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, July 21, 2021 at 8:30 a.m., after which the following Members answered the call of the roll:

Honorable Bernard P. Carvalho, Jr.
Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable Luke A. Evslin (via remote technology)
Honorable KipuKai Kualii‘i
Honorable Arryl Kaneshiro

Council Chair Kaneshiro: Good morning. Today’s meeting will be conducted pursuant to Governor Ige’s Supplementary Emergency Proclamations with the most recent relating to the Sunshine Law being his Twenty-First Supplementary Emergency Proclamation dated June 7, 2021. For the record, we have no registered speakers today for any of our agenda items. For our Council Meeting, we will be jumping around with our agenda items as Michael A. Dahilig is on, but he has to leave early. We will be going through the Adolescent Treatment and Healing Center update, then the County Transient Accommodations Tax (TAT) Bill, then taking the unbudgeted sewer equipment item, and finishing up with the remaining Council Meeting agenda items.

APPROVAL OF AGENDA.

Councilmember Kuali‘i moved for approval of the agenda, as circulated, seconded by Councilmember Cowden.

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

Council Chair Kaneshiro: Are there any questions or is there any discussion from the Members?

The motion for approval of the agenda, as circulated, was then put, and unanimously carried.

Council Chair Kaneshiro: The motion is carried. Next item is the minutes.
MINUTES of the following meetings of the Council:

July 7, 2021 Council Meeting
July 7, 2021 Public Hearing re: Bill No. 2824

Councilmember Kuali‘i moved to approve the Minutes, as circulated, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions or is there any discussion on this item from the Members?

(No written testimony was received and no registered speakers requested to testify regarding these agenda items.)

The motion to approve the Minutes, as circulated, was then put, and unanimously carried.

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

CONSENT CALENDAR:

C 2021-159 Communication (07/06/2021) from Aaron D. Larrimore, Deputy County Attorney, transmitting for Council information, the Quarterly Report on Settled Claims filed against the County of Kaua‘i from April 1, 2021 through June 30, 2021.

Councilmember Kuali‘i moved to receive C 2021-159 for the record, seconded by Councilmember DeCosta.

Council Chair Kaneshiro: Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-159 for the record was then put, and unanimously carried.

Council Chair Kaneshiro: Next item is on page 3.

There being no objections, C 2021-170 was taken out of order:

COMMUNICATIONS:

C 2021-170 Communication (07/15/2021) from Councilmember Carvalho, requesting the presence of the Mayor, Managing Director, and Lance K. Segawa, FACHE, MPH, NHA, Regional Chief Executive Officer, Hawai‘i Health Systems Corporation, for a status update on the Adolescent Treatment and Healing Center.
Councilmember Kuali'i moved to receive C 2021-170 for the record, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions or is there any discussion from the Members? I will make a comment. Although I work for Grove Farm, this item is an informational item with no action needed from Council. I will be sitting in and running the meeting. If anything comes up, I will use my discretion, but I will not be answering any questions regarding Grove Farm. Due to pending and threatened litigation, the discussion regarding this agenda item must be limited solely to the future use of the facility. Any discussion regarding the terminated contract with Hope Treatment Services will need to occur in Executive Session. We are not able to have discussion out here on the floor. There has been testimony and request for the Council to transfer the Adolescent Treatment and Healing Center to an outside organization. I would like to make it clear that the Council does not have authority over the transfer of real property. That is an administrative function. The Charter empowers the Director of Finance to acquire and dispose of real property. Council is generally heavily involved in the purchase of real property, as Council controls appropriations and the budget ordinance. However, the Charter directs the Director of Finance to care for and ultimately dispose of County assets. With that being said, this is an update on the Adolescent Treatment and Healing Center. I am not sure if Michael or Lance would like to start the conversation. I know you have received questions. Councilmember Carvalho, did you want to say something first?

Councilmember Carvalho: A communication was sent over with questions so if we can start with that. I am very passionate about this discussion regarding the Adolescent Treatment and Healing Center. I am hoping that we can get good dialogue and move forward with this project. I look forward to hearing the answers to the questions and from our Councilmembers. I would like to clarify that although this is an informational meeting, but at the same time, it is very critical that we move forward. I am hoping that we can pull everyone together. Mahalo, Michael. I know you had personal family commitments. You are here and that is a good thing, along with Lance and the other people who are on-board with us. I look forward to this discussion and we will see where this goes.

Council Chair Kaneshiro: Michael or Lance, if you would like to give us a status update on the Adolescent Treatment and Healing Center.

There being no objections, the rules were suspended.

MICHAEL A. DAHILIG, Managing Director (via remote technology): Thank you, Chair. Michael Dahilig, Managing Director, for the record. I appreciate the courtesy and being able to handle items relevant to my responsibility at the beginning of the meeting. We received the communication on July 15th from Councilmember Carvalho concerning where things stand with respect to the Adolescent Treatment and Healing Center. There has been a lot of media attention to this as well as discussion both on and offline regarding how the center is moving forward. One thing I can say on behalf of Mayor Kawakami and the Administration is that we remain optimistic. The reason we remain optimistic is that we have been able to see the "budding" fruits of partnership with Hawai'i Health Systems.
Corporation (HHSC) as well as the creation of a nonprofit that will pair with HHSC’s functions to be able to look at a sustainable metric for operation. As you know, since the Administration has taken office in late 2018, we have tried twice to secure an operating vendor. We went out for a Request for Proposal (RFP) literally two (2) months after taking office, and that was in February 2019. We understood that time is of the essence when it comes to getting someone into the center and operating it. However, we failed during that first RFP that went out two (2) months after we took office. We tried again and got another vendor, as Chair mentioned, there have been issues and we were not able to have that relationship being maintained. What we have attempted and continue to do is keep on trying. At this point, we are looking at HHSC which is a health care provider on island that has the human capital to be able to support the center. Several community members have come forward with Kaua‘i Adolescent Treatment Center for Healing (KATCH) and signed up to help. That gave the Administration the requirement to evaluate where the County’s position for partnership was. This is not about who takes credit for the operation of the center. It is about taking care of the children and that is where the focus and effort will continue and remain to be.

With respect to the first question on the memorandum that was sent to the Mayor by Councilmember Carvalho, on June 23rd we sent a letter to Mr. Segawa outlining our intention to look at transferring the fee title to the Adolescent Treatment and Healing Center to HHSC. HHSC is a government entity just like the County of Kaua‘i and is created by the laws of the State of Hawai‘i. We felt that in evaluating how KATCH and HHSC want to move forward, they need as much control, and they need the latitude to be able to operate and create a working model without having the County interfere with how the operation should be stood up and managed. That also includes how the fee title and center is managed. On June 23rd, we sent a letter to Mr. Segawa offering the fee title to the HHSC and we believe that is in the spirit of cooperation and understanding that having the HHSC and KATCH be in control of the center makes the most sense in terms of getting it running as soon as possible. The County and the Office of the County Attorney have been in communication with HHSC and their attorneys. We remain optimistic that we can come to a mutual agreeable position to have the center transferred as quickly as possible. We can do so at the signature of a pen. We are ready to move as soon as we have a mutual aggregable document that can be recorded with the Bureau of Conveyances.

As Chair previously mentioned with respect to Council approval, the Charter does empower the Director of Finance to make disposition of County assets at her authority. We intend to use that provision within the Charter of the Kaua‘i County to consummate this transfer with HHSC should it be mutually agreeable. I think at that point, we will look at how the County’s role becomes more of a supporting role rather than being in the lead for something that we traditionally do not provide as a service. We are not a health care organization and we do not have a health care agency within our organization. As past Administrations have discussed this issue for drug treatment for adolescents on island, it is a kākou thing. It is not one agency over another; everyone needs to do their part.
What we have learned regarding the overall model is that a zero-contribution model for operations is not sustainable. We are thankful that through the efforts of Senate President Kouchi at the Legislature, he has been able to secure moneys this year to help kick start the operation. We thank the Council for their agreement as part of the County's American Rescue Plan Act (ARPA) package to be able to commit two hundred thousand dollars ($200,000) which will go towards supplementing operations of the center. I think it is a realization from an operation standpoint, where the County needs to be involved is in the realm of sustainment and longer-term planning when it comes to the fiscal picture for the Adolescent Treatment and Healing Center.

As we create the budget for Fiscal Year (FY) 2023, these are some of the conversations that we are going to have with the Council regarding how our fiscal operations picture looks at the Adolescent Treatment and Healing Center, and whether we need to do our part in sustaining the business model that comes up based off of HHSC's and KATCH's initiative in forging the way.

Councilmember Carvalho, I know that there are other questions relating to operations. I am not able to answer those questions with a level of confidence. Lance and his team have been working diligently on creating a sustainable model. I am happy to answer any Council questions regarding questions numbers 1 and 2 in the memorandum dated July 15th, or we can hold until Lance is done with his discussion. I am happy to shed any light to the conversation.

Council Chair Kaneshiro: We will have Lance go through to answer questions he can answer. Once he is done, we will open the floor to questions from the Councilmembers.

LANCE K. SEGAWA, Regional Chief Executive Officer, Hawai‘i Health Systems Corporation (via remote technology): Good morning, Chair Kaneshiro and Councilmembers. First, I would like to thank you for this invitation. Let me dive right in, beginning with the first question: 1) What is the State’s plan? We have been doing a lot of behind-the-scenes networking ensuring we are touching base with all the local providers on Kaua‘i. We had conversations with the Hawai‘i State Department of Health Adult Mental Health Division (AMHD), Bobby Benson Center, and we will be reaching out to talk to Kāhi Mōhala. At this point and as we formulate our clinic advisory committee, there is a lean toward a dual diagnosis program at the center. We know that there are children with mental illness as well as substance abuse. Often it is connected. We believe the center's best way to support our young children is a dual diagnosis program. That is the initial model that we are thinking about versus one that only focuses on substance abuse. For example, Bobby Benson Center is primarily substance abuse. They will not deal with a child who has schizophrenia. That is the initial model. Obviously, we need to vet it out with a provider, psychologist, psychiatrist, et cetera. We currently have on board one of our own physicians, Dr. Graham T. Chelius, MD. Some of you may know him as he is actively involved in the substance abuse arena for adults. He is critical as an internal advisor and has been doing a lot of networking. We will be formulating the clinic advisory committee shortly.
We have a very rough budget we put together based on information we got from the Hope Treatment Services proposal. We used that as a placeholder if you will. As Michael said, we are very appreciative of Senate President Kouchi and the Legislature for the one million three hundred thousand dollars ($1,300,000) along with the Council’s support of two hundred thousand dollars ($200,000). We believe that we have more than enough to get started. I do not know when the Department of Health plans to vacate. I have had conversations with Dr. Janet Berreman and she understands what has been occurring. With some notice, they are prepared and she mentioned they have alternatives. I think that is something that we need to coordinate with the Department of Health. We certainly do not want to give them a week’s notice. They will need time to transition, and we are working on that.

The current timetable for opening is very rough. I set out, as we began to build our timeline, that it will most likely be six (6) to eight (8) months. A lot of that will be the licensing process ensuring we are prepared to have a licensing inspection. I think we can also expect that we are going to open the facility in phases. For example, Phase I will be outpatient work and possibly stabilization crisis type situations. In the past year, we have had situations where adolescent children needing more support have been stuck in Wailuku Emergency Department or Samuel Mahelona Memorial Hospital (SMMH). They were there for days waiting for a transfer to a facility on O‘ahu. That would be a classic example of if we had the center ready, we could stabilize such a young person at the center, as we are waiting for a potential transfer, if it is needed. It is a better alternative than the emergency room.

Staffing and funding requirements. As it says now, we are putting the operational plan together. This plan will drive staffing in terms of how many inpatient beds we think we are able to operate in the first year, outpatient support, et cetera. Right now, we use twenty-five (25) full-time equivalent (FTE) of various responsibilities. This is a starting point based on the number of beds and the program we think we are going to run. That is a ballpark figure that we are thinking is workable.

Obstacles. Licensing will be something that we need to manage really tightly. I do not see that as an obstacle. I think finding the right, physicians, will always be a little bit of a challenge. We have that challenge now within our hospitals regarding finding physicians and competent nurses in specialty areas. I do not think that in the behavioral health world it is going to be any different whether it is a psychiatrist, psychologist, clinical social workers, or counselors. It will not be easy, but I think it is definitely something that we can make better by creating the vision that the center has. I think that it could be attractive for physicians if we had a dual diagnosis program. It is a very big plus with the way we have a strong relationship with the Department of Education. The land, the setting, and how we plan to utilize the land as part of the whole healing process—I believe that is going to be appealing to a lot of physicians. That is where we are in a nutshell and in summary, and I am open to any questions, Chair and Councilmembers.

