

## **Department of Finance**

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

The Committee reconvened on April 6, 2021 at 9:01 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning, I would like to call to order the Committee of the Whole and the Fiscal Year 2021-2022 Departmental Budget Reviews. Let the record reflect that all Members are present. On the schedule for today, April 6, 2021, we will be hearing from the Department of Finance, who will be taking us through their various divisions, the Office of Economic Development, and the Planning Department. As we do each morning, we will take public testimony at the beginning of the meeting.

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

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

Committee Chair Kaneshiro: Clerk, we have no registered speakers and we received no written testimony today. With that being said, I would like to call on the Director of Finance Reiko Matsuyama. If you can provide a brief overview of your budget, and we will go through each division separately.

REIKO MATSUYAMA, Director of Finance (*via remote technology*): Good morning, Councilmembers. As a recap, the Department of Finance is made up of many of the administrative functions. The administrative things that benefit the entire County. The Purchasing Division fields all procurement issues. Accounting cuts the checks and puts together the Comprehensive Annual Financial Report (CAFR). The Administrative Division handles our insurance coverage and renewals. Informational Technology (IT) manages all our software, hardware, and security issues related to the County's use of technology. Real Property Tax is responsible for bringing in the County's primary revenue source. The Real Property Assessment Division found a value increase for the ninth consecutive year. The Real Property Collections Division was able to pivot operations to allow for two (2) deadline extensions during the pandemic. In addition, we have one of the most public-facing County functions, the Department of Motor Vehicles (DMV). We are a very diverse department.

For Fiscal Year (FY) 2022, we are requesting a budget of nearly \$13,700,000, which is a 2% increase over FY 21. Salaries and benefits make up most of our cost, and it is approximately 63% of our overall budget. The increase to salaries and benefits is primarily due to a position transfer to our IT Division. This position will be assisting with the forward progress system for our Holomua initiatives that you are already familiar with. This will also alleviate some of the other pressures. Our IT staff is going to be dedicated the HRMS implementation. A lot of their time will be focused on that when the time comes. To ensure

things do not fall through the cracks, that position has been transferred to IT. Offsetting this increase in salaries, we have short-funded one (1) position in the Accounting Division for six- (6) months, and we have dollar-funded one (1) position the Real Property Tax Assessment Division.

We continue to think strategically to utilize vacant positions for the greater good of the entire Department of Finance. We try to actively recruit as soon as possible to fill vacancies immediately. This has not worked out well because of the freezes, but we try to engage the administration so that we are able to fill necessary positions.

Outside of salaries, wages, and benefits...insurance is the next biggest line item in the budget. Unfortunately, it continues to increase. This year, we are requesting \$240,000 or a 12% increase over FY 21. This was the suggestion directly from our insurance broker. They are continuing to see the market move higher as insurance companies continue to recover losses over the decade. They have sustained losses, they have not adjusted premiums for a while, and now they are playing catch up. This increase takes into account a removal of \$360,000 related to the remediation of the soil at Resource Recovery Solutions. We anticipate those funds will be encumbered this year FY 21, and no longer needed in FY 22.

The Department of Finance also manages the contract for the Kaua'i Humane Society (KHS). We are pleased to report that KHS submitted a budget that includes a cost reduction for FY 21. They are also embracing the "do more with less" and are consolidating some of their vacant positions. They will go into detail later to talk about further efficiencies that they are doing.

Our big request this year for FY 22 is within operations. We are requesting an increase of \$430,000 in operations, which is primarily for IT. Again, this does not specifically benefit the Department of Finance, but rather the County as a whole as we begin to roll out the Mayor's priorities of modernization and better use of technology. The increase is due to the Countywide roll out of Microsoft Office 365 and the antivirus protection. Both are things that are installed in each individual County computer.

Moving on to the highlights we went through this year. We made the most throughout year with COVID-19. Obviously, it was a challenge, but it forced change within our department. We expanded the use of Laserfiche, which is a software that automated many of our paper processes. We also made changes to DMV to alleviate their workload. We diverted all sewer payments to a lockbox at First Hawaiian Bank. This was previously done one at a time. We set up the vehicle registration kiosk at Ishihara Market. We also launched an online credit card portal for landfill payments. We are doing similar things with refuse treatment payments, and we will find other ways to make the online portal useful. Another highlight is the use of the queuing system in the DMV, I am not sure if you folks visited recently. The rollout of Microsoft Office 365 and the use of Microsoft Teams. Both projects were well in the works prior to the pandemic and we were hoping that these would be gamechangers that would be major highlights coming out of our Department. Unfortunately, they are probably viewed as more reactive through the pandemic. We have more features that are not being used, and we hope to continue expanding the use of them as we move

