on the entire assessment of our home, our tractor shed, our workshop, our greenhouse, and various valuable agricultural buildings. Enough is enough. What could be a higher and best use on agricultural land than a locally owned and operated family farm? Raising our tax rate to nine dollars eighty five cents (\$9.85) per thousand of assessed valuation will for all intents and purposes double our real estate real property tax burden. Once again it will hammer down our farm's profitability. This time to a point at which we must consider whether or not to continue farming for the local community is actually worth pursuing. My wife and I, like many farmers here are no longer youthful. I myself have been stricken with persistent atrial fibrillation (AFib) for the past few years, endured a heart attack ten (10) years ago, I have undergone five (5) cardioversions and two (2) ablations, and a stroke in the last five (5) years. I was recently diagnosed with congestive heart failure and although my heart is still in the game, I am unsure of how much longer I will be able to contribute physically. Our children are fully involved in the farm and it is our hope that their interest and contributions will continue. Raising our taxes to

untenable rates will be a disincentive to their continuing. Is that what you had hoped to achieve by raising our property taxes through the roof? To kill family farming? I cannot imagine that to be so. Decisions about buying a new tractor, erecting a large greenhouse, planting new long-term crops, and investing in farm fencing have been predicated on our current ability to withstand the current tax rate which we are burdened. A sudden and dramatic increase in our tax rate will harm us and damage us in ways that those not involved in farming ventures may not be able to fathom. How is a farmer able to plan ahead with a massive increase in their property taxes at the whim of the Administration and Council? Why does Kaua'i need this law and why are innocent people being targeted? Why were the two hundred (200) or so people on the list, perhaps half of which do not belong there in the first place, not properly notified that such an onerous Bill had been proposed or written? I suggest that the Council, Real Property Assessment, and Planning go back to the drawing board to figure out how to stop any abuses they perceive and leave the rest of us alone. Kill the Bill in its entirety. In the name of justice, kill this Bill and do not bring it back. Next time you are considering legislation of any sort that would have a great impact on a certain group of people, please schedule a public outreach meeting outside of these Chambers where stakeholders of all stripes can let their positions be known without such a restrictive amount of time to make their case. Enough said.

Council Chair Kaneshiro: Okay. Thank you. Lee, did you finish up?
Lisa?

Ms. Breen: When the Planning Department created this special permit allowing us to have guests on our farm, they did so with the intention of preserving what little bit of agriculture on agricultural land that actually still happens. Increasing our real property taxes with no ability to increase our homestay revenue is not supporting the continuation of family farms. It is only creating more financial burden. As stated, our gross income from the homestay hovers between thirty eight thousand dollars (\$38,000) and forty four thousand dollars (\$44,000) a year. The net income is substantially less when considering operating and maintenance expenses. No one is getting rich. We do it because it is the life we hand created and the life we love. Thank you.

Council Chair Kaneshiro: Anyone else in the audience wishing to testify? Seeing none.

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

Council Chair Kaneshiro: I would like to call this meeting back to order. It is up to the Councilmembers. What would you like to do? Councilmember Evslin.

Councilmember Evslin: If we could just hear briefly from Reiko and Brad on implementation and their perspective on where they feel the Bill should go?

Council Chair Kaneshiro: I will suspend the rules.

There being no objections, the rules were suspended.

Council Chair Kaneshiro: If you want to restate your question.

Councilmember Evslin: Yes. Two (2) questions. You can answer however you see fit. Number one, your opinion on the Bill from a policy perspective. Along those lines, would you rather see this passed as amended, or not at all? Number two, whether it is in fact implementable.

Ms. Matsuyama: We will continue our stance that the original Bill was stronger and better addressed the use problems and inequities that we see in the tax code. As far as implementing the amendment, I do not know. As I stated in Committee, yes, they have to file TAT returns, but they can file multiple TAT returns for all their different properties or all of their different houses on the same property. So for us to be able to track that and to make sure that we have...that they have submitted all of their returns in their entirety would be really, really hard for us. That being said, whatever you send over and if it becomes law, we will obviously implement it.

Councilmember Evslin: Currently, if someone cheats on their taxes, say your form says to submit all TAT forms and someone does not turn them all in. What is the penalty for doing something like that? Or if they lie on their long-term affordable rental lease?