Council Chair Kaneshiro: Thank you for that update. Are there any questions from the Councilmembers? Councilmember Cowden.
Councilmember Cowden: I have a very passionate opinion on this topic and...

Councilmember DeCosta: Question. It is a question.

Councilmember Cowden: Excuse me? I am going to ask my question.

Would you like to go first?

Council Chair Kaneshiro: You can go, Councilmember Cowden, with your question.

Councilmember Cowden: The creation of the nonprofit KATCH is very new. I have a strong interest in the makeup of the board. I think that is critical. It is my understanding that there are five (5) board members, and it sounds like they have a good understanding of business.

Mr. Segawa: That is correct. Currently, we have five (5) board members.

Councilmember Cowden: Okay. This board is a month old, maybe a little more. Lance, we have discussed how important it is for a holistic approach to include board members who have direct access to this population. Has any work happened since we spoke about bringing in a good team of people who actually do this regularly?

Mr. Segawa: Councilmember Cowden, I do have the individuals that you have suggested. It is my intention to present those individuals to the HHSC Kaua‘i Region Board for discussion. From that point, recommendations will be made. We will also have a conversation within the KATCH Board about these individuals as well. That is my intention. I do agree that having that insight at the board level would be a benefit to the organization.

Councilmember Cowden: I feel that it is really important to build a vibrant and uplifting facility versus kind of a lonely location. I worry when I hear a lot of these clinical terms like “dual diagnosis.” I have a few questions on that. You mention schizophrenia. What are other examples of dual diagnosis? Would that be bipolar, depression, attention deficit hyperactivity disorder (ADHD), suicidality, et cetera? What does that mean, “dual diagnosis?”

Mr. Segawa: Correct. When you take a look at the range of schizophrenia, bipolar, clinical depression, et cetera, all those things that require a particular treatment program, in contrast to just focusing on substance abuse, oftentimes we are splitting hairs from the perspective that often you find mental illness at some level and substance abuse in combination. I think the general purpose of looking at a dual diagnosis approach is that you have a larger net to be able to catch the kid versus saying, “We are only going to deal with substance abuse, and that is it.” I think it gives us a little more flexibility. Obviously, the clinical advisory group, the people that are in the trenches, will have the final say in terms of what they think the facility should be providing in terms of services.
Councilmember Cowden: Thank you. My next question is...I am not sure if it is for Matt Bracken, our County Attorney, or for Michael Dahilig. This is regarding Councilmember Carvalho's question number 2, “Will Council approval be required as a part of the land transfer?” I am uncomfortable with the Council being held out of the decision-making and a transfer worthy of approximately eight million dollars ($8,000,000). I do not understand why we would be held out of that when normally we have to accept and receive even a small grant. If we give away radios, we are in the list. This is eight million dollars ($8,000,000). It seems better if our system was respecting the balance of power. I think you are going to very easily get support from the Council for this. It feels bad being held out of it. County Attorney Matt Bracken, can you please speak to why? Matt, why is the Council being held out of this.

MATTHEW M. BRACKEN, County Attorney (via remote technology): The way the Charter is written, the Council controls appropriations and the budget. When you look at each section of the Charter, it gives each department head certain responsibilities. Under the Charter, the Director of Finance is given a lot of responsibilities. One of these is to take and care for County assets. Specifically, within the Charter, it says that she has the authority to acquire and dispose of real property. The Charter gives the Director of Finance the authority to dispose of basically almost all County assets, but in this situation, real property. Because there are no moneys...Council generally gets involved with the acquisition process, because it is the money process. The Council has to authorize the use of the funds. In this situation, there are no funds being used. It is just the disposition of property. It comes down to the Charter’s separation of powers.

Council Chair Kaneshiro: There is a follow-up question on that. Council Vice Chair Chock.

Councilmember Chock: The Council does oversee and approve legal documents, correct?

Mr. Bracken: Generally, yes. Most legal documents come through the Council.

Councilmember Chock: I just want to make sure we are covering both instances. I understand the appropriation piece, but a lot of legal documents do come our way for our approval. How would that differ in this case?

Mr. Bracken: The legal documents that generally come to the Council are ones that have to do with some sort of Council approval. When we are talking about the purchase of real property, because the Council is authorizing the use of the funds, generally the County Clerk is signing for that specific reason. When we are talking about different contracts, a lot of times the Council is signing off on those contracts because they have provisions in them that require Council approval like indemnification or attorneys’ fees. Anytime a legal document crosses into the Council’s authority such as the use of funds...if we are talking about indemnification and attorneys’ fees, those are examples of future uses of County funds that require Council authorization and Council signature.
Councilmember Chock: Is the County providing any budget towards this effort?

Mr. Bracken: My understanding is that they were going to use some Federal funds.

Councilmember Chock: The ARPA funds.

Mr. Bracken: I believe it was approximately two hundred thousand dollars ($200,000) in ARPA funds.

Councilmember Chock: That does not qualify this for some oversight by the Council? Or are those funds separate and not related to this transfer?

Mr. Bracken: The funds are not necessarily related to the transfer of this real estate. You all definitely have oversight over the use of those funds, but they are not necessarily tied to this transfer that I am aware of. My understanding is that those funds would be going directly to KATCH, which is different than the current proposal which is for the real property or this asset to be going to HHSC, which are different organizations.

Councilmember Chock: Okay. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Are we allowed to ask...when we are talking about the asset moving, is it the five (5) acres? Is it the building? Or is it both?

Mr. Bracken: It is everything.

Councilmember Cowden: Is it going to HHSC or is it going to Grove Farm?

Mr. Bracken: The proposal and the offer that was made by the Office of the Mayor was directly to HHSC.

Councilmember Cowden: Okay, thank you.

Council Chair Kaneshiro: Are there any further questions on this item?

Councilmember Carvalho: I just wanted to follow-up...the transfer of the entire facility is to HHSC, everything, right? Again, the land part, based upon what was just said, because there is no funding involved, that is what you are saying, legally, it goes as a package.

Mr. Bracken: When you look at real property, in law, they always reference it as a “bundle of sticks,” it is a “bundle of rights.” Currently, the County has the rights to the land, the building, and everything. It is one complete
whole, fee simple ownership interest. That is what the Director of Finance has the authority to dispose of and transfer.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: If there was separation of land and building, then that would bring the Council into having the decision or not? It seems like that is a contract and an unusual separation.

Mr. Bracken: That would be an unusual separation. You generally do not...when you try to separate land and a building, you significantly devalue the interest that you are transferring. An example might be...there are several properties on the South Side like Kiahuna Plantation that have leasehold interest that are separate from the fee simple interest in the property. They are worth significantly less especially as a lease, depending on the length of the lease. Separating the ownership of both significantly devalues it and it complicates things. I am not sure if that exactly answers your question.

Councilmember Cowden: I am just seeing in letters here, when we are given options in the letter, this testimony has no authority over what is being decided. Can any of these options be chosen that is in this testimony. This is from a person who is a member of KATCH, speaking as an individual. Can these decisions be made without the Council being involved?

Mr. Bracken: I did review the letter. The three (3) proposals that I see...the proposals, the way I read it...they were asking Council to do those things, when it is the Director of Finance's responsibility, right? They are presenting three (3) different options to the wrong party. Those three (3) options, that would be up to the Director of Finance to decide how to transfer the asset.

Councilmember Cowden: Thank you.

Council Chair Kaneshiro: Council Vice Chair Chock, a follow-up?

Councilmember Chock: Thank you, Matt. I really appreciate it. Because there is a lot of sensitivity around this land transfer piece, that I have been hearing from the community...I would like to maybe request an opinion regarding the Council's oversight on this, so we can get something more official and lean on it. I think the land transfer questions are arising that we have not even talked about. I would like to get clear on it so that we can advance this conversation and get this place open.

Mr. Bracken: I can put it in writing.

Councilmember Chock: Thank you so much.

Council Chair Kaneshiro: Are there any further questions on that.
Councilmember Carvalho: I also have testimony here...and he is a member of the KATCH Board, but he asked to put it into the record.

Council Chair Kaneshiro: Written testimony is already in the record. If you want to read the testimony, you can do so during your final discussion.

Councilmember Carvalho: I just wanted to be sure as it ties into some of the discussion that we are having here, especially with what Vice Chair just said.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: Lance, thank you very much for your leadership and what you bring to HHSC, Kaua'i Veterans Memorial Hospital (KVMH), and Mahelona Hospital. I am very impressed with what I hear about you creating a family atmosphere. Your employees are inspired to work as hard as they do. Thank you, Lance for being that leader. It is all about being a good leader in our community. Lance, that Board that we talked about with five (5) members, did you have an interview process or did you put it out there to try and get the most qualified people. Councilmember Cowden, I can totally relate to you in wanting to get the most qualified people that knows this type of operation. I have ten (10) years of experience with Waimea High School, and I have dealt with the fully self-contained unit, and we have sent kids to Mahelona and we have dealt with the Mokihana Program, which is a psychiatrist firm within the state. This is a very complex type of entity to run. With that being said, my question is, did you have some kind of interview process where you could gather the most qualified people to sit on this Board?

Mr. Segawa: Not initially. Of the five (5) members, myself and our Regional Chief Financial Officer (CFO) are on the Board. I am currently the Chair of the KATCH Board. It was sort of by design to get things started. When we submitted our paperwork to create the 501(c)3, we had to move fairly quickly. It made sense to start there. With respect to the other three (3) members, I will be honest with you in that there was no real interview vetting process. The three (3) names were provided to me by Warren Haruki and basically, Warren had expressed to me his passion and felt that these three (3) individuals would be critical founding board members that would advance the vision of KATCH. In my mind, because I knew we were going to go up to twelve (12) board members, I did not see an issue. We were able to move quickly to submit all the paperwork to get the 501(c)3 status. I knew of Mel Rapozo. I did not know Mel very well, but I knew of him. I was on his show. He seemed to be really sincere. I did not know Jade Battad very well, but again, Warren said that she was a very passionate person as well regarding the facility and the vision for KATCH. I did know Bill Arakaki. I had conversations with Bill, and I felt very comfortable that Bill would be a solid board member, especially around supporting the kids from the education side. That is how it was formed. Like I said, we have potentially seven (7) more members that we need to fill seats in. I believe, as you have suggested, a vetting process needs to be in-place. This includes an interview process. We need to decide what kind of individual would make a good board member for KATCH. I definitely hear what Councilmember Cowden is saying and I do support and agree with her. We need to have a balanced Board with
individuals that have experience in these types of situations, personally or that are close to it in what they do in their daily work. That is how the five (5) members of the KATCH Board came into being.

Councilmember DeCosta: Thank you for that update. I am glad to see that there is room for seven (7) more members. This was brought to our attention at the National Association of Counties (NACo) Annual Conference that this is a national crisis during COVID-19. I am glad that you put together this movement, because we have to get our kids into this drug treatment facility. That is the result we want. Let us work together and let us provide the proper leadership and entity to all work together to get our kids into the facility. Thank you. Do you have a price per bed for an overnight occupant? I know right now, the Department of Education (DOE), they would provide the services during the day for the children that are in the facility that would be there from the morning to the afternoon with the staff and Mokihana Counseling Services. I am looking for a price for an overnight stay so that we can figure out a budget. How many beds are we looking at starting with? Is it three (3) beds or five (5) beds? Staffing would be a huge cost to have overnight staffing that would be needed to handle this.

Mr. Segawa: I appreciate the question. I do not have the answer just yet. I think we will get there. Having stabilization crisis beds initially makes a lot of sense. That would be an overnight scenario. We will come up with a price schedule. I just do not want to throw out a number just yet, until we really get a little deeper into understanding what the operational costs are going to be. I will definitely get that information to you.

Councilmember DeCosta: Thank you, Lance. Thank you for everything you all have done up to now.

Mr. Segawa: I appreciate your kind words.

Council Chair Kaneshiro: Councilmember Kuali’i.

Councilmember Kuali’i: Aloha, Lance. I too want to start by saying mahalo nui loa. I know you and all the folks you are working with, laying the groundwork for this, are working really hard to get things in-place so we can get started providing services to our youth as soon as possible. You said you were looking at Bobby Benson and Kahi Mohala. Bobby Benson was only substance abuse. I am really excited that you are talking about a dual diagnosis program, because I know individuals particularly where their drug problem is definitely tied to mental health issues. It keeps recurring and they just do not have the help that they need. It becomes chronic. It needs to be addressed. Is there a model in Hawai‘i that you are looking at? Does Kahi Mohala do it that way with the dual diagnosis?