forward and emerge out of the pandemic. We are also happy to report that Driver's Licensing is piloting the use of credit cards at the payment window. This is a "big thing" and it has been in the works for almost two (2) years. We went live on April 1<sup>st</sup>. Right now, it is only at the Driver's Licensing window. Once we get our "feet wet" and understand the processes going forward, it will be expanded to Motor Vehicle Registration, Real Property Tax Collections, and the Kaua'i Police Department (KPD). That is exciting news for us. Lastly, later this week, we will be closing on a successful refinance. We are refinancing some of our General Obligation Bonds that you already know about. It will save the County a little over \$2,100,000 over the next nine (9) years. Despite the pandemic, Moody's and Fitch both confirmed our strong bond ratings and we can take advantage of favorable market conditions to reduce financing costs on our outstanding debt obligation.

Committee Chair Kaneshiro: Are there any questions? Councilmember Chock.

Councilmember Chock: Thank you, Reiko, I appreciate this. I was wondering if you can share a little about the insurance broker process. Does the County have one (1) broker that looks at all the insurance coverages from cyber, lifeguard, et cetera? Does the County shop around with different companies? How does that work?

Ms. Matsuyama: Yes, that is how it works. We have one (1) broker who has been with us for many years and understands the County, our needs, and where our exposure is. As you mentioned, they do everything from the drones, cyber, property, and general...they go out and "shop it." Our renewals are on November 1<sup>st</sup> every year. Unfortunately, it has been a substantial increase every year. They find savings and they tell us that we are in a better position than others; there are times we do not believe them. However, I think that is the truth and our increases are not as high as Maui or Hawai'i Island. We are in a better position than others, but every time we get slapped with that increase, it is shocking.

Councilmember Chock: Thank you, I appreciate that.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have a few comments. First, I would like to say that I think the Department of Finance has done an impressively great job and I realize vacancies have been a consistent challenge since you have taken office. I honor the effort to push through those positions when they are open. On page 3, "Utilities," it says "we are reducing our telephone expense by \$27,000." That seems like a lot, how did we do that?

Ms. Matsuyama: Our Accounting Division is handled differently. Our Accounting Division pays for the phone bills for KEMA and others throughout the County. Not everyone, but we handle some in Finance. If you are looking at the three-year trend, we did not need that much money moving forward so we are reducing that budget.

Councilmember Cowden: Okay. It sounds like the phone cost moved to different departments.

Ms. Matsuyama: Not yet. We are actually still absorbing them. We found ways to reduce them going forward.

Councilmember Cowden: Okay, great. At the bottom under "Operational Challenges," you mentioned this in your overview, but I just want to acknowledge that these initiatives started before COVID-19. It might be viewed as a reactive response to the pandemic, but you have done a really good job regardless. Some of these needs are going to continue, right? We are going to continue being able to do Microsoft Teams for meetings and hopefully be able to bring people into the Council without physically having to bring them in. That is good.

Ms. Matsuyama: Yes, absolutely.

Councilmember Cowden: I think it is going to help the productivity of the entire County. I want to acknowledge that for this 2% increase, we are getting a lot in return. It is going to be more efficient. Under "Staffing Challenges" on page 4, key retirements, that is a problem across the County and you said "we made Band-Aid fixes to our operations and in some cases, filling positions has proven difficult because of the restrictive Civil Service system." I will not read the entire paragraph there. I thought you were making a very important point about how it is difficult for the County to compete with the private sector. It says we lose the competitive advantage with the private sector. Can you advise as to how the Council might be able to help, because that affects our whole budget? Is it all in the collective bargaining area?

Ms. Matsuyama: What we found is that the minimum qualifications, or MQs as we call it, are too high for what the salaries are worth. It forces us to attract people with higher experience, but obviously they get paid more in the private sector. What we do in Finance is we usually downgrade the position. If someone retires or someone leaves at a higher-level accounting position, we will downgrade that position to an Accountant Trainee or an Accountant I position. We see what the market will bring us and hopefully reallocate from within to account for that. What we lose with experience is that we also lose the caliber of qualified candidates. We run into that problem frequently. As to what the Council could do, I am not too sure. I think it is mostly a Civil Service, statewide issue. Everything has to be uniform across the state. A Senior Clerk in our County has to match a Senior Clerk in Maui, in Honolulu, and on the Big Island. It is a statewide Civil Service system...we do not have control over that. It would be awesome if we could work together on changes that would allow us to do what we need to do. That system is very outdated.

