

PUBLIC HEARING

AUGUST 8, 2018

A public hearing of the Council of the County of Kaua'i was called to order by Arryl Kaneshiro, Chair, Budget & Finance Committee, on Wednesday, August 8, 2018, at 1:34 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Lihu'e, and the presence of the following was noted:

Honorable Arthur Brun
Honorable Mason K. Chock
Honorable Arryl Kaneshiro
Honorable Derek S.K. Kawakami (*present at 1:35 p.m.*)
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

Not Present: Honorable Ross Kagawa

The Clerk read the notice of the public hearing on the following:

“Bill No. 2716 – A BILL FOR AN ORDINANCE TO AMEND SECTION 5A-6.4(C) AND SECTION 5A-11A.1 OF THE KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX (*Licensed Day Care Provider Homestead Tax Classification*),”

which was ordered to print by the Council of the County of Kaua'i on July 11, 2018, and published in The Garden Island newspaper on July 17, 2018.

The following communications were received for the record:

1. Balogh, Daniel, dated August 7, 2018
2. Bass, Colleen, dated August 8, 2018
3. Dalessi, Tara, dated August 4, 2018
4. Dougherty, Noreen, dated August 7, 2018
5. Ellenburg, Peggy, dated August 5, 2018
6. Hisahara, Sumi, dated August 4, 2018
7. Hostomsky, Katerina, dated August 7, 2018
8. Hunter, Melody, dated August 3, 2018
9. Jacobs, Dale, dated August 6, 2018
10. Moss, Jade, dated August 6, 2018
11. Peart, Eden, dated August 8, 2018
12. Sarsona, Cheyenne, August 6, 2018
13. Williams, Adam, dated August 6, 2018
14. Mattos, Loretta, no date

(*Councilmember Kawakami was noted as present.*)

The hearing proceeded as follows:

SCOTT K. SATO, Deputy County Clerk: We received fourteen (14) written testimony in support, and we have two (2) registered speakers. The first speaker is Mary Lu Kelley, followed by Noreen Dougherty.

Committee Chair Kaneshiro: Mary Lu. Sit there, push the button in the front, and then you will have three (3) minutes for your first time around. The light is going to turn green; then when you have thirty (30) seconds left, it will turn orange; and then when you time is up, it will turn red.

MARY LU KELLEY: Alright. I can figure that out.

Committee Chair Kaneshiro: Just state your name for the record.

Ms. Kelley: Hi, I am Mary Lu Kelley. I am from Lāwaʻi, Kauaʻi. I am one hundred percent (100%) in favor of this Bill. Many of you are aware that we do have a dire shortage of childcare on this island. Right now, there are no childcare spots in Līhuʻe, and this is for people who run—actually, they are all women, and they run the daycare out of their home. It was recently brought to my attention that a bill that was passed in 2014 included childcare as a commercial business that was going to be taxed at a commercial rate, which was an increase for the homeowner who rents to a woman who does childcare. It was an increase from three dollars and five cents (\$3.05) per one thousand dollars (\$1,000) of assessed value, to eight dollars and ten cents (\$8.10) per one thousand dollars (\$1,000) of assessed value. So for all of you parents or people aware of the need for childcare on this island, that is a big increase. I think they were unfairly included in the first bill, that is why I am in favor of this change. They are not getting rich. To put additional burden on them because, of course, a landlord is going to pass down the cost to these women who are taking care of our children. So, that is why I am here today to say that we need this change. Would anyone like to ask me questions?

Councilmember Yukimura: I do have a question.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: You also professionally work with childcare providers, do you not?

Ms. Kelley: Yes, I do.

Councilmember Yukimura: What is the organization that you work with?

Ms. Kelley: It is called People Attentive To Children (PATCH).

Councilmember Yukimura: PATCH?

Ms. Kelley: PATCH, is how it is affectionately known in the community.

Councilmember Yukimura: Yes.

Ms. Kelley: Yes.

Councilmember Yukimura: So you actually have a broader view of the childcare landscape than most people?

Ms. Kelley: Yes. I was not really touting that because PATCH has a contract with the State of Hawai'i Department of Human Services (DHS), and they ask us to not lobby.