Mr. Segawa: Kahi Mohala is the closest program in our state that will treat dual diagnosis. That is why we are very interested in talking to their clinical team. It is going to be a very complex assessment of what our needs are. The Department of Health has a lot of a specific...we know through them as well as our local providers, what our kids are experiencing on island. As much as possible, I
think everyone agrees, we do want to keep our kids at home. At the same time, as we kind of survey all the services throughout the State, we want to provide our kids the best program that is a fit for them. We are going to go into it with an open mind and what is going to drive it is where the needs are. That is what is going to drive it. The one approach that I think has to be a commitment to is we have to look at this as a “holding hands” family. If we do not have a particular expertise, we need to know where to get it. As we put the whole thing together, our goal is to create the best program we can have. Not only for here on Kaua‘i, but statewide. That is kind of the vision that will serve our kids in the best way. We are not leaving anyone out of the discussion. That is critical. That is one of the things that we do. We want to include everyone so that we can say that this is “our” program.

Councilmember Kuali‘i: That too is really exciting to hear. I am hopeful that...originally, we were thinking about residential youth and a certain number of beds, so there might be a waitlist if the need is great, as far as actual beds. Hopefully with this approach, you could also have a day program that could help more people. The more younger people we can help, the better. We can incorporate them still staying with their families. We might be developing a new model, but I like when you say that we have to look at what is out there, learn what we can, and maybe it is outside of Hawai‘i as well. As Councilmember DeCosta was saying, we just came back from the NACo Annual Conference, we can probably get information and resources from there, because the problem is everywhere.

Mr. Segawa: One thing that I learned in the last few months in talking with different therapists is that the whole treatment approach for adolescents is evolving. No one approach fits every child. That is what started me thinking that we have to be flexible. We cannot say that this is the program and that we are only going to teach kids a certain way. I look at the facility as one that needs to be more diverse. Of the sixteen (16) beds, maybe we end up with two (2) crisis beds, six (6) long-term residential, and then a few mid-range. That is combined with an outpatient program, teen care, the educational component, et cetera. What I get excited about is that we are creating a program from scratch that addresses the needs of the kids. That is how the program has to be. You do not drive it the other way where this is the program, and these are the kids that fit into it. To me, it has to be the other way. I am very hopeful that we will have a program that will meet the needs of our kids in the best way possible.

Councilmember Kuali‘i: Lance, as far the youth goes, have you determined the age range?

Mr. Segawa: Right now, we are thinking twelve (12) to seventeen (17) and maybe younger. It kind of depends. That is where the clinical advisory team will be critical in terms of what make sense. Dr. McKenna does a lot of work now and what we found out is that he likes to do group therapy. There are times when he cannot find enough teenagers to have group therapy. That is the other thing that we are going to be mindful of; at any given time how many kids can potentially be serviced and what would be the environment that would be best. We are going to be looking at all of that. I think we are going to be flexible right now. I am pretty sure the top end will be seventeen (17) years old for now.
Councilmember Kuali‘i: Again, thank you so much. I have all the confidence in you. I really appreciate everything that you have shared with us today and personally, I just feel that I want to support you however I can. This has been an issue for my family and my baby brothers, when they were teenagers, could have benefitted from a program like this. They got through it, but our young people really need this help. Thank you so much. Keep up the good work.

Mr. Segawa: I want to thank the Council. I really do appreciate your support as well as the Administration’s. I really believe that this is all of our program, together.

Council Chair Kaneshiro: Councilmember Cowden, Council Vice Chair Chock, then Councilmember DeCosta.

Councilmember Cowden: I want to thank you for not only this conversation, but also for the rather robust hour or so that we had together, discussing the importance of a holistic and inclusive approach to other providers. Kahi Mahala, I am not familiar with them. Where are they located and is that somewhere that is opened to having a visit?

Mr. Segawa: Yes, they are. Kahi Mahala is located on O‘ahu on the west side of the island. They are a psychiatric hospital that is operated by a mainland company called Sutter Health. They have a fairly large facility of about eighty-eight (88) beds. They have a pretty robust outpatient program. They see adults as well as adolescents. They have an adolescent section of the facility. They have been in business in Hawai‘i for over twenty-five (25) or thirty (30) years. They do have a contract with the Department of Health. The Department of Health buys beds from them. Whenever there is a referral through the DOH-network, the facility is paid to take care of that referral at the facility. We are talking to the Department of Health regarding a similar relationship to that. A lot of the kids are already in the DOH-network. We can definitely arrange for a visit, as well as at the Bobby Benson Center. I think it would be beneficial for you to take a tour of their facility and to hear from their clinical teams.

Councilmember Cowden: Okay, thank you. When we are talking about holistic partnerships with nonprofits, one that comes to my mind is the Keala Foundation. They will fill the Veteran’s Center with vibrant, exuberant kids. Their focus is on empowerment and activities of creation with this underpinning of health relative to nonuse of substances. I am really hoping that we are able to layer this in, so it is not just these kids getting sent away to a hospital as a ward of the state. I hope it is something reenergizing. The way we approach it is essential to the long-term health of these kids. We have so many kids. It should not be hard to get a group together for group therapy. Thank you. You might have a comment on that. That really was a question. How open are you to those things like having the nonprofit participate?

Mr. Segawa: Very open.

Council Chair Kaneshiro: Council Vice Chair Chock.
Councilmember Chock: This is in regards to question number 7, identifying obstacles in opening the center. The elephant in the room...and this is probably a question for Mike...the elephant in the room is really about this land dispute and the donation of the land and where this transfer is going. The travesty would be is that we are held up in litigation and not able to open the center due to a land dispute. I just want to get clear about where we are...you touched upon it briefly, Mike...the position of the Administration...but also about where we are in resolving any of these emerging requests or challenges regarding the land.

Mr. Dahilig: I can respond to that. Reasonable minds can always disagree about positions. That is why there are seven (7) of you around the table instead of just one (1). That dialogue and that discourse and putting it all on the table is necessary to come to a consensus and resolution to an issue that benefits everybody. Certainly, if there is an issue, we from the Administration's side, take it, evaluate it, ask our attorneys whether it has merit or warrants a response, and then we respond accordingly. All of the testimony that you received and maybe the calls you received and he “talk stories” that you had in the supermarket have never materialized into any formal communication to the Administration or in face-to-face communications when we have had discussions with Grove Farm, concerning the nature or factual support behind any type of dispute. We agree one hundred (100%) that any disputes or any items that need resolution, we do not have to leave any pilikia on the table before we launch into operating the center. Whatever we can get our hands on, we are obligated to evaluate and respond accordingly. I can say unequivocally and let me be clear, we have not received any written communication from Grove Farm, Inc. regarding any claims or any disputes regarding the recorded title for the center. We have not conveyed or articulated orally in face-to-face meetings with representatives from Grove Farm, Inc. At this point, all I can operate on is hearsay and that is not a way to evaluate the disposition of an eight million dollar ($8,000,000) building that is paid for with taxpayer money. We are obligated to look at the facts. We are obligated to have communication openly and freely, and we are willing to do so as long as we understand what the issues are. At this point, we have nothing in writing, and we have not had anything conveyed to us in face-to-face communications. At this point, when we evaluate the character of the title that we have for the center, it is a clean title. If we were to slow the brakes on resolving an issue based off of hearsay and why, it would be irresponsible for us to not be able to evaluate what is the “bundle of sticks” that we are providing to HHSC. Those are the conversations that we are having with HHSC to make sure that we give them as clean a title as possible. If there is anything that needs to be put on the table, it needs to be conveyed in writing or conveyed to us orally. We are adults. We can have these conversations freely and openly, and we can agree to disagree. It needs to be evaluated simply because we have eight million dollars ($8,000,000) in taxpayer assets that is on the table. It would be irresponsible for us to handover eight million dollars ($8,000,000) of taxpayer assets to a private entity without understanding why and whether or not there is cause for that type of arrangement.

Councilmember Chock: Thank you so much for your response. As a follow-up, is it my understanding based on your response that there has been no communication from Grove Farm, Inc. with the interest of receiving the land back?
It is clear from your opening statement that the clear title and operations will go to the State. There has been no request for the land to revert back to Grove Farm, Inc.?

Mr. Dahilig: If you were to do an Office of Information Practices (OIP) request of our Office, I do not have a single piece of paper that shows that. The last response that we have in writing from Grove Farm, Inc. was in June 2020 when they were inquiring about the operation of the center as an isolation center for COVID-19.

Councilmember Chock: Thank you very much.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I would like to address my colleague, Councilmember Kuali‘i. I believe, and Mr. Arakaki, if you are watching this morning...or Lance, maybe you can speak for Mr. Arakaki...the Department of Education has everything in-place from 8:00 a.m. when school starts, Monday through Friday, to 3:30 p.m. when they are done, they have teachers, administration, educational assistants, counselors, et cetera, and they are all paid for by the Department of Education. I want our constituents and viewers to know that the State on the Department of Education side is ready to roll with this. The Bobby Benson and emotional support systems are going to come into play. The children are going to stay overnight or in the evening, but things are ready. In fact, it is already in place. I was able to participate in some of the classroom activities last year at a portable at Kaua‘i High School. We actually could use that facility right now. We had desks and an academic curriculum already in place. Councilmember Kuali‘i, I wanted you to know that part of it is already in place. Lance, this is kind of new for me. I did not know there was land dispute or hearsay. All I know is that we need to get this treatment center up and running and Grove Farm, Inc. was kind enough to donate the land. I would not think that they would want to take it back. I think that we can work as adults to solve our issues to make this happen. If it is releasing the land to HHSC in title, if not, can the County lease the land and building at a one dollar ($1) a year on a long-term five (5) year lease, so community partnerships feel that they have a long-term commitment. Why is there all this talk about transferring the land when there is a building paid for with taxpayer money of eight million dollars ($8,000,000). I am thinking there are ways to do this. I am glad that Councilmember Carvalho brought this to the table. Can we make this happen? Let us make this happen. Thank you.

Councilmember Carvalho: I just wanted to hone in on a couple of questions to Lance. I appreciate you and the team at the table for really taking on this very important program and project for our youth. A lot of what you have talked about has been tied into the bigger picture from day one. That is a good thing. At the same time, I want to be sure that the assessment center, the outpatient services, and the continuum of care part is all included, right, in your plan?

Mr. Segawa: Yes, it is.
Councilmember Carvalho: In addition to that, I want you to explain or say how important the location of this facility is in tying right into the overall support of our youth. That is why we wanted to understand the importance of the location. There is an outdoor healing and indoor healing. Is there a part of your plan that includes the outdoor experience and the importance of this location for the healing of our youth?

Mr. Segawa: I will attempt to address that. I think therapeutic environment is really what is going to drive some of these details. The land issue is a big part of what will make this particular facility unique and special. When I listen to Warren Haruki’s view of why they donated so much land, it was not just for potential expansion, but it was to use the land as a healing part of having the kids work the land. I think that is going to be a huge aspect of what we are going to have to maintain. The facility is somewhat isolated, and I think that is important. At the same time, it is close to a lot of support services. I think there is a lot to build on when I think about the original concept of why that particular parcel of land was selected. We are just going to build on that. I think it is an important part of what KATCH will be.

Councilmember Carvalho: I just wanted to follow-up on the program side of things and what it meant for the overall plan. The facility itself, all the outreach that you have done and will continue to do, there are a lot of connections there through Theresa Koki, who was also very important throughout this whole process. She totally understands the program side of it and how it ties into the bigger picture. She would be an asset to the overall picture.

Mr. Segawa: I agree. I want to share this particular vision with all of you, so that you have a full understanding of why I even reached out as HHSC to consider this opportunity. I think you all know that at Samuel Mahelona, we have the inpatient facility, the nine-bed behavioral health psychiatric unit. We are in the process of rethinking how we utilize those beds in terms of program, so we can be even more effective. We also have in our plans building an adult residential treatment facility on campus. That is something that is going to come down the road a little bit. Imagine under one operational umbrella we will have inpatient psychiatric services, an adult treatment facility, as well as an adolescent treatment facility and the synergies that can be created not only among the clinicians, but also the patients themselves. They will be able to receive ongoing support whether it is outpatient or inpatient. That to me is really what is really going to make this whole program even more unique. We will have all these connections on island. These patients and kids can have full support. Just because they advance from seventeen (17) to eighteen (18) does not mean that we are done with them. They still may need support and that support will be available for them within the network. They may need as a 21-year-old some support from the adult facility. From time-to-time they may also need support from the inpatient facility. When you start to think about it, it gives us the best kind of structure to support anyone that has some challenges with mental illness or substance abuse. I just wanted to share that vision. This is really bigger than just this one facility. This is a whole program that we are going to build.
Councilmember Carvalho: That is great. Thank you.

Council Chair Kaneshiro: Are there any further questions from the Members? Any final discussion from the Members? Council Vice Chair Chock.