Ms. Matsuyama: I think there is a one hundred dollar (\$100) fine.

Councilmember Evslin: Okay.

Ms. Matsuyama: Yes. It is a slap on the wrist. It does not prevent anyone from not doing it.

Councilmember Evslin: That is for any type of tax fraud?

Ms. Matsuyama: Yes.

Councilmember Evslin: We should definitely increase that fine. Back to the original question, would you rather see the Bill pass as amended, or not at all?

Ms. Matsuyama: It is hard for me to say, only because I do not know what the extent of implementation will be. We are already strapped as is. The

tax on use system already creates so many different areas for fraud. We have not increased staff. We have thirteen (13) different tax relief programs that are all manually inputted. Any amendment to this Bill is like a "carve out" or "special legislation" if you will. That already in itself we do not really agree with.

Councilmember Evslin: That is as much as I got. Councilmember Cowden.

Council Chair Kaneshiro: Councilmember Chock, then Councilmember Cowden.

Councilmember Evslin: I am sorry.

Council Chair Kaneshiro: He does not want me to talk.

Councilmember Chock: Just to confirm, for the record, there are no other amendments that you would consider other than what was talked about in terms of what Vice Chair Kagawa was talking about? Taking out the forty five thousand dollars (\$45,000).

BRAD CONE, Real Property Tax Manager: Correct.

Councilmember Chock: There are no other remedies, from your Office. I just want to make sure we are clear about.

Ms. Matsuyama: Yes, from our standpoint, the original Bill was the strongest that we have seen so far.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: When we are talking about the tax on use system, I have learned quite a bit in talking to lenders. Apparently, Kaua'i's tax on use system is rather unusual across the United States. Is that consistent with what you understand?

Mr. Cone: It is very unique, I would say. What I would add, and I am not going to comment on the policy, but, the uniqueness of the property tax system here, the required manual auditing is what in and of itself this Bill is not a big deal to implement. On top of everything else, there comes a point where you cannot just do anymore and you should not take on anymore manual process. If our tax policy, the policy that I am used to, you would see no variation in tax law over a twenty (20) year period. The only thing you see change would be the tax rate. You can plan. You have a pretty stable foundation for your operations. Here, what has happened over the last...long before I got her...but since I have been here, it is pretty

crazy what can happen if you have a few people retire or transfer...you have a tight labor market and you are wondering if you can keep your people. It is risky. For that reason, I have a hard time supporting anything that is a manually audited process. You would not believe how extensive just the low-income application is. It is crazy how long it takes to process a low-income application. Those things are important. I realize that. Taking on anymore, I am hesitant.

Councilmember Cowden: I want to follow-up on that. This is a unique system, the tax on use system. From the perspective of the lenders, it is very difficult to work with. When we are looking at this, especially based on the inquiry that I did with almost sixty (60) people now, sixty (60) properties, a good portion of them would have to sell. Maybe not quite half. Probably almost half of them, this would force them into sale. When we look at this, and the way we do our transfer of title, that tax follows with it, right? So if this has a TVR tax on it, that nine dollars eighty five center (\$9.85) is going to go on to the new buyer, correct?

Mr. Cone: It depends on the time of the sale.

Councilmember Cowden: Let us say it is October.

Mr. Cone: If it is October 1st, that would follow into the next year, yes.

Councilmember Cowden: So they would be paying that for almost sixteen (16) months. Therefore, when we look at that, with some of these, it would be about...a lot of them would be one thousand dollars (\$1,000) per month extra that they would have to qualify and I learned about private mortgage insurance and a number of these properties would end up needing to have an additional private mortgage insurance on top of it, so when our goal is supposedly creating housing for other residents, this is almost a cash buyer that is going to be able to buy these properties. Someone is going to have to have quite a bit of money. Like as I look at this, when the titles transfers, why do we not change the tax with the new use? Why does it take that much length?

Mr. Cone: The way that law is written right now.

Councilmember Cowden: Is that a law that we need to change, but when I am looking at the stated goal behind this, to force long-term rentals, almost all of these properties are out of any sort of range that a long-term rental could function on. I just want it really well-known that the goal of this, when we push people out, when we push them into TVR rates, the likelihood of being able to sell that property becomes diminished because of our tax system and our tax on use and then the length of the time...