Councilmember Yukimura: I see.

Ms. Kelley: I do not think this is lobbying, essentially. I came as an individual, but I do have that knowledge and I wanted to make sure that the childcare providers on Kaua'i get this well-deserved break. As we know, if parents do not have a place to take their children, they cannot go to work.

Councilmember Yukimura: Yes. So, you are here in your individual capacity rather than as an employee?

Ms. Kelley: Yes. I am not representing PATCH.

Councilmember Yukimura: Yes, although...

Ms. Kelley: But I do have a lot of information. There was a question from this Council, and I responded with the numbers of how many providers we have and things like that.

Councilmember Yukimura: Yes, you did. So, it is not PATCH's role to advocate for childcare?

Ms. Kelley: Correct.

Councilmember Yukimura: It is, right?

Ms. Kelley: It is not PATCH's role to advocate for childcare.

Councilmember Yukimura: Okay.

Ms. Kelley: I think particularly, they mean at the State level, because the State of Hawai'i Department of Human Services is our contracting agency.

Councilmember Yukimura: I see.

Ms. Kelley: We are a nonprofit.

Councilmember Yukimura: Okay. Thank you for the clarification.

Ms. Kelley: Yes.

Councilmember Yukimura: And thank you for the data.

Ms. Kelley: You are very welcome.

Committee Chair Kaneshiro: Thank you.

Ms. Kelley: Okay.

Mr. Sato: The next speaker is Noreen Dougherty.

NOREEN DOUGHERTY: My name is Noreen Dougherty and I am from Kapa'a. I know that you all received a copy of my testimony, so I would like to bring up some points I had on my way here today. The second page to that, is a list of reasons why childcare is so important on the island and whatnot. One thing I wanted to bring up is that it is very true that there is no childcare for young children in any kind of organized preschool. I get calls all of the time from people that have toddlers. The only toddler program I really know about is Tūtū and Me, and a parent or grandparent has to go with the child. Here, we are offering childcare for parents that only have a handful of weeks after childbirth. One of the childcare providers that I know, loves to do babies. What would we do if these people were not available? I wanted to mention that we can make our own schedules up. We can do emergency childcare, like if something comes up in the family. I am a registered licensed childcare provider. Sometimes I get a call, "Can you help this family out," and things like that. Also, some parents work on weekends, evenings, and whatnot. You are never going to find a preschool that is going to accommodate those kinds of family situations. The year-round thing, too. Everyone does not work on an academic schedule. Some childcare providers provide on a year-round schedule. The choices the families have are very few. Then, the other thing that I wanted to really talk about is the truth of the percentage of children that are now autistic. We hear about the spectrum and someone is on the spectrum. Well, there is a heck of a big spectrum out there, and it is getting radically more serious. If these students were admitted into regular preschools and whatnot, it would cause total havoc on what is going on in there. The schools would have to have an incredible number of aides because often times, children...

Committee Chair Kaneshiro: Noreen, that was your first three (3) minutes.

Ms. Dougherty: Okay.

Committee Chair Kaneshiro: Mary Lu, did you want to talk again? I have to bring someone else up.

Ms. Dougherty: Okay.

Committee Chair Kaneshiro: Bruce is going to speak. You can come back.

Ms. Dougherty: Maybe I will finish a few points.

Committee Chair Kaneshiro: You can come back for another three (3) minutes.

Ms. Dougherty: Thank you very much.

BRUCE HART: For the record, Bruce Hart. I was here for the initial discussion, and I spoke. I have had time to think about this and have a concern. I have not made up my mind. The concern happens to be a comparison between licensed daycare centers in residential neighborhoods and Transient Vacation Rentals (TVRs). I listened to the numbers that were given here in testimony by the government, and just off of the top of my head, there was a twelve (12) child limit. We take ten (10) children, multiply that by eight hundred dollars (\$800) a month for each child, and we get eight thousand dollars (\$8,000) a month. Now, that is a pretty lucrative business. I think that the potential for this growing into something that would impact neighborhoods is something I am concerned about. I do not know if there is discussion by Council that could inform me better as to how the potential for abuse, if people are not licensed or are not complying with the law, who would be the enforcement agency, how would it be looked at, and how would it be taken care of. I just wanted to express my concern, and I would like to hear from Councilmembers on just how the potential for it growing into multiple daycare centers in residential neighborhoods. Thank you.