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

Councilmember Chock: This has been a long journey for years now in trying to materialize this. I am renewed in support and commitment with what I am hearing today. I want to thank Lance for the vision that you are providing. I think it is holistic and has an intention of bringing the stakeholders and the players together. I just want you to know that you have my support. I have always felt like the State would be the primary partner for this particular endeavor and I am happy that the community has been able to rally and stay the course on it. It sounds like we are hopefully moving through the last few hiccups or obstacles that we can all overcome. That is going to take maybe some ho'oponopono to get us all in the same boat. That can be accomplished with willing minds and hearts. That is what my request is. I am looking forward to maybe diving deeper into the operations piece as we have covered only the surface here and what it is going to take to sustain itself so that our youth and whole community can benefit from this. Thank you very much.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: Thank you for your mana'o Councilmember Chock. Thank you, Lance. I appreciate the conversation and I think we all heard what needs to be done. I know one rumor on the street is that this Council gets along really well and makes really good decisions together. I hope that we inspired the leaders of KATCH, HHSC, Grove Farm, Inc., our Administration, and Mr. Haruki to work really well together so we can make this happen. I think we can. What I heard today is that we are going to do this for the children. I am actually going to be directly involved. I will probably be at the center teaching daytime skill-based activities for some of these kids, including carpentry, welding, et cetera. I am a certified teacher and Mr. Arakaki knows what I am capable of. I will be there as a front runner. I am excited and I wanted to say thank you, Lance, for being that leader in providing cohesiveness and family-oriented leadership that does not bring machismo on his chest. You are a leader that brings people to the table to make something happen. Thank you.

There being no objections, the rules were suspended.

Mr. Segawa: I am confident that we are going to be able to do this together. I have had a lot of conversations with Warren Haruki, and everybody is passionate about wanting the same thing. I know that we will find a path forward. We will make this work.

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

Council Chair Kaneshiro: Councilmember Carvalho.
Councilmember Carvalho:  

Mahalo, Lance and the team for being at the table. I know there have been a lot of discussions that has happened. This whole project is very important and a passion for me personally. We started this a long time ago. I know there are other projects happening, but this is for our youth. I am just hoping that we have the template, resources, mana'o, understanding, and resources to get this done. I know there are ups and downs, but here we go. I believe with the right energy and focus; this can happen sooner than later. We are there. I know the resources are available, it is just about connecting the dots to make sure that we understand the importance of this for our youth and our families. That location is kind of tucked away, but still close to the hospital and airport, and still there to do what we need to do to take care of our keiki. I like the idea of being inclusive of families in the healing of our youth. That was a part of the bigger picture. I also wanted to follow-through with reading this testimony for the record. I know Mel Rapozo and he is a part of the KATCH Board. This is from him.

“My name is Mel Rapozo and while I am a member of the Kaua'i Adolescent Treatment Center for Healing (KATCH) Board, I am here today as an individual citizen who has wanted this facility for our adolescents in need for far too long. As you may know, I have been involved with this project since 2002-2003. It's been a long time coming – nearly two decades. It is time! I am asking the County Council to consider these three options that are available. Any one of these options will ensure that the doors of the adolescent treatment center will be opened as soon as possible. OPTION 1. Follow the June 6th letter to the Mayor from the KATCH Board and revert the land back to Grove Farm as required by the original agreement. With this option, KATCH can be granted a lease from Grove Farm and in turn, contract with HHSC, the Bobby Benson Center, the Department of Education, and other entities to facilitate the operations of the facility. OPTION 2. Have the County transfer the title to the land back to Grove Farm and the building and improvements to HHSC. HHSC, in turn, would transfer it to KATCH — KATCH is important — it is a 501(c)3, which can then receive charitable contributions from many like-minded foundations and individuals; and KATCH is the designee of the State's one million three hundred thousand dollars ($1,300,000.00) funding. This will be a major move towards financial stability for this much needed facility. OPTION 3. County to do a bifurcated solution – 1. transfer land to Grove Farm, and 2. Transfer the building and improvements to KATCH. Again, like in Option 1, KATCH can be granted a lease from Grove Farm and in turn, contract with HHSC to facilitate the operations of the facility. With any of these options, the reversionary clause, with Grove Farm’s approval, must be included in transfer documents to ensure the proper use of this facility. Thank you for your time, Mel Rapozo.”

Overall, I think we are at the point where we can move forward, reach out and connect with the right people. It is all about our youth and healing them with the land.

Council Chair Kaneshiro:  

Councilmember Evslin.
Councilmember Evslin: I just want to quickly express my appreciation for everybody who has been involved to get us to this point. Councilmember Carvalho, the current Administration, Mike, the Mayor, Theresa, Adam Roversi, Justin Kollar, et cetera. All of this work has been going to build this runway to get this thing off the ground. Now with HHSC and KATCH willing to take the pilot seat to get this off the ground and running, I am for the first time in a while am optimistic about the direction we are headed. I fully support the land and the building going to HHSC to get this off the ground. I am optimistic for the future and as everybody has said more eloquently than I can, I think we all understand and have been affected by the drug crisis on Kaua'i. We need to do this to provide some avenue of treatment of our youth here. Thank you.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I also want to express my gratitude and support. In general, I am encouraged by my direct conversation with Lance of HHSC. I am really feeling like his and the department’s central goal is the holistic healing of our kids and our community. That gives me comfort in how this is going to be directed. I also want to extend gratitude to Grove Farm, Inc. and Warren Haruki. I did spend quite a bit of time talking to him as well. I want to honor the gift of the land and honor the strong prioritization of Grove Farm, Inc. for solving this problem. Also, to the State Legislature and the public in general, thank you for supporting the eight million dollars ($8,000,000) in public funds. It would not have happened without many people testifying over the years at both Council and at the Legislature to support this. I believe there has been at least eighteen (18) years that I can think of with regards to a community effort to try and get this together. I want to again say that I think it is very important that we have a combination of sound business and medical management on this Board, but also coupled with the boots on the ground participants on the Board so that we not only know how to run a hospital, but we know how to really inspire and work side-by-side with the youth, building them up, empowering them, and having them looking forward to life, not about the problem that they have, but about the future that they hold. How we frame it to our kids and to our future is critical. They are not problems, they are opportunities. As an individual and as a Councilmember, I continue to hold high interest in the success of this program. I have had varying levels of push and was a part of the Coalition for a Drug Free Kaua‘i that was at the very beginning of this century that was working on this in the 2000s. Having emotionally and physically healthy youth is at the seed of the success of turning around the challenges that I think have really confronted our nation and certainly our island with depression, suicidal thoughts, and addiction, accelerating in this economic crush that we have that creates houselessness. I know that I keep bringing that issue up, but my face is in the middle of that issue regularly. There are youth that are involved in it as well. Living a rough life is psychological trauma that pushes people in these directions. I am thankful that the Department of Education is going to be there. I have a lot of faith in Bill Arakaki in being a team member. I think it is great. I want to acknowledge his Kaua‘i Education Leadership Alliance, which I was a part of, where he brings private, parochial, public, charter, and homeschoolers together. I hope that he is able to be allowed this type of leadership to work with this facility so that its arms are open to all contributors and
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not just a narrow State program that is important at its core. We need the whole
system. Thank you.

Council Chair Kaneshiro: Councilmember Kuali'i.

Councilmember Kuali'i: Mahalo nui loa again to everyone for all the
work that you are doing and continue to do to get this going. I can see the light at
the end of the tunnel, and I am pretty excited. I also want to especially thank
Dr. Berreman and all of her team at the Kaua'i Department of Health for their
cooperation in transitioning their isolation center out so that the treatment and
healing center can come in and get started. One thing I will throw out there and I
should have mentioned it to Lance earlier is I know of this program called “Love the
Journey” that helps young adults primarily get back into society with transitional
housing and also getting back to work. I am sure that as your youth come out of your
program, they could benefit from that too. I could see you all working together.
Thank you again.

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

(Written testimony was received and no registered speakers requested to testify
regarding this agenda item.)

The motion to receive C 2021-170 for the record was then put, and unanimously
carried.

Council Chair Kaneshiro: The motion is carried. Next item is going to be
a bill for first reading on page four.

There being no objections, Proposed Draft Bill (No. 2829) was taken out of
order:

BILLS FOR FIRST READING:

Proposed Draft Bill (No. 2829) – A BILL FOR AN ORDINANCE
ESTABLISHING CHAPTER 5, ARTICLE 4, KAUA'I COUNTY CODE 1987, AS
AMENDED, IMPLEMENTING A COUNTY TRANSIENT ACCOMMODATIONS
TAX

Councilmember Kuali'i moved for passage of Proposed Draft Bill (No. 2829) on
first reading, that it be ordered to print, that a public hearing thereon be
scheduled for August 18, 2021, and it be referred to the Committee of the
Whole, seconded by Councilmember Cowden.

Council Chair Kaneshiro: This is an item for first reading. This is as a
result of legislation that happened at the State where we are going to lose out on our
Transient Accommodations Tax (TAT) moneys. The State Legislature gave us the
ability to assess an additional three percent (3%) County TAT. This is the Bill that is
allowing us to do that. Do we have any questions? Mike or Reiko, if either of you would like to just give us a brief description of the item and then we can open it up for questions.

There being no objections, the rules were suspended.

Mr. Dahilig: I will let Reiko give a brief explanation and then if you need any other items, I am here to support the discussion.

REIKO MATSUYAMA, Director of Finance (via remote technology): As you know, we have always been at the mercy of the Legislature to continue to distribute a portion of the TAT. We have included it in the March submittal for the budget with the caveat that it depends on the legislative session whether or not it would be included in the May submittal. This year for the Fiscal Year 2022 budget, we saw that this legislation was gaining traction, so we decided to remove it from the May supplemental. That would be approximately fifteen million dollars ($15,000,000) in revenue that we would normally get for the annual operating budget. Instead of cutting the budget with the May submittal, we used General Fund Reserve to cover our costs. You all know that that is not a sustainable practice. With this legislative law that they recently passed, we will never get TAT from the State again. Hopefully once we standup a system on our own, it will be a continuous revenue stream so we will no longer need to be attached to the State in regards to TAT. The State will continue to charge the ten and a quarter percent (10.25%) that they are charging now. Instead of disbursing it to the counties, they will keep all that revenue. They basically put it on the counties to individually create our own system that will charge the visitor industry up to an additional three percent (3%). The County of Kaua‘i needs to enact legislation to replace the loss of the State’s allocation. We have the ability to go up to three percent (3%), but we are proposing to do the entire three percent (3%) at this time. That will bring in gross estimated revenue annually of approximately seventeen million dollars ($17,000,000) and nineteen million dollars ($19,000,000). Some of that will be offset by administrative costs. It will work differently than how the General Excise Tax (GET) tax is working right now. GET is a surcharge, right? The State collects it for us, they take a little percentage for administrative purposes, and they deposit our portion to us quarterly. It is going to be different from that. We are going to basically stand-up our own program. That is going to eat into the gross proceeds a little bit. When we break it down, in order for us to break even and get the entire fifteen million dollars ($15,000,000) that we had been getting, we have to charge about two and three-tenths percent (2.3%) to two and four-tenths percent (2.4%). Counting the administrative costs, the entire three percent (3%) is needed to replace the funding that was lost. Just as a reminder, this is a replacement of revenue. This is not a new stream of funding. It is a revenue source that has been funding ongoing expenditures for a number of years. With that, I will be available to respond to any questions.
Council Chair Kaneshiro: What is the likelihood for the State assessing the three percent (3%) and then sending us the money? It seems like a waste of resources and double duty to have the State assess the ten and a quarter percent (10.25%) tax and then we have to create our own system in-house, hire employees, create a system, figure out who we need to bill, and bill to collect money. Right now, the State has everything in place. All they would do is increase the ten and a quarter percent (10.25%) to thirteen and a quarter percent (13.25%) and cut us a check. They can take an administrative fee if they want. It would be a lot simpler, easier, and more efficient than us having to create our own system.

Ms. Matsuyama: Yes. I think it is not just simpler for us, it would be simpler for the taxpayers as well for their point of sale (POS) system that they are taking in money with. Obviously, they are going to be charging it back to the customer, as well as their payment system. We are trying to mirror the State’s payment plan so that if a taxpayer pays quarterly, they will pay quarterly for both the State and County portions. With that being said, you are right, it would be harder for us as well as for the taxpayer. I think the option of the State collecting it for us is not off the table, but it is something that we need to have continuous discussions with the State Department of Taxation (DOTAX) on.

Council Chair Kaneshiro: Thank you. Keep us apprised of that. It seems like such a waste of resources. Right now, they do it with GET. They assess the GET tax and they cut us a check for it. I see it as the same thing with TAT. They can assess the full tax for it and cut us a check for it. For us to have the same system and pay two (2) separate sets of employees to do the same thing, I do not see it as being efficient.