Council Chair Kaneshiro: I think being in second and final reading, I want to steer our questions and discussion towards a decision.

Councilmember Cowden: That is exactly what I am trying to do, because I am wanting to make it very clear that when we are saying our goal is to put these houses into the hands of the people who live here, that is our goal, or if our goal is to be reducing the value as said—if our goal is to be reducing the value of the property, that is taking away from...it was on tape, if we wanted to bring down the cost of housing, which would be nice, that is equity; the farm, the family under pressure is going to have to yield, because when we have the way the property tax works, when it is punished that way that they are not going to be able to sell their property at the same rate.

Council Chair Kaneshiro: Again, for me, it is how we are going to vote individually. If there is going to be more discussion and questions, again, I just want to ask that we send it to Committee and we take a vote up or down on it.

Councilmember Cowden: I would like to send it to committee.

Council Chair Kaneshiro: In this meeting on second and final reading, I want us to try and get to a decision.

Councilmember Cowden: I would like to send it to committee or defer it until after we have our tax time.

Council Chair Kaneshiro: Councilmember Evslin and then Councilmember Kagawa.

Councilmember Evslin: I just want to clarify, when you are saying our tax system is different, if we had a tax system based on zoning and if you lived in a VDA or you had resort level zoning, you get taxed at the resort rate regardless of your use, right? That is the difference. Therefore, it is not as if our tax system here is different and more unfair, it is much more proportionate to what the person is actually using on the property, otherwise everyone here, if you had the ability to TVR, you get taxed at a vacation rental rate, right?

Mr. Cone: The difference here is that that is influx all the time. Every time there is an audit, every time there is a transfer of property sale, someone else takes over the property, the economic condition change, so that is the difference. The other way, there is never any flux.

Councilmember Evslin: I just wanted to clarify, the current system is much more manual intensive. I appreciate the work that you folks do in it, but I do not think it is fair to characterize it as an unfair system. I think, if anything, it is a

more fair system for the resident-owner. I just wanted to put that out there. Getting back to the Bill, if your recommendation is to receive, then I am happy to receive. If you are ambivalent because you think there are benefits to passing it, but you are worried about implementation, but you are still ambivalent and it is a policy call for us, then I respect that as a decision and we take an up or down vote. If you have any more guidance to give us, if you want to see us receive it, please say so now.

Ms. Matsuyama: I think I have said everything that I am going to say. If this Bill does become law, we will do everything in our manpower to implement it. There will be holes—we will have to revise our rules and those types of things that we can clean up on our side, but as far as the administration of it, we will do our best.

Councilmember Evslin: Okay, thank you.

Council Chair Kaneshiro: Councilmember Kagawa and then Councilmember Chock.

Councilmember Kagawa: After today and hearing three (3) of the testifiers being limited by the amount they farm in order to how much they can rent it out...I feel like we should just kill the Bill. I do not like passing to Brad a job that is just going to be more burdensome than anything and it might change any way because so much uncertainty with the unintended consequences that we are hitting. It seems like Bruce folks have already went through a lot of tragedy and we do not want to put more unnecessary burden on him doubling his taxes. Let us just receive it. It is not saying that it was a terrible idea or what have you, but our amendment does not work, I do not see other amendments that could work at this point, even if we go back to committee next week. Maybe let us kill it for now and if you folks think of a better way we can hit the folks we really want to hit and miss the folks we want to miss. Yes, it is going to be difficult, especially like you said, when we have too flexible, then you put burden on your staff. I just think right now the right thing to do is just receive, kill it for now, and let these people go home. I am ready to vote no and let us just move forward.

Council Chair Kaneshiro: Thank you for that direction. Councilmember Chock.

Councilmember Chock: Yes, I was like, "waiting for the direction." Let me just add to the conversation to make it easier, because the options are to send it back to committee for an amendment, which I cannot support. Again, I cannot move forward on this Bill if there is no measure in order to achieve what we are trying to achieve, which is the long-term planning goals for this island in a way that allows our residents to move in that direction in a healthy way. With everything that has gone around...and let me tell you, this Bill has been like no other I have worked on,

completely no other one that I have worked on. I agree. I would not want to go back, I guess, is my point, to committee, which leaves us with an up or down vote on the current Bill or to receive it. Those are my choices. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I very much want to receive it. I just cannot say...