Councilmember Cowden: Okay. That seems like it needs an interagency working group or something like that to fix it. It does downgrade the whole performance of the County and I think it leaves us in a disadvantaged position in dealing with the number of issues that I see out there. It might not be directly in the Department of Finance, but it is certainly affecting our Real Property Assessment Division. In operational highlights, I mostly want to say and acknowledge again that you do a great job. I think we are moving forward in a really important way. When will the Foodland Princeville kiosk go in for motor vehicle registrations? I think that is something that people are anxiously waiting for.

Ms. Matsuyama: We are also anxiously waiting for it. Apparently, there have been management changes at Foodland that have delayed this. I do not want to overpromise. The last I heard was that the actual kiosk has been built. It is actually sitting in a warehouse on O'ahu and they are waiting for it to ship to Kaua'i. They have the location and where it is going to fit, but they need to work on the wiring. I do not want to overpromise, but I will say that everyone should stay tuned.

Councilmember Cowden: Okay. As you know we have all kinds of challenges in our area. I live on the North Shore and people are anxious to have less reason to have to drive all the way to Līhu'e when sometimes it takes an hour to get from Hā'ena to Princeville. That would be a two-hour roundtrip. Those are my comments on your overview. Thank you.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I have a couple of questions, but I will wait until we get into the Accounting Division. With Real Property Assessment bringing in most of our revenue, it appears that we are dollar-funding a position there. Can you tell me about that position? Is it one less position out in the field looking at RPT issues such as tax claims, agricultural dedication, TVRs, et cetera? Is that where that dollar-funded position will not play a role in?

Ms. Matsuyama: That dollar-funded position is a TA or temporary assignment. We are doing this in order to compensate her fairly. As of June 1<sup>st</sup>, she will qualify for the higher position that she is temporarily assigned to. That is one of the things that Councilmember Cowden was talking about. We are being creative in how to circumvent the system. We see her performing the work of the position and she deserves the higher salary. She just does not qualify according to the standards. On June 1<sup>st</sup>, she will qualify and vacate the lower position. If I am being honest, I am going to try and fill that vacant position as soon as humanly possible, even though it is dollar-funded. I am going to try to find funds elsewhere to fill that position.

Councilmember DeCosta: Thank you for that piece of constructive information. We have been hearing a lot of good things about your Department and about the people that work hard in your Department. It would be a "no-brainer" for us to keep those kinds of employees. Thank you very much. I am going to make sure to reiterate that we need to take care of all of our County employees, especially the ones that work extra hard for our County. Thank you very much.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: Regarding the real property tax ordinance changes, I know moving forward, the creative revenue enhancement, are we working on creating an outreach plan for that? Where are you with that outreach plan?

Ms. Matsuyama: That is correct. We are doing outreach with the Kaua'i Board of Realtors. We are trying to create a forum and do outreach through E-mail and other methods to reach those people that are now impacted by the Residential Investor reduction.

Councilmember Carvalho: I think that doing that is a great part of moving forward. I look forward to seeing more of that.

Committee Chair Kaneshiro: Are there any other questions on the budget synopsis? If not, we will move into the budget details and start with the Administration. For Dues and Subscriptions, \$22,000, can you explain what that is?

Ms. Matsuyama: Yes, that is our grant management software. Actually, it is not new, but it is new to the Administration. We transferred it from our Accounting Division. The Grants Manager who retired last year, she was previously in our Accounting Division. We moved the position to Administration so that we could have some redundancy between that and budget. We moved some of the costs associated with that grant position to Administration.

Committee Chair Kaneshiro: Thank you. Do you want to touch on the Kaua'i Humane Society, or go over it later? I know there is a presentation.

Ms. Matsuyama: I will be here.

Committee Chair Kaneshiro: Okay, we will get a rundown on that later as far as their cost savings and how they plan to regroup. Council Vice Chair Chock.

Councilmember Chock: Reiko, for the lifeguard liability, are we the only County that funds that? Have all the counties taken that on?

Ms. Matsuyama: Yes, I think so.

Councilmember Chock: Okay.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am acknowledging that the travel budget has gone down to close to nothing, is that correct?

Ms. Matsuyama: Yes.

Councilmember Cowden: I think we are seeing this across the budget, for the viewers and people who are listening. That does not necessarily mean that COVID-19 will be a factor for another solid year. I hope it is not. I hope we are getting out of it, but we are being proactive and learned how to use remote technology and we are being conservative. Would I be interpreting that correctly?