Ms. Matsuyama: Yes. It is written into the current Bill that if we can come to an agreement between the County and State, you basically give me the authority to enter into that agreement.

Council Chair Kaneshiro: Okay. Council Vice Chair Chock.

Councilmember Chock: Reiko or Mike, three percent (3%) will inevitably bring in more than what we have been receiving. The question does arise as to what is the appropriate percentage that we should be targeting and the impetus for...as well as if we do go for the full amount, what that additional funding would eventually target.

Mr. Dahilig: Councilmember, the reality with how this is being stood up for Fiscal Year 2022 is that, because of the way the tax would be brought in, it will probably be barely, if not, cover what is currently the current draw on the Reserve Fund, since we are dealing with only three (3) out of the four (4) quarters as accruable time when you are looking at the amount of activity that would be taxed presumably that October 1 is the first date that the tax is in operation. We are not
looking at the full seventeen million dollars ($17,000,000) to nineteen million dollars ($19,000,000) per annum, because we only have three (3) out of four (4) quarters for this year. Secondly, it is also presuming that pre-COVID levels would continue based off of being able to calculate the TAT. That is the best information we have to go off of. The way that activities are on-island, it seems to potentially mirror that activity, but that is still an “X Factor” whether we will hit that seventeen million dollars ($17,000,000) to nineteen million dollars ($19,000,000) window based off of tourism arrivals on Kaua‘i. We received the conversation about if we go north of the cap contributions that we received in the past as a discussion point for budget deliberations for the Fiscal Year 2023 budget, simply because we know that at least for this Fiscal Year, planning for if this Bill should pass, and we do start accruing taxes in short order, that it will not cover the delta that has been plugged with the Reserve Fund, based on only three-quarters of a year.

Councilmember Chock: Thank you.

Council Chair Kaneshiro: Are there any other questions from the Members? Councilmember Cowden.

Councilmember Cowden: I understand that we have been put in a position where we almost really have no choice. I just want to lay that out there when I ask these questions. It is not that I am suggesting that I am adverse to this, but what inclusion has been made in direct outreach to our Kaua‘i housing, lodging, or tourism associations or other business organizations? Has the County reached out to them and asked what they anticipate as their impacts?

Mr. Dahilig: In response, we have not engaged in direct conversation at this point, but we are starting those conversations. Normally, we would try to develop a method of outreach and development in advance of submitting something to the Council for first reading. However, given that as each week passes by to start the Council process, we would be potentially losing TAT revenue, we felt that it was incumbent upon us to at least get the Bill floating on the floor to start the mandatory notice for hearings and those types of things while we went ahead and did the contemporaneous consultations with our tourism community. We are reaching to folks like Sue Kanoho, to have conversations about the impacts from this. We feel that when it comes to the amount that is being charged and what is in effect the value of a vacation on Kaua‘i, there is the broader policy discussion that I think we all need to have about what truly is the value of a Hawaiian vacation experience compared to the impacts on our local community. We think that is a dialogue we should all have, but timing wise, we went ahead to submit the Bill on first reading the minute the Legislature overrode the Governor’s veto simply because there is a lot of process. Each month that passes is almost one million dollars ($1,000,000) in lost revenue for the County. We did not want to have the process become a factor in losing time on accrual.
Councilmember Cowden: Okay, thank you. Normally, I would have a little bit of friction with that because I think it is always important to look at the collateral damage. I will say that when this was in front of the Legislature, I did call hotel after hotel, the Hawai'i Lodging and Tourism Association (HLTA), different condominium sets, and different individuals, and was pleasantly surprised that they feel the same way as I do, which is, this is not a good thing and it was not right for the State to take it, but they were not fighting it. They were resigned. That is what I found two (2) months ago. Just for those who are watching, I did ask. When I am able to move forward with this a little bit, for me that was an important piece. Mike, I have a question. Is there the risk of the State then taking this from us? Is there any risk of them rescinding our ability to do this and consuming that money in future years? If so, how would that happen.

Mr. Dahilig: This is a statutory authorization. Where the statutory or law-making process of the Legislature gave us, this authority this process is the same process that can take it away. It is different compared to real property authorizations that we have from the State Constitution where we are authorized to collect real property taxes by Constitutional authority rather than statutory authority. There is always a risk. It is a contentious issue as you had explained. The fact that the law was enacted via a Gubernatorial override seems to indicate that at least for the next session for the Legislature, which is next year, legislation to repeal this type of authorization may not be likely. Prospectively, it is a possibility, and we can see that. We would hope that policy-wise there is a recognition at the State-level that the counties need to have their fair share of being able to mitigate the impacts of tourism activities to our local community. It could happen. We certainly hope it does not.

Councilmember Cowden: Thank you. It is important for me that that is in the record and the industries that are directly impacted by this, and our constituents are aware that the County is making their best effort to do what we can to have the visitor impact be funded for our roads, parks, and all our costs that are close to twenty-five percent (25%) of our population contribute to. It may be more than that and may be closer to around thirty percent (30%) of our population. In the public, we are doing our best. We cannot guarantee that this is ours for good. I appreciate that. Related to these last two (2) questions, I am always trying to look at national economics...I see that the repossession market...Reiko, this is a little bit more of your strength...the banks are not lending to each other right now, Wells Fargo has contracted their credit lines...when we see contraction at the national level on credit, when we see that type of contraction that tells me who knows how that is going to really trend, there could be an economic slowdown. Those levers are being pulled right now. When I think about the cumulative tax pressure on our visitors, whether it is this extra three percent (3%) or the other item on our agenda that would do that, we are contemplating parking fees, the State is doing parking fees, we may very well hurt our visitor relationship. I am wondering what your thoughts are on that. I know that there is quite a community sentiment that we are exceeding our carrying capacity. Is the
secondary goal behind these proposed taxes to find a localized way to constrain the visitor industry? Is that part of this as well, or is it simply being done because we need the money?

Mr. Dahilig: In response, it is a combination of both, but I will say that when it comes this particular tax, the magnitude of the bottom-line impact on a rental of a hotel room or a vacation rental amounts to something that would not necessarily or proportionately change, in our opinion, the consumer's behavioral habits. For example, if there was a three hundred dollar ($300) a night hotel room that was on the market that was rented based off of...and would be impacted by this particular additional three percent (3%), the upcharge would be approximately nine dollars ($9). When you look at what the equivalent would be in terms of a consumer's habit on island with respect to buying a nine-dollar ($9) pound of poke, that is what it would be the equivalent comparison in a consumer's habit when coming to our island. When it comes to things like parking fees and there is another bill that is on the table concerning rental cars, when you look at taxation in general, going back to the time of the Babylonians, they used taxation to reduce divorce. There are many ways that taxation has been used to curb or encourage behavior within our community. A prime example locally is that we have agricultural dedications as a method to encourage more agriculture on our agricultural lands. The police power that is vested within the law-making authority of the Council is fundamental when it comes to shaping behavior on the island. It is something that I think is a fair dialogue as to how much is too much and how far do we go? We do know that, as you have acknowledged Councilmember Cowden, that our public is asking for a response, and this is a tool and how that tool is used is a fair dialogue amongst the policymakers. We want to be supportive in that dialogue.

Councilmember Cowden: I thank you for that answer. I have a small follow-up and then I will be done with my questions. While those three hundred dollars ($300) a night room gets this extra nine dollars ($9), what the consumer sees is an extra roughly sixty dollars ($60) when it is coupled with the State's TAT and the GET. They do not sit there and break it down and go, "Alright I am good with this one." They see that they are paying essentially a twenty percent (20%) increase. What I do hear daily, because people in my family work with the visitor industry, is a grouchiness and a surliness of visitors towards feeling extorted. They are happy to be here but are willing to grumble and very often talk about the two thousand dollars ($2,000) that they are paying for the car. I am hearing complaints about transient vacation rentals (TVR) that leaves garbage everywhere, people leaving their trash on the beach, or treating bodyboards like trash. It is all this difficult level to just be able to gage when we are having bad behavior from some visitors, not all. It just takes a handful to make an impression. I just want to at least acknowledge that when we squeeze here and squeeze there, while we need it right here on this money, I just want to acknowledge that it has an impact that is maybe unstated. Thank you.

Council Chair Kaneshiro: Councilmember Evslin.
Councilmember Evslin: As a follow-up to Council Chair’s earlier question regarding the State implementing this, has there been any sort of word whether they are still open to that or even any communication with them? If we do set up our system, ideally, we would have the identical payment software, et cetera? Has there been any communication with them along those lines?

Ms. Matsuyama: We are strategizing amongst the counties on how to approach DOTAX to work collaboratively together to do it. I have not had any direct contact with DOTAX. We are reaching out to the counties to see if we can work on this together.

Councilmember Evslin: As someone who pays business taxes, it can be frustrating when there are lots of different mechanisms to pay those taxes. It is confusing. I can imagine someone paying two (2) separate TAT taxes with two (2) totally different payment methods. I hope in the worst-case scenario where we do have to figure out how to implement this on our own that at least we can use the same vendor or use their online payment processing, have the identical software, et cetera. So, the language in this Bill, is this mirroring Hawai‘i Revised Statutes (HRS) as far as the TAT’s implementation language in State Law?

Ms. Matsuyama: Yes.

Councilmember Evslin: Those are all the questions I had for right now.

Council Chair Kaneshiro: Are there any further questions from the Members? Is there any final discussion? Councilmember DeCosta.

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

Councilmember DeCosta: Thank you Reiko and your team. When we were at the NACo Annual Conference, there was a breakout session regarding the State Policy Trends and County Priorities. I remember there was a six-hour time difference and I texted you in the meeting so I could get some clarity on a couple of key questions that I wanted to ask. You impressed me. We were on the same page. You were on the same page, and I was following your lead. Coming up with this three percent (3%) tax...there are a lot of counties across the United States of America that are doing this. We are actually ahead of the game, and I am impressed that you are on it. Sad to say, COVID-19 did reduce our tourism numbers. We had a time to relax and self-reflect to enjoy our island. That was much needed. With that being said, as soon as the travel ban was lifted and people were vaccinated, we have more tourists now than we ever had. That shows you that across the nation, our tourists that are coming are not struggling with funding. I believe that this three percent (3%) will not be a burden on the wallet of our tourism industry. Reiko, this is not a discussion, but a thank you for
being ahead of the game. Thank you for taking my texts six (6) hours early at 3:00 a.m. Kaua'i time. Thank you.

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

Councilmember Cowden: I am going to support this. It is not difficult for me to support it. I do want to state my concerns. I have two (2) concerns. One is that I would rather see our county handle it rather than handing it to the State, even though I really appreciate the suggestion that our Council Chair is making, the way GET is handled. My problem is that I have trouble trusting the State to manage our TAT. I think they will be more tempted to take it if it is a check that is written to us quarterly instead of one that we are receiving. Another concern that I want to articulate is the impact to small business or any business. Many businesses need to travel back and forth. These taxes do not just go to visitors. They also go to people visiting family, friends, doing work going back and forth, those going back and forth to the hospital, et cetera. It is also taxing ourselves with our interisland travel. It is not just visitors. I just want to acknowledge those pressures. I think we have all been shocked at how rapidly the visitors have returned. When you have your hose cramped and then you open it and it blasts out the front...that is the situation we are in. People have not been able to visit for several years. We do not really know how high it will contend and people have had throttled savings for vacations. I am hoping that we will continue to be able to have success with this. I think as money managers in our role as the Council, and certainly the Department of Finance, we always have a plan “B” in our minds if this tapers off. When we have a planned fourteen million dollars ($14,000,000) we may not end up with a guaranteed fourteen million dollars ($14,000,000). Thank you, Reiko and everyone for the work. It is not easy to make this choice. It is not easy to write the legislation or to set-up this office.

Council Chair Kaneshiro: Does anyone else have final discussion? If not, we will take a roll call vote.

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion for passage of Proposed Draft Bill (No. 2829) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and that it be referred to the Committee of the Whole was then put, and carried by the following vote:

FOR PASSAGE: Carvalho, Chock, Cowden, DeCosta, Evslin, Kuali‘i, Kaneshiro TOTAL – 7,
AGAINST PASSAGE: None TOTAL – 0,
EXCUSED & NOT VOTING: None TOTAL – 0,
RECUSED & NOT VOTING: None TOTAL – 0.
SCOTT K. SATO, Deputy County Clerk: Seven (7) ayes.

Council Chair Kaneshiro: The motion is carried. The next item will be on page three.

There being no objections, C 2021-169 was taken out of order:

C 2021-169 Communication (07/14/2021) from the Acting County Engineer, requesting Council approval of unbudgeted equipment purchases using unused funds, by the Department of Public Works, Wastewater Management Division, in the amounts of $54,000.00 and $28,000.00, respectively, for a replacement pump for the Marriott Sewage Pump Station (SPS) and an Aerator for the Wailua Wastewater Treatment Plant, which are urgently needed for continued wastewater operations.