Councilmember Chock: I thought you wanted it to go to committee?

Councilmember Cowden: Well, I want it gone because as I called so many people, even Mr. Fehring has congestive heart failure...on Saturday alone, I have talked to three (3) people with congestive heart failure. The youngest one was fifty-one. Almost across the board, I am talking to people who are really stressed. I have to say the people I am talking to are the ones that have lived here for decades, because I do not know that the newer ones that ostensibly are out there, have not caught them very much yet. I feel like this is not a category that is going to grow. It is not like it is staying legal, these are limited, right? Is that wrong? I do not see how it is growing? It could grow?

Councilmember Evslin: It could certainly grow. If you live in the VDA, you have home exemption, right, this would apply to you. There can be one thousand (1,000) more people in this category. Not on their category on agriculture land. There can be no more outside of the VDA, but there is lots of potential for growth within the VDA. That is why I do think it is important to get a handle on it.

Councilmember Cowden: So maybe what we could do is grandfather it or stop it or something, but I would say, we were just saying we do not want to kick people out of their houses over the parking on the corner, we do not want to hurt the Hawaiian community with these unfair foreclosures, I am seeing so many...

Councilmember Chock: She is pointing out the philosophical differences of this Bill. There is merit and there is not merit to this Bill. Let us move forward on the direction that we can agree on.

Councilmember Cowden: I want to receive.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Three (3) to receive already. Is there anyone else? I think I made it clear in the last meeting that I did not like the amendment that came through and I was not going to support it as it came here, so that would be

four (4). If that makes the decision any easier on anyone. Are there any further last comments? Councilmember Kuali'i.

Councilmember Kuali'i: I still think that with what you were trying to do with the original Bill is important and if we receive this Bill, that goes away completely and if we were ninety-five percent (95%) there, but because we could not figure out the right amendment to address that last five percent (5%), it is kind of sad that we are losing the bill completely. It is a situation where the original introducers of the Bill would no longer support it in its original form and that is a testament to the process, community, testimony, and all of that. If we receive the Bill and obviously I will go with the majority, we should not give up on trying to do what we were trying to do, because I think that is really important, and you should get right back to work. I will join you.

Council Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Just to confirm, there have been many remedies that we have discussed in the process, so I am willing to go back to the board, but I think that it is very clear that it is more complex and ultimately there is a capacity issue that we hit a roadblock on and so that is why we are limited. I just wanted to put that out there.

Councilmember Kuali'i: I would only say that along the lines of the capacity issue, if it is a matter of paying more staff to get the job done and if you show the money that this bill would generate, because people are now being taxed fairly, that will probably be more than enough money to pay for that staffing. Was that done?

Councilmember Chock: No more new positions.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I do not know if we are in final discussion, but if we were to vote on it, I would vote in favor of the Bill, as amended, with the clear intent that if this is a disaster for these people upon implementation, that we review it. I do believe strongly in the policy, I do think it is the most fair policy we could come up with, I believe it achieves the stated intent of the Bill, and I believe those who do not have the same impacts, because they are not taking the entire home off the market, will not be impacted the same, like the folks in the room here. I do believe in the original bill. Obviously, it does not seem like we have votes for that, but I will not be going back to the drawing board. I do think we came up with every possible alternative that we could and more.

Council Chair Kaneshiro: You do not want to go through this again? With that, hearing what I have heard, I think if no one else has anything left to say, we have to withdraw the approval and the second, and then redo the motion to receive.

Councilmember Chock withdrew the motion approve Bill No. 2767, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval. Councilmember Kualii withdrew the second.

Councilmember Kagawa moved to receive Bill No. 2767, Draft 1 for the record, seconded by Councilmember Cowden.

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

The motion to receive Bill No. 2767, Draft 1 for the record was then put, and carried by the following vote:

FOR RECEIPT:	Chock, Cowden, Evslin, Kagawa, Kualii, Kaneshiro	TOTAL – 6*,
AGAINST RECEIPT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

(*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kauai, Councilmembers Evslin and Kualii were noted as silent, but shall be recorded as an affirmative for the motion.)

Ms. Fountain-Tanigawa: Six (6) ayes and one (1) excused.

Council Chair Kaneshiro: With that, can you read us into Executive Session?