Councilmember Yukimura: I have a question.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Bruce, thank you, for your input. Do you know of anywhere where licensed childcare is a problem to neighbors?

Mr. Hart: Pardon?

Councilmember Yukimura: Are there any instances you can site where licensed childcare is a nuisance or a problem for neighbors?

Mr. Hart: No. But what you are proposing is to allow non-owners to do this. This is the potential I see, let us say that I own a rental. Let us say I own two (2) or three (3). I am renting them, but anywhere from one thousand five hundred dollars (\$1,500) to two thousand five hundred dollars (\$2,500) a month, and I can make eight thousand dollars (\$8,000). I can get someone to move in and run a daycare center simply because they are going to get free rent. I can work that all kinds of ways if you do this, if you make it where is it non-owner.

Councilmember Yukimura: I do not know that they ever get free rent. I think the ratio—I do not think it is twelve (12). I think it is six (6).

Mr. Hart: Okay.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Okay.

Ms. Kelley: Mary Lu Kelley, returning to make some comments on the last testimony. First of all, I would like to address the fact that this is only for licensed childcare providers. I do not know the numbers because they do it, what do you call that? Undercover? It is actually illegal, but there is no way to keep them from doing unlicensed childcare in their home. But this is only addressing licensed childcare providers. They are all licensed by the State of Hawai'i Department of Human Services after going through a three-step process. I call it the "three (3) P's." First, all of the people who are in the daycare home who are eighteen (18) years of age or older have to get fingerprinted, give permission for a background check, get a physical, and get a tuberculosis (TB) test so the people are checked out. The second is the property. The property is inspected. They measure. You have to have thirty-five (35) square feet inside the house and seventy-five (75) square feet outside of the house per child. They check to make sure the place is clean and safe. The third is the paperwork. Each of these daycare operators, like I said, they are all women, are privately-owned businesses. They need to create a contract that they sign, making a legal agreement with the parents who bring their children there. They have policies and procedures, often called a "parent handbook," which they give to the parent with a copy of the contract after they have visited and the parent says, "Yes, I would like to have my child come to you." Then, the parent takes it home, reads it, goes back, pays their money, turns in a signed copy of the contract, and gets to keep the parent handbook. The Department of Human Services licenses these daycares throughout the State of Hawai'i. PATCH has been in operation for forty-two (42) years. It was started by mothers in Honolulu who were doing an informal daycare. They said, "We should help others." It is not easy. Think for yourself, would you like to stay home every day, Monday through Friday, from 7:00 a.m. to 5:00 p.m. with six (6) little kids between newborns and five (5) to six (6) year olds? That is a lot of work. That is what these women do and unfortunately, there is no enough of them. I call the ones that are doing it the "salt of the Earth." They are supporting us in so many ways by teaching our children and feeding our children well. We have a United States Department of Agriculture (USDA) food program. Most of the women on Kaua'i that do daycare—whoops, my time is done.

Committee Chair Kaneshiro: Yes, that is your time. I am sorry.

Ms. Kelley: I did not get to say something, so can I have a third turn?

Committee Chair Kaneshiro: No.

Ms. Kelley: I can tell Noreen to say it.

Committee Chair Kaneshiro: Yes, or you can E-mail us.

Ms. Kelley: Okay.

Committee Chair Kaneshiro: Noreen.

Ms. Dougherty: I opened up Montessori Hale over twenty (20) years ago and I worked at Island School for seven (7) years. How do I get this to start, because it is—is it starting now? Okay. I wanted to finish my last thing about these special education kids. They are going to cause all kinds of havoc and probably already are. They get very excited in large numbers of people, lights, are sensitive to this, and all of that. Anyway, you can do more research on that. Anyone can contact me anytime. We only have six (6) children at a time, maximum. Can we charge more than seven hundred twenty-five dollars (\$725)? The highest charge is seven hundred twenty-five dollars (\$725), though it is not me.