Councilmember Kuali'i moved to approve C 2021-169, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Do we have any questions from the Members? I believe they briefed everyone on this. Are there any final questions? Is there any final discussion from the Members? Councilmember Cowden.

Councilmember Cowden: I just want to appreciate our Wastewater Management Division. I know it is a challenge with aging infrastructure and a replacement pump is a necessary purchase. We have to do it. That is why I do not have a lot of questions on this item.

Council Chair Kaneshiro: Are there any other questions?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to approve C 2021-169 was then put, and unanimously carried.

Council Chair Kaneshiro: The motion is carried. We will go back to page 1.

C 2021-160 Communication (06/28/2021) from the Chief of Police and Elliott K. Ke, Assistant Chief of Police, Administrative & Technical Bureau, requesting Council approval of indemnity provisions, liability terms, and attorney's fees provisions contained in the lease by and between the County of Kaua'i and Hale Kaua'i, Ltd. for a warehouse/office building. The purpose of this lease is to consolidate police training administration and operations into a single location suitable for classroom and practical instruction.

Councilmember Kuali'i moved to approve C 2021-160, seconded by Councilmember Cowden.
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Council Chair Kaneshiro: Do we have any questions from the Members?

Councilmember Cowden: I see Assistant Chief Ke here. Does he have anything he wants to share? I think we covered it all. Thank you so much for being here and thank you for the work that you have done. Thank you for waiting for us in this meeting. You have shared the intention for the use of the building. It seems like something we are all in comfortable agreement in working on. Are there any nuances that are different than what we discussed before or anything important that you feel we need to know before we approve this?

There being no objections, the rules were suspended.

ELLIOTT K. KE, Assistant Chief of Police, Administrative & Technical Bureau (via remote technology): Good morning. No, not really, Councilmember Cowden. The Kaua'i Police Department (KPD) has been looking for a space to relocate our training operations for quite some time. Unfortunately, we were not able to find a space that met our needs and was within reason for cost. We were able to find this space and it has been vacant for quite some time, is my understanding. It definitely is a location that we are looking forward to securing and moving all our training operations to. This will include our recruit training, in-service training, and whatever other trainings may come about, whether it be for sworn officers or civilians. We are excited about this and appreciate your support for this.

Councilmember Cowden: If I could be selfish, I look forward to being able to get a tour of it when you get it done. I am just acknowledging the Citizens Police Academy and the importance of all the trainings that people go through. I think it is great that we are going to have an additional facility. It helps to keep our new and existing officers safe and our citizens a little sharper in understanding the process. Thank you.

Council Chair Kaneshiro: Are there any final questions? If not, I will call this meeting back to order. Councilmember DeCosta.

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

Councilmember DeCosta: Assistant Chief Ke, I cannot express the gratitude I personally have in my heart for you as a forefront leader in our Police Department. Coming back from the NACo Annual Conference with our whole equity and equality training that we went through and being exposed to the leaders that inspire us to be who we are and to bring leadership into the departments that they are a part of...whether it is fiscal, police, or fire, I just wanted to say thank you for being who you are. Thank you.

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

Councilmember Cowden: I am looking at Councilmember Evslin who just had a rough experience in San Francisco getting his car broken into and having had
more than two (2) others tell me their rough stories of what is happening in San Francisco and other towns there, that we are having a real decay in police capacity in alignment with the laws and support of the cities. I just want to acknowledge that our Police Department is doing a very good job. Every time I read about what is not going on well in other places, I am thankful that we are not sharing the same stories here. I want to acknowledge Assistant Chief Ke and our whole Police Department for a job well done.

Council Chair Kaneshiro: Does anyone else have any comments?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to approve C 2021-160 was then put, and unanimously carried.

Council Chair Kaneshiro: The motion is carried. I think it is a good time to take our caption break.

There being no objections, the meeting recessed at 10:28 a.m.

The meeting reconvened at 10:38 a.m., and proceeded as follows:

Council Chair Kaneshiro: Welcome back. Mike is actually on vacation, so we are going to try to get his items completed. Let us take Proposed Draft Bill (No. 2828).

There being no objections, Proposed Draft Bill (No. 2828) was taken out of order.

Proposed Draft Bill (No. 2828) – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUA‘I COUNTY CODE 1987, AS AMENDED, ESTABLISHING A COMMERCIAL VEHICULAR RENTAL REAL PROPERTY TAX CLASS

Councilmember Kuali‘i moved for passage of Proposed Draft Bill (No. 2828) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and it be referred to the Finance & Economic Development Committee, seconded by Councilmember Chock.

Council Chair Kaneshiro: Are there any questions or discussion from the Members on this item?

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Thank you, Mike and Reiko, from me and anyone observing. Could you please explain the intention of this, including why and how this would be implemented?

There being no objections, the rules were suspended.
Ms. Matsuyama: You know that our real property tax system is based on use and that is how we tax. We tax based on use. It basically gives us the authority to tax uses separately based on the underlying assessed value of the property. Currently, rental car operations are taxed at the Industrial tax rate. Clearly, the rental car usage does not remain within the confines of the parcel tax as most within the Industrial tax class would. This distinguishes it separate from a standard industrial use. Separating it out as its own tax class would more fairly distribute the cost burden of basically our municipal operations based on the impact of activities. Similarly how we tax vacation rentals separately, that is kind of in the same realm. Basically, we are pulling them out of the Industrial tax class and creating a separate tax classification to tax them separately.

Councilmember Cowden: Hotel tax class?

Ms. Matsuyama: Sorry, the first part of your question was cut off.

Councilmember Cowden: I know we have properties that have car rentals on it, but we are also looking at putting outflow places like we have in the past. Rental cars would be at a hotel so we can bring visitors there. Would that parking area at the hotel be impacted and would it be more or less than the Hotel and Resort tax class? Is it likely that the resort would pay it, or would the car rental company pay it? How would that work?

Ms. Matsuyama: Right now, it is written into the law...how the law is written currently, we tax the highest and best use. We needed to put language in the Bill to carve out the piece of the rental car operations that would have some kind of fleet or standup operations at a hotel or resort. Otherwise, the underlying value of the resort is so high that they would all be taxed at that amount, and it would be way too much. It is written into the Bill to carve it out from the hotel or resort. Just the portion that is attributable to the fleet would be taxed at this separate rate. Everything else would remain at the Hotel and Resort tax rate.

Councilmember Cowden: You have in here a fleet size of more than ten (10) motor vehicles. Since the Turo burst, we have people who have more than ten (10) vehicles. Would they then be paying that wherever they are parking those cars? I am not sure how long that is going to last as we are seeing more and more rental cars arriving. What is the consideration for the Turo market?

Ms. Matsuyama: We realized that there may be unintended consequences for this Proposed Draft Bill. We thought through them very thoroughly. Turo is one of those things. Being that it is becoming more and more popular now, we did want to allow a reasonable amount of Turo operations. Somebody that has one (1)
or two (2) cars that are buying them for their upcoming son or daughter that is going to be of age to drive...we wanted to accommodate that. What we do not want it to be is infiltrating a residential neighborhood, right? We want to quantify what the definition of a Commercialized Vehicle Rental Operation is. The ten-vehicle number is basically a policy call. That is kind of the number that we thought was a reasonable amount. I would defer to the Council as to whether you agree with that number or if you feel that number needs to be revised.

Councilmember Cowden: Have you gotten a chance to send anything out to any of the rental car agencies to get their feedback?

Ms. Matsuyama: We have not done that diligence yet. Similarly, to the last Bill, we kind of wanted to throw this on the table with the loss of the TAT to see where it goes. We do have intentions of doing that diligence.

Councilmember Cowden: Thank you.

Mr. Dahilig: Councilmember Cowden, just as a follow-up to that question, we are deliberately not setting or talking about a potential tax rate to be assigned to this particular new class of taxation. In terms of the consultation per se with the rental car agencies, we feel that the “rubber hits the road” when there is a discussion at the budgetary level and the tax resolution level about what is an appropriate tax for their operations. At this point, all we are doing is creating a tax which would “tee up” a discussion separate and distinctly from the other tax classes going into the Fiscal Year 2023 budget process. We had thought about what the right juncture is for having that conversation. We feel that simply establishing the tax class only creates more conversation and not necessarily a regulatory burden based on taxation. It potentially could be a situation where the Council could say, “We wanted to do the Rental Car tax class, but we want them at the Industrial tax rate.” That is something that is a possibility, but at this point, we are not engaging in the discussion of taxation rates, simply because we also do not want to confuse the conversation as being outside of bounds as to what the County’s taxing authority is. As mentioned in a previous conversation, we only have the ability to tax real property. We do not have the ability to tax personal property. We do need to be very clear that what we are instituting here is not a pro rata tax or something based off of the number of cars per se, rather it is something that simply engages in the dialogue that recognizes that the impacts of rental car activities are a lot more unique and pervasive in terms of local impacts to our community compared to normal industrial operations.

Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: Thank you. Just to provide context to these questions, in 2016 I drafted a bill for a similar real property tax on rental cars. I just wanted to make sure that we cover some of the bases here that came up previously.
With the previous Administration, the then Director of Finance was not as enthusiastic about having to or how to manage the proportion of these properties appropriately. So how do you divide, for instance, the use on the property and square footage. I am guessing that our Real Property Assessment Division is supportive of this and also has the means to now administer this appropriately. Is that correct?

Ms. Matsuyama: Yes. The Real Property Assessment Division is behind this. Staffing is always an issue. Being that the ones we are talking about carving out from the Hotel and Resort class, we think that population is very small. We think we can manage it basically with manual adjustments. Enforcement will be an issue. It will be an intake thing where we have to vet it individually.

Councilmember Chock: Thank you. The other piece that came up previously was in relation to State properties and Airports Division properties. I do not know if there was an exemption on those properties versus the offsite properties that we obviously have more oversight over. I wanted to clarify that that is an obstacle that we can overcome.

Ms. Matsuyama: Yes. I will let Mike Hubbard talk to that point. I know they pay through State leases right now. Maybe he can comment on the actual implementation of it.

MIKE HUBBARD, Real Property Tax Manager (via remote technology): That is correct. We do currently tax State lessees and licensees through the instruments that are provided to us by the State of Hawai'i. For example, Hertz at the airport is paying real property taxes directly to the County of Kaua'i.

Councilmember Chock: Okay. I know this is first reading so I will not go through all of them. In fact, I can send you...these are just some recommendations from Mauna Kea Trask. I can forward them to you so that when we get to Committee, we can address these, if they have not been. Really, they speak to the purpose. Related to the Turo or the ten-car limits, some of the other uses such as rental cars from Home Depot, trucks, and U-Hauls having rentals, we want to ensure that these smaller commercial businesses are not falling inadvertently into this category. I am just curious as to if and how we are addressing that or if that has been looked at. Lastly, my understanding is that the rental car operations are statewide...they are registered Statewide and can be moved to other counties to be registered statewide and keep their cars in different counties. This may inadvertently limit or squeeze the inventory down on our island. That might be what we want in some ways. Obviously, you have not had that discussion with stakeholders, but that might be something that we want to talk about how that impacts the need here on Kaua'i. I do not need any answers to that today. Like I said, I will forward these recommendations that were previously shared with me in advance of Committee. Thank you.
Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I just wanted to touch on the number of ten (10) cars for Turo operations. Our community did not like all the traffic caused by the tourists pre-COVID. During COVID-19, we appreciated our island without the traffic. When the tourists came back, we have our residents... I am not a Turo person, but we have our residents renting out cars and putting them back on the road. So, we have rentals not only from car rental companies, but from personal business ventures through Turo. You have mixed emotions on Kaua‘i. What do you want? Do you want the tourists back? Do you want the roads congested? But if you do not want it, I would think the number would be a little lower than ten (10). Remember, these people who have Turo, I believe most of them live in residential areas and are homeowners or renters. If you look at most people’s property, they have two (2) to three (3) vehicles maximum for a family. Maybe four (4) if you have a child in high school or at the community college or living at home with mom and dad. Now you add another five plus (5+) ten (10) cars to that subdivision. What happens to that subdivision? The parking becomes so congested. We have to really think how we lay this out. I do not know how you came up with ten (10). I thought five (5) would have been a good number. Considering what Councilmember Chock said, it does not take away from our U-Haul people or Home Depot if they have those vans or trucks to do household work. I just wanted to throw that out there as to whether that number ten (10) was set in your mind, or would you negotiate? Did we put much legwork into that number? Thank you.

Council Chair Kaneshiro: The Council has the purview in Committee if they want to do an amendment to reduce the number. If you can get the votes, you can reduce it from ten (10) to five (5) or whatever number the Council agrees on. Councilmember Cowden.