EXECUTIVE SESSION:

ES-1015 Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4, 92-5(a)(4), and Kauai County Charter Section 3.07(E), the Office of the County Attorney requests an Executive Session with the Council to provide the Council with a briefing in the matter of Matthew Mannisto, Esq., as Personal Representative of the Estate of Leslie Gae Lutao, Deceased, et al. vs. County of Kauai, et al., Civil No. 19-1-0107 JKW (Fifth Circuit Court), and related matters. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Council and the County as they relate to this agenda item.

ES-1016 Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4, 92-5(a)(4), and Kaua'i County Charter Section 3.07(E), the Office of the County Attorney requests an Executive Session with the Council to provide the Council with a briefing in the matter of Roy Gal vs. County of Kaua'i, Kaua'i Police Department, et al., Civil No. CV20-00011 JMS-WRP (U.S. District Court), and related matters. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Council and the County as they relate to this agenda item.

ES-1017 Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4, 92-5(a)(4), and Kaua'i County Charter Section 3.07(E), on behalf of the Council, the Office of the County Attorney requests an Executive Session with the Council to provide the Council with a briefing, discussion, and consultation to discuss the feasibility of conducting a performance audit of the Department of Water, and related matters. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Council and the County as they relate to this agenda item.

ES-1018 Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4, 92-5(a)(4), and Kaua'i County Charter Section 3.07(E), on behalf of the Council, the Office of the County Attorney requests an Executive Session with the Council to provide the Council with a briefing, discussion, and consultation regarding the Quarterly Report on Pending and Denied Claims. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Council and the County as they relate to this agenda item.

ES-1019 Pursuant to Hawai'i Revised Statutes (HRS) Sections 92-4, 92-5(a)(4), and Kaua'i County Charter Section 3.07(E), the Office of the County Attorney requests an Executive Session with the Council to obtain settlement authority of Vincente Agcaoili, Cristeta Agcaoili, and Evangelyn Agacaoili's real property tax claim and related matters. This briefing and consultation involves consideration of the powers, duties, privileges, immunities, and/or liabilities of the Council and the County as they relate to this agenda item.

Councilmember Kagawa moved to convene into Executive Session for ES-1015, ES-1016, ES-1017, ES-1018, and ES-1019, seconded by Councilmember Chock.

Council Chair Kaneshiro: 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: Is there any discussion from members? Roll call vote.

The motion to convene into Executive Session for ES-1015, ES-1016, ES-1017, ES-1018, and ES-1019 was then put, and carried the following vote:

FOR EXECUTIVE SESSION:	Chock, Cowden, Evslin, Kagawa, Kuali'i, Kaneshiro	TOTAL - 6,
AGAINST EXECUTIVE SESSION:	None	TOTAL - 0,
EXCUSED & NOT VOTING:	Brun	TOTAL - 1,
RECUSED & NOT VOTING:	None	TOTAL - 0.

Council Chair Kaneshiro: Thank you. We will not be coming back out, so we are done for today.

ADJOURNMENT:

There being no further business, the Council Meeting adjourned at 3:14 p.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA
County Clerk

ss:dmc:ks

(January 29, 2020)
FLOOR AMENDMENT
Proposed Draft Bill (No. 2770), Relating To The Solid Waste Fund

Introduced by: MASON K. CHOCK, Councilmember (By Request)

Amend Proposed Draft Bill (No. 2770) SECTION 1, as follows:

“SECTION 1. That pursuant to Sections 19.07B and 19.10A of the Charter of the County of Kaua‘i, as amended, Ordinance No. B-2019-856, as amended, relating to the Operating Budget of the County of Kaua‘i, State of Hawai‘i, for the Fiscal Year July 1, 2019 through June 30, 2020, be hereby amended as follows:

The sum of \$1,312,000.00 by revising the amounts estimated in the Solid Waste Fund from the following account:

Equity / Fund Balance – Assigned	[\$792,000.00]
Department of Public Works, Solid Waste Disposal Other Services, Halehaka GCCS Repairs	[\$520,000.00]

Be and is hereby appropriated for the following purposes:

Department of Public Works, Solid Waste Disposal Other Rentals	\$565,000.00
Department of Public Works, Solid Waste Disposal Other Small Equipment	\$127,000.00
Department of Public Works, Solid Waste Disposal <u>Equipment / Leased”</u>	\$620,000.00

(Amended material is highlighted.)

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