Ms. Matsuyama: Yes, I think so. Many of the conferences that we are used to going to, they have gone virtual. We are still participating virtually with some of our conferences that we normally would have attended. It does save on travel costs, but we are still paying for virtual conferences.

Councilmember Cowden: Thank you.

Committee Chair Kaneshiro: Are there any other questions for Administration? If not, we will move on to Accounting. Councilmember DeCosta.

Councilmember DeCosta: I noticed that our Regular Overtime dropped significantly from FY 2018-2019 and stayed consistent through FY 2020. It is down to \$13,722. Can you explain the reason for that? What is your method for bringing down overtime by that much?

Ms. Matsuyama: The overtime is related to the production of the CAFR that is required to be put together annually by the County. Our Accounting Division spearheads that entire process and it usually happens between August and December. There are really strict deadlines that come into play when you are talking to our external auditors. There are deadlines when it comes to the Government Finance Officers Association (GFOA) and those other organizations that give awards for putting together an on-time and quality CAFR. As for the overtime question, I was not here in FY 2018-2019, but there were significant issues in our Treasury Division. We had issues with closings, bank reconciliations, and basically our Treasury Division was not functioning as it should have. It translated into the Accounting Division having to do a lot of the work for them in closing and the back-end process. In FY 2020, we really cleaned up the Treasury Division so that we could close more timely. It was not perfect, but it is way better in terms of our timeliness and getting things done. We were able to reduce that overtime significantly in FY 2020.

Councilmember DeCosta: I am very impressed. You are telling me that COVID-19 had nothing to do with reducing overtime. We heard that when COVID-19 came in, we were working remotely from home and had a lot of projects on-hand. Overtime went down and this is not a reduction in overtime because of COVID-19. This is a reduction in overtime because you did a fantastic job. Am I correct?

Ms. Matsuyama: It was not due to COVID-19.

Councilmember DeCosta: There is an indirect cost of a negative \$2,680,000. Can you explain what these indirect costs are?

Ms. Matsuyama: Like I mentioned earlier, we are the administrators for a lot of people. Purchasing, IT, Accounting, et cetera, they do a lot of work not just for the General Fund, but for the Solid Waste Fund, Golf Fund, et cetera. We do everything across-the-board. This is a reimbursement to the General Fund for work done for the other funds and for the work that the Accounting Division primarily does to support those

other funds. It is not just for the Accounting Division, but for the entire Department of Finance. This is an estimate that is produced by an actuary. We do a study each year for what those costs should be for our time that we spend on other funds. That is a reimbursement to the General Fund from the other funds. The -\$2,600,000 is for our work. This helps to keep things solely within the funds. The revenues brought in by the other funds such as Solid Waste, Wastewater, et cetera will remain in their fund and are not used for other things.

Councilmember DeCosta: Thank you so much for that clarification. Thank you for the great job that you are all doing.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I have one that I am sure there is a good explanation for and understanding that the Treasury Division was refilled. For Other Post Employment Benefits (OPEB), in 2018, we had a negative number. That was probably something related to Finance covering for someone else like you just discussed. It went from -\$673,000 to now \$122,000 in the positive direction. What does that OPEB amount represent where we see that big shift over four (4) years.

Ms. Matsuyama: I will have to get back to you on the reason why it fluctuated so much. It is not specific to the Accounting Division. This line item holds the OPEB for other County departments as well. I will have to get back to you.

Councilmember Cowden: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On page 40, Position No. 253, Accountant IV, the Vacancy Report as of March 15<sup>th</sup> says that the interview is pending. That position was vacant since the end of last year. Where are you with the hiring of that position?

Ms. Matsuyama: We are actually conducting interviews now. We have our last one tomorrow. It is going to be filled at an Accountant I level instead of an Accountant IV. That will be reflected in the May submittal. We are hoping to hire soon.

Councilmember Kualii: Within a couple of weeks?

Ms. Matsuyama: The position is open and we want to fill it as soon as possible.

Councilmember Kualii: Okay, thank you.

Committee Chair Kaneshiro: Are there any other questions for the Accounting Division? If not we will move on. Are there any questions for IT? Reiko explained that the variance in IT is due to the other programs that were added. Councilmember Cowden.



Councilmember Cowden: I just have a comment. It looks good. You held the budget well. Knowing what is happening in your Division, it feels weird not to have a question. We have been talking to you and you have been coming before us, with your IT progress. Thank you very much for the work that you have been doing. We recognize what a significant difference it has made for all of us. Not having questions does not mean you are not very significant. IT is one of the biggest changes in our County happening right now and it looks good for budgeting purposes.