Councilmember Cowden: I asked this in our earlier meeting. I do not think we quite knew then, and I do not know if you looked at how much real property tax we get from the car rental businesses that we have locations for now. Is it one hundred thousand dollars ($100,000) or two hundred thousand dollars ($200,000)? Do we know what the total for that category is?

Mr. Dahilig: In response Councilmember, we have not gone through a full aggregate for what would fall under that tax class. We have looked at places that obviously we know rental car activities are occurring, in particular near the airport. One (1) company based on public records had only paid sixteen thousand dollars ($16,000) in real property taxes. If you could imagine five (5) or six (6) of these operators within the airport area, combined with a couple that operate outside of the airport province, that ballpark that you mention is probably a safe bet.

Councilmember Cowden: One hundred thousand dollars ($100,000) to one hundred fifty thousand dollars ($150,000) maybe?
Mr. Dahilig: Yes. It is definitely in the low six-figures realm.

Councilmember Cowden: Okay.

Council Chair Kaneshiro: Are there any other questions from the Members? Councilmember Evslin.

Councilmember Evslin: A question for Mike Hubbard. Could you walk us quickly through how the assessments could be done for a car rental company? A lot of times it is a little parking lot with a little structure on it. How do you come up with the assessed value?

Mr. Hubbard: Currently, for example, a Lihu'e Industrial operation, we are going to be taking the value of the land through our cost estimates of other vacant land sales or an extracted land value which would be a building that sells minus the replacement cost less depreciation of the structure. That would get us theoretically the extracted land value. We would apply that benchmark to the surrounding Lihu'e Industrial neighborhood. For each individual property at Lihu'e Industrial, we would use our Marshall and Swift cost tables to determine the value of the structure, which would then be added as the building value. We would then come up with our total assessed value or total market value of that property.

Councilmember Evslin: Okay. I am one hundred percent (100%) supportive of the tax. My concern is that whether someone is going to have ten (10) cars or one thousand (1,000) cars...the rate is not going to change and obviously the impacts are vastly disproportionate. Since the cars are off site most of the time, it is not as if you need fifty (50) acres to hold all of these cars. This may be a question for Matt Bracken or Mike Dahilig, but I know that in the Findings and Purpose, it said very clearly that this is not a tax on private property. Do we have any legal authority to include the cars themselves in the assessment value?

Mr. Dahilig: I will leave it to Matt as to the specific nuances to that answer. What we have on the table right now would simply not be eligible for personal property taxation. I think when we look at the overall authorizations from the State when it comes to statutory authority, personal property taxation is not something that we have in general in our wheelhouse. The ability to then create or back-calculate a pro rata type of cost per car from a standpoint of equity would be outside of our bounds and could be ripe for preemption. That is why we are simply stating that this is a real property tax and a real property tax alone. All that the ten-car threshold is meant to do is to delineate the use, which we have the ability to define. When we start getting into equity items as it passes along, which is certainly a consideration based off of what you are raising on what is equitable for a small operation versus larger operation, we cannot get into that province based off of activity in defining the final use.
Councilmember Evslin: Thank you, Mike. Another question for Mike Hubbard and we can get more into this in Committee. I think it is relevant to talk about it here as we talk about the possibility of amendments. At what point, if someone has a trailer on their property...at what point does that trailer get included in the assessed value of their property? Is it if they end up attaching it to the ground in some capacity? It seems like there is some gray area for when private property becomes property.

Mr. Hubbard: For real property assessment, if it is still on wheels and axels, it is not going to be real property. If the wheels and axels are gone and is affixed to real property through a foundation, then we will start considering it real property.

Councilmember Evslin: Okay. Thank you. I would just like to continue to explore or “beat the drum” of trying to tax more proportionate to the impacts. I do feel like if we are looking at a vacation rental or something, the assessed value of a vacation rental is going to be roughly proportionate to what those people are charging per night. Higher value places will charge more. This seems much more detached from those realities. A small person renting out of their house could have a pretty high assessed value for their house, whereas a big rental car company with a parking lot might have a lower value. Perhaps we could have more dialogue in an offline conversation as we get to Committee. I certainly really appreciate the direction here.

Council Chair Kaneshiro: Are there any further questions from the Members? This is just first reading.

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

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I want to start by saying that I really appreciate the intention of this and just looking at how we share the impacts that are very real, like the traffic burden. But I think that this could really create an unwieldy enforcement situation. It is very rare that I oppose something at first reading. I do not have passion in my opposition, but I am going to vote no. I think this is complicated for Real Property Assessment. We talk regularly of not wanting to burden them further. I do not see that it gives us a significant budgetary gain. If we have one hundred fifty thousand dollars ($150,000) in additional revenue and we go up in that projection...let us say we triple that or project even more like five hundred thousand dollars ($500,000), that is a relatively small amount of income. I just do not see that the burden is worth the blessing based on what it would impact. Something I have been very interested in doing is encouraging carshare for residents. There are different cities that have ways that people can have a zip drive or something like that. Not everyone can afford a car. When we are looking at permanent affordable living a lot of time there are carshares. When I look at U-Hauls, commercial equipment, Sunbelt, et cetera, there are these big
commercial equipment... where does that come in? How about when we see K-Mart or Grove Farm, and gratitude to Grove Farm for allowing a lot of these cars to be parked on their land while we had this pandemic shutdown. We know now that we can have things like that. When we look at the Turo operations, I would say there are some unusual creativities that is being implemented for income that has not been there in the past. Neighbors are going to get frustrated. What is it going to take? Who goes and looks that up? What is the fine or enforcement piece? I am expecting that this is going to go to Committee, and we will talk about it there. I just think if we make two hundred thousand dollars ($200,000), how much this might complicate things? The other piece too, when we are looking at doing remote locations for car rental offsite locations, we will have discouragement there. Who works on creating these possibilities? Who pays the tax and when? In the short-term, what happens when someone has an operation for six (6) months then decides they do not want to do it any longer? If we make a few hundred thousand dollars extra...we lose that in a lawsuit. It is hardly worth the efforts. That is my opinion. I appreciate the intention, but I do not think it is worth the impacts of what it might discourage.

Council Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: I did not make my discussion points after the TAT conversation, so I am going to wrap those into this. I think they are both related to the same issue we are facing here, which is that we are at overcapacity for tourists. It was discussed during the TAT conversation that this is a community sentiment. It is not just a community sentiment, but it is also in the Kaua'i Tourism Strategic Plan. It says clearly that we are overcapacity and that is a Plan that was developed in coordination with our tourism industry. It says that when we go overcapacity, we have major oversaturation of our infrastructure such as the Kapa'a traffic. When it takes fifteen (15) minutes to get through Kapa'a, it shows you that there is something wrong. Most would consider that a market failure and it is causing tourists to be less satisfied with their vacation and obviously causing lots of frustration amongst residents. As the Strategic Plan says, as those numbers go up, visitor spending tends to decline. It is the worst of all worlds here when we are oversaturated. We have very limited tools to try and reign that in. Some of the tools that we have are through property taxes, like this Bill is using, and hopefully soon to be the County's TAT. I am strongly in support of using the tools we have within the confines that we have and coming up with new tools to attack this problem. That is how we can start to bring these numbers under control or at least have more resources to put towards better managing our infrastructure here. I am hugely supportive of this Bill and the TAT Bill. I think they are both trying to get at the same problem, which is how do we better manage our industry and how do we better bring our tourism numbers under control to decrease resident frustration, making sure that when visitors come here, they are having a better time, because our infrastructure is better managed and we have more room, et cetera. I am really appreciative of the Department of Finance, Real Property Tax Assessment, and the
Administration for going in this direction and being willing to cover the implementation challenges here in doing this that I think is important for our island.

Council Chair Kaneshiro: Are there any other comments? Councilmember Carvalho.

Councilmember Carvalho: In my discussion with Reiko and the team, we are trying to be creative in trying to address this issue overall. It may not be big in numbers, but the process and how we are moving forward on it is really something positive. That was part of my individual discussion with them. I just wanted to mention that. Of course, overall, knowing that the Reserve Fund is still in-place, I am happy with that. This is just another opportunity for us. We are being creative. I am in support of this, and I look forward to more discussion and positive results in this whole endeavor.

Council Chair Kaneshiro: Does anyone else have any discussion? If not, roll call vote.

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion for passage of Proposed Draft Bill (No. 2828) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and that it be referred to the Finance & Economic Development Committee was then put, and carried by the following vote:

FOR PASSAGE: Carvalho, Chock, DeCosta, Evslin, Kuali‘i, Kaneshiro
AGAINST PASSAGE: Cowden
EXCUSED & NOT VOTING: None
RECUSED & NOT VOTING: None

Mr. Sato: Six (6) ayes, one (1) no.

Council Chair Kaneshiro: The motion is carried. We will go back to the top of page two.

COMMUNICATIONS:

C 2021-161 Communication (06/28/2021) from the Director of Finance, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 5A, Section 5A-1.20(b), Kaua‘i County Code 1987, As Amended, Relating To Real Property Taxes (Real Property Tax Overpayment).

Councilmember Carvalho moved to receive C 2021-161 for the record, seconded by Councilmember Kuali‘i.
Council Chair Kaneshiro: This is an item that will come up later on our agenda. Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-161 for the record was then put, and unanimously carried.

C 2021-162 Communication (06/28/2021) from the Director of Finance, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 5A, Sections 5A-12.9 And 5A-12.10, Kaua‘i County Code 1987, As Amended, Relating To Real Property Taxes (Real Property Tax Appeals).

Councilmember Kuali‘i moved to receive C 2021-162 for the record, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: This item will also come up again on our agenda as a Bill for First Reading. Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-162 for the record was then put, and unanimously carried.

C 2021-163 Communication (06/28/2021) from the Director of Finance, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 6, Section 6-1.3, Kaua‘i County Code 1987, As Amended, Relating To Disposition Of Unclaimed Monies.

Councilmember Kuali‘i moved to receive C 2021-163 for the record, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: This item will be coming up later as a Bill for First Reading. Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-163 for the record was then put, and unanimously carried.

C 2021-164 Communication (07/01/2021) from the Director of Economic Development, requesting Council approval to 1) apply for, receive, and expend State funds, of an additional amount of $42,000.00 from the Hawai‘i Tourism Authority, to be used for expenditures needed to provide Harbor greetings in Calendar Year 2022, and 2) indemnify the Hawai‘i Tourism Authority-State of Hawai‘i.
Councilmember Kuali'i moved to approve C 2021-164, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: Do we have any questions from the Members? We have Nalani online. Councilmember Cowden.

Councilmember Cowden: I was stunned to see this. I was not expecting this, I think that is a better way to put it. Does that mean we are getting cruise ships returning, and if so, when?

There being no objections, the rules were suspended.

NALANI K. KAUAWAI BRUN, Director of Economic Development (via remote technology): The word is that the cruise ships may start returning in November. That is just what we are hearing. We did not want to plan for any greetings until next year in 2022. It is very up in the air.

Councilmember Cowden: Are we getting this just in case? Okay. I want to say that I think the greetings have been excellent. As someone who has a high-focus on the Agency on Elderly Affairs, it is such a win-win to have our kūpuna there doing great things. I do not have a problem with asking for this, but maybe in my concluding statements...should I say it right now?

Council Chair Kaneshiro: You can ask questions now and you can say other things in your final discussion.

Councilmember Cowden: I will save it for my final discussion.

Council Chair Kaneshiro: Are there any other questions from the Members? Is there any final discussion? Councilmember Cowden.

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

Councilmember Cowden: Again, I appreciate our kūpuna doing the greetings. I am assuming it is probably going to be them doing it again. I am glad for that. I just really need to say that when I look at the density of visitors that we have right now, I sit there an estimate and I guessed at least three hundred (300) milling around the tents in Princeville in a pop-up piece. I am glad for all who were there. There were no masks being worn. We were out in the breeze. There is no behavior that are aware of the challenges. Yes, we need to be moving back to things, but when we have the comparative of a closed government...when we have no open government, but we are going to be bringing cruise ships back to our island...they were a problematic area in the past. I just want to acknowledge that I was very surprised to see this as an agenda item before there has been public discussion. I might have missed it if it was being told to the community that we are receiving cruise ships again in November. I do not know if anyone else heard about this. This was the first hearing of this. I struggle with this. We have a closed government, cruise ships, and open business at a heavy level. I am not sure if anyone else feels any of that.
Council Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: For the sake of discussion, I think this kind of relates to the Car Rental Bill. The State regulates these cruise ships along with our national partners as to when this activity will occur. From the County’s standpoint, we have to do what we can to mitigate the impacts, as what you mentioned we are seeing and experiencing around the island. While the discussion around the previous bill was around revenue increasing, I think there is also the aspect of how it is we can, within our control, mitigate the impacts of our visitors. It relates to some of what the County is planning or has done in looking at how we move our visitors from place-to-place, via shuttles and/or with parking. I do think it is appropriate and that we have to look at it from our corner of it. I, too, agree with you that there is more need to look into it with our state partners as to when this will get restarted.