Councilmember Yukimura: Seven hundred twenty-five dollars (\$725)?

Ms. Dougherty: Per month. Seven hundred twenty-five dollars (\$725) per month.

Councilmember Yukimura: So, there is a limit on how much they can charge?

Committee Chair Kaneshiro: Councilmember Yukimura, maybe let her finish her testimony and then you can ask her questions.

Ms. Dougherty: No. That is just the highest that there is currently. The other thing is we are also discriminated against with Preschool Open Doors program, which is a financial assistance. They only will pay for a preschool like Kauai Independent Daycare Services (K.I.D.S.) School or All Saints Preschool. They do not even give us anything. Please do read everything else on the list. Is there anything else you want me to say? The light is still green. Does anyone have any questions for me?

Councilmember Yukimura: Yes.

Ms. Dougherty: Let me say one more thing first, Councilmember Yukimura. No one is making a killing doing this. These people that are renting houses are renting houses because they are never going to be able to afford to buy a house if they are doing this. I will tell you that right now, straight up. Yes, Councilmember Yukimura.

Councilmember Yukimura: What did you say was the three hundred seventy-five dollars (\$375)?

Ms. Dougherty: No, it is seven hundred twenty-five dollars (\$725).

Councilmember Yukimura: Oh, it is seven hundred twenty-five dollars (\$725).

Ms. Dougherty: If I said that wrong, I am sorry.

Councilmember Yukimura: What is that?

Ms. Dougherty: No one is getting more than seven hundred
twenty-five dollars (\$725) a month.

Councilmember Yukimura: Per child?

Ms. Dougherty: Per child.

Councilmember Yukimura: Okay. Is there a limit on how much you can
charge per child?

Ms. Dougherty: No limit, right?

Councilmember Yukimura: Okay. What is the seven hundred twenty-five
dollars (\$725)?

Ms. Dougherty: She is taking the information from...

Councilmember Yukimura: It is not a limit.

Ms. Dougherty: ...everyone here on Kaua'i that is doing it.
Someone is actually charging seven hundred twenty-five dollars (\$725).

Councilmember Yukimura: Oh, okay. So you did a survey, and the
highest that is being charged is seven hundred twenty-five dollars (\$725)?

Ms. Dougherty: Yes, and the lowest is five hundred fifty
dollars (\$550). But, you do not know what their hours are. They could be open at
7:00 p.m. because someone has to get to work far away, they could be serving dinner,
and doing whatever. I stay busy enough to where I cannot keep track of what anyone
else is doing. I am trying to keep track of what I am doing.

Councilmember Yukimura: Thank you.

Ms. Dougherty: Are there any other questions? Okay.

Committee Chair Kaneshiro: Thank you.

Ms. Dougherty: Please do support this because it is all about
the *keiki*. *Mahalo*.

Committee Chair Kaneshiro: Bruce, do you want your second chance?

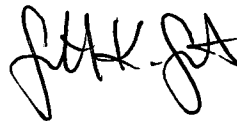
Mr. Hart: For the record, Bruce Hart. I appreciate the
testimony of the two (2) women, but I am not calling in to question the credibility of
PATCH, any woman, or any man that is taking care of the children. That was not

my intention at all. What I am calling into question is the potential profit that will motivate people to open daycare centers in rental units. The profit is a big motivating factor and it could mushroom into several daycare centers in any particular neighborhood. Something that the last testifier said concerns me considerably, that these daycare centers are operating at all hours. Residential neighborhoods are residential neighborhoods. That is what they are intended for. Now, seven hundred twenty-five dollars (\$725), I do not know about that. All I know is that the Real Property Tax Manager who testified up here, he said that there is a potential for twelve (12), not six (6). He also said the numbers were higher than seven hundred twenty-five dollars (\$725). I cannot remember. Anyhow, those are my concerns. Thank you.

Committee Chair Kaneshiro: Okay, thank you. With that, the public hearing is now adjourned.

There being no further testimony, the public hearing adjourned at 1:54 p.m.

Respectfully submitted,



SCOTT K. SATO
Deputy County Clerk

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