Council Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I do not know if right now is the place to ask, but I would like to see us have the State Department of Transportation before us and really talk about what is the plan with cruise ships. That was a very strident part of the problem in the past, and it is really uncomfortable for me to not be asked. Relative to the last bill, I think that we absolutely need to address our carrying capacity. Maybe I did my math wrong, but I looked at the volume of cars coming...when I did the math of even tripling the rate of those properties, we are maybe looking at a quarter or twenty-five cents ($0.25) per car. I am not sure if it will actually make any kind of difference whatsoever in throttling back the number of cars on the road. People are not going to notice a quarter. Comment was made that they will not notice nine dollars ($9) a night and maybe, maybe not. Twenty percent (20%), yes, they will notice that. I will be supporting this money for our kupuna to do greetings. I sure do want to talk to the Department of Transportation, Harbors Division, because I do not like having something like this just put in front of us. I have no problem with the Administration or Nalani. Thank you. I have no problem there. When the Governor is determining when we can have people in government and when we can open up and not be counting all the people who actually have had COVID-19 towards our seventy percent (70%), it is only being counted on vaccines, and not being counted on illness, which is a better level of protection, I feel like we are not having an honest conversation and I am frustrated to be discovering when we are opening our island to cruise ships just by simply looking at my agenda. I am glad it went on the agenda, otherwise I would have not known. Thank you. That is my strong opinion.

Council Chair Kaneshiro: Are there any other comments? For me, I will say that again this is to receive and expend funds of forty-two thousand dollars ($42,000) in Fiscal Year 2022 with the possibility of cruise ships coming back. My opinion of cruise ships is probably a little different from Councilmember Cowden’s. They are here for a day or two and they are not renting vehicles and driving all over the place. They usually have shuttles to Kukui Grove. I think a lot of them book activity tours with a lot of the activity companies on the island. They spend money in restaurants. I see them walking on the street near Kalapaki Beach. I do not think they are that intrusive. They provide economic stimulus and are here for a very short time. I think as we are getting back to tourism, it is helping our restaurants and other
businesses. It is helping create jobs. Our cruise ship inventory is way lower than it was ten (10) years ago. I think ten (10) years ago, when I first moved back to the island, possibly thirteen (13) years ago we had four (4) or five (5) cruise ships coming into Kaua'i. I think we are now down to one (1) or two (2) cruise ships arrive way less frequently. It is what it is. This item is basically to receive and expend forty-two thousand dollars ($42,000) from the Hawai'i Tourism Authority in Fiscal Year 2022 with the possibility of cruise ships coming. It is for our greeters. A lot of them are kūpuna who are there, and they play music, teach them how to sew lei, et cetera. I think it is a great welcoming for people coming off of the cruise ships. They probable ask our kūpuna a whole bunch of questions about where to go and what to do. Those are the very appropriate people to be asking for that type of resources. I am in favor of this. Does anyone else have any comments? Councilmember Evslin.

Councilmember Evslin: I also support this. I am not big fan of cruise ships, but I am always a big fan of accepting money from the Hawai'i Tourism Authority, the State, or anyone else wanting to give us money that will go directly towards local jobs, especially when those jobs are helping to educate tourists on how to be better visitors or stewards of our island. I am definitely in support of this.

Council Chair Kaneshiro: Councilmember DeCosta.
Councilmember DeCosta: Thank you, Nalani. Another thing the four (4) of us learned at the NACo Annual Conference is that the Office of Economic Development within any county is almost the most important besides the Department of Finance. Nalani, thank you for running this Office and for doing such a great job. I believe yesterday you had some loud cheering at the Mayor's Luncheon. I just wanted to recognize all of your efforts. Thank you.

Council Chair Kaneshiro: Does anyone else have any final discussion?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to approve C 2021-164 was then put, and unanimously carried.

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

C 2021-165 Communication (07/06/2021) from the Housing Director, requesting Council approval of the indemnification provision contained in the Grant of Easement to Kaua'i Island Utility Cooperative for electrical service to the Pua Loke Street Affordable Housing Project.

Councilmember Kuali'i moved to approve C 2021-165, seconded by Councilmember DeCosta.

Council Chair Kaneshiro: Do we have any questions from the Members? Is there any final discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)
The motion to approve C 2021-165 was then put, and unanimously carried.

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

C 2021-166 Communication (07/07/2021) from the Fire Chief, requesting Council approval to purchase unbudgeted equipment utilizing the Kaua‘i Fire Department (KFD) Prevention Bureau Plans Review Account (F12017, 251-1103-566.88-01) for an estimated cost of $80,000.00, for one (1) 4-Door Crew Cab 4x4 Truck with camper shell and Emergency A/V Equipment for the KFD Prevention Bureau.

Councilmember Kuali‘i moved to approve C 2021-166, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: Do we have any questions from the Members? Councilmember Cowden.

Councilmember Cowden: Thank you for being here. I am sure that we need this item. Is this somehow getting shifted from a different part of the budget? Is this asking for a money bill?

There being no objections, the rules were suspended.

STEVEN R. GOBLE, Fire Chief (via remote technology): No, it is not asking for a money bill. This is coming from one of our special revenue accounts that is from fees we collect for Fire plans review. The specific purpose of this account is to support our Fire Prevention activities within the County.

Councilmember Cowden: Okay, thank you.

Council Chair Kaneshiro: Councilmember Kuali‘i.

Councilmember Kuali‘i: Is this part of a replacement? Is there an existing vehicle that is old and needs to be replaced?

Chief Goble: Yes. This will be replacing a 2005 vehicle that is currently in our fleet and is not meeting the needs of our Bureau, both from a reliability and functionality standpoint. This vehicle will enhance our capabilities to respond more effectively primarily in our fire investigation activities. It will be outfitted with a small water tank and pump to help us in the event that any hot spots flare up during our investigations. It will be a 4x4 vehicle to improve our access. Also, the emergency audio visual are the lights and sirens that will allow us to respond in emergency mode and have an emergency presence on the scene as well. A secondary application of this is in support of our fire safety trailer, as well. It gives us another option for transporting that fire safety trailer throughout the community.

Councilmember Kuali‘i: Thank you.
Council Chair Kaneshiro: Are there any further questions from the Members?

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

Councilmember Cowden: I just wanted to acknowledge Jeremie Makepa and his efforts. Mahalo for what you do.

Council Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I am a big fan of Jeremie, myself. I am actually a big fan of Chief Goble and the foresight that you have. I learned so much from the NACo Annual Conference. We went to one of those public lands and fire prevention seminars and a lot of the wilderness areas are not being managed like they used to be. There is less clear cutting and more environmentally protected areas where the brush is left unattended. I look down on the west side at the mountain area between Waimea and Kekaha, and the Agribusiness Development Corporation (ADC) lands are unmanaged with tall, dry grass for miles. I can only imagine how hard it would be to send our Fire Department to areas with no roads in a vehicle without 4-wheel drive. I am honored and impressed by the foresight of Chief Goble, Jeremie Makepa, and all of the firemen for doing what you do. Thank you.

Council Chair Kaneshiro: Is there any further discussion?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to approve C 2021-166 was then put, and unanimously carried.

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

C 2021-167 Communication (07/08/2021) from the Director of Finance, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Establishing A Commercial Vehicular Rental Real Property Tax Class.

Councilmember Kuali'i moved to receive C 2021-167 for the record, seconded by Councilmember Cowden.

Council Chair Kaneshiro: We already saw this proposal earlier today. Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-167 for the record was then put, and unanimously carried.
C 2021-168 Communication (07/08/2021) from the Director of Finance, transmitting for Council consideration, A Bill For An Ordinance Amending Chapter 5, Article 4, Kaua'i County Code 1987, As Amended, Implementing A County Transient Accommodations Tax.

Councilmember Kuali'i moved to receive C 2021-168 for the record, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: Again, we deliberated on the actual Proposed Draft Bill for first reading earlier today. Are there any questions or is there any discussion from the Members?

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion to receive C 2021-168 for the record was then put, and unanimously carried.

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

Proposed Draft Bill (No. 2825) – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, SECTION 5A-1.20(b), KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (Real Property Tax Overpayment)

Councilmember Kuali'i moved for passage of Proposed Draft Bill (No. 2825) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and it be referred to the Finance & Economic Development Committee, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions or discussion from the Members on this item?

Councilmember Cowden: This question is for Reiko, I believe. Thank you for our pre-conversation on this. I just want to acknowledge with you that you received my communication that I am going to want to amend this Bill. The ten (10) business days period is too short, right? Most people are going to miss that, so it is convenient for us to apply it to the next year, but it might not be convenient for the resident or landowner. You received that communication, correct? We talked about that.

There being no objections, the rules were suspended.

Ms. Matsuyama: Yes, we talked about it informally, but I did not receive anything formally from you.
Councilmember Cowden: Okay. I will be sure that you get the formal communication from me.

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

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

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion for passage of Proposed Draft Bill (No. 2825) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and that it be referred to the Finance & Economic Development Committee was then put, and carried by the following vote:

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

Mr. Sato: Seven (7) ayes.

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

Proposed Draft Bill (No. 2826) – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, SECTIONS 5A-12.9 AND 5A-12.10, KAUA‘I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (Real Property Tax Appeals)

Councilmember Kuali‘i moved for passage of Proposed Draft Bill (No. 2826) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and it be referred to the Finance & Economic Development Committee, seconded by Councilmember Carvalho.

Council Chair Kaneshiro: Are there any questions or discussion from the Members on this item? If not, any final discussion? Councilmember Cowden.

Councilmember Cowden: Again, this is another item that I am looking to amend. The process of working with the Board of Review, while I do not have a problem in the increase to seventy-five dollars ($75) for an appeal, I do want to really look at...I will be asking for amendments to look at the process. My experience is that for some people it is overwhelming and can very much lead to loss of land ownership.
Council Chair Kaneshiro: Does anyone else have any comments? If not, we will take a roll call vote.

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)

The motion for passage of Proposed Draft Bill (No. 2826) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and that it be referred to the Finance & Economic Development Committee was then put, and carried by the following vote:

FOR PASSAGE: Carvalho, Chock, Cowden, DeCosta, Evslin, Kualii, Kaneshiro TOTAL - 7,
AGAINST PASSAGE: None TOTAL - 0,
EXCUSED & NOT VOTING: None TOTAL - 0,
RECUSED & NOT VOTING: None TOTAL - 0.

Mr. Sato: Seven (7) ayes.

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

Proposed Draft Bill (No. 2827) — A BILL FOR AN ORDINANCE AMENDING CHAPTER 6, SECTION 6-1.3, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO DISPOSITION OF UNCLAIMED MONIES

Councilmember Kualii moved for passage of Proposed Draft Bill (No. 2827) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and it be referred to the Finance & Economic Development Committee, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions or discussion from the Members on this item?

Councilmember Cowden: As has been shared in our informal conversation, I am also going to be looking for an amendment on this item. For the larger numbers...the one year window, I want to look at the breakdown of the larger numbers versus smaller numbers. That is something I am going to be putting into an amendment for Committee.

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

(No written testimony was received and no registered speakers requested to testify regarding this agenda item.)
The motion for passage of Proposed Draft Bill (No. 2827) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 18, 2021, and that it be referred to the Finance & Economic Development Committee was then put, and carried by the following vote:

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

Mr. Sato: Seven (7) ayes.

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

EXECUTIVE SESSION:

ES-1055 Pursuant to Hawai‘i Revised Statutes (HRS) Sections 92-4 and 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, 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-1056 Pursuant to Hawai‘i Revised Statutes (HRS) Sections 92-4 and 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 and request authority for a possible settlement proposal claim filed by Kaua‘i Island Utility Cooperative 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 Chock moved to convene in Executive Session for ES-1055 and ES-1056, seconded by Councilmember Cowden.

Council Chair Kaneshiro: Are there any questions or discussion from the Members on this item? We will take the Executive Sessions at the end of the day.

(No written testimony was received and no registered speakers requested to testify regarding these agenda items.)

The motion to convene into Executive Session for ES-1055 and ES-1056 was then put, and unanimously carried.

Council Chair Kaneshiro: Seeing no further business and hearing no objections, this Council Meeting is now adjourned.
ADJOURNMENT.

There being no further business, the Council Meeting adjourned at 11:34 a.m.

Respectfully submitted,

SCOTT K. SATO  
Deputy County Clerk

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