Committee Chair Kaneshiro: If there are no questions for IT, we will move on to the Treasury Division. The budget is flat. It actually went down a little. Are there any questions for Treasury? If not, we will move on to Driver's License. The budget is also flat. Are there any questions for Driver's License? Councilmember Cowden.

Councilmember Cowden: I am just going to comment on this one as well. When you answer the OPEB question for the Accounting Division, I see we have a similar fluctuation in this item as well. The answer may be similar in nature, but if you could include that in your analysis as well, that would be great.

Ms. Matsuyama: Will do.

Committee Chair Kaneshiro: Next up we have Motor Vehicles. Are there any questions? Their budget is flat as well. If not, we can move to Real Property Assessment. Councilmember Kualii.

Councilmember Kualii: On master page 61, Position No. 254, this one was vacant from the end of February. What is the recruitment status?

Ms. Matsuyama: That is our Real Property Tax Manager. We posted and it has closed. We have the list and are going to be interviewing later this month for that position.

Councilmember Kualii: For Position No. 274, that was vacant for quite a while since October 1, 2019. The Vacancy Report states that it has been continuously recruited and that there are no eligible applicants or in-house candidates and that the reallocation is pending. Is this the one you were talking about earlier?

Ms. Matsuyama: No. It is a different position. It looks like this one was vacant for a long time, but we actually had an 89-day hire in there and we brought someone back with abstracting experience. That has been filled for a while with an 89-day hire. He has since left and it is now vacant. We are going to reallocate that position on April 16 and again someone internal will qualify. We are going to reallocate one of our Clerk positions to the abstracting function so that we have two (2) in that critical role.

Councilmember Kualii: The last one is on the bottom of page 105. Real Property Compliance Specialist I. The eligible list is pending and applications are being

reviewed. That was in the March Vacancy Report. Are you about to interview? Where are you with that one?

Ms. Matsuyama: Yes. We are interviewing for that position next week. We have a lot of candidates for this position. Again, we feel strongly that this position will pay for itself very quickly in doing compliance work to check on the things that Councilmember DeCosta was talking about earlier, including vacation rentals, agricultural dedications, et cetera, to ensure that people are being fairly taxed at what they are taxed at.

Councilmember Kualiti: Thank you.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: For Consultant Services for \$30,000, you mentioned Special Projects, can you give us an update on that?

Ms. Matsuyama: We have a new line item in here this year for \$15,000. We recently lost our Real Property Tax Manager and he did a lot of analytical, strategy, and policy work on spreadsheets. He used to go through the software and identify trends. By losing him, we lost a lot of that skillset in Real Property Assessment. We wanted to try and see if we could go out and get someone on a consulting contract to pull some of that data and analyze that for us.

Councilmember Carvalho: Thank you.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I only recently learned that our Real Property Tax Manager has left the County. I am so sorry to hear that because I enjoyed working with him and also the person right below him. It is a tremendous loss. That is why I asked about what we could do to help. When we are seeing some of these senior people leave, it is a big loss. He was compassionate and it made a big difference in working with him as a Councilmember to wrap my head around real property taxes. That impacts our citizens and it impacts people's abilities to keep their homes. I appreciate the effort that he, the person below him, and you make in trying to construct appropriate policy, which is very difficult to do. We have to be equal across-the-board on everything for the whole year. I wish him the best of luck and I wish you the best of luck in creating that program and perhaps the consultant can help the person just below him. He also does a very good job. That position is a big part of the heart and soul of the revenue generation for the County, and a big piece of the people who are able to stay living here. That is not a small position and it is very critical to running our whole County. Thank you. Thank you to Councilmember Carvalho for targeting that question and giving me that opening. I was very sad to hear that he is gone. Thank you again.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: This is more of a discussion point. The person that you and Councilmember Kualii were just talking about, the one you are bringing in to assess properties for compliance...I strongly believe that this is a key position and that they are trained with knowledge. I do not want them to take anything for granted, because the agricultural dedication program has been in effect for years now. We turn our heads to it, but we need that revenue. It provides food security for our island and Transient Vacation Rentals (TVRs) take away rentals needed for our people struggling to get rental units. Home prices are escalating, because people can buy homes, turn it around, and TVR it. It takes away from the local person that wants to spend \$500,000 to \$700,000 versus a home that sold for \$1,500,000 and now they can rent it out. I am really excited to see that we will have another person on our team to make sure that people are held accountable for their taxes that they owe to the County. Whether they own a home or whether they own several thousand acres in agriculture, we have to hold everyone accountable.

Ms. Matsuyama: The other jurisdictions throughout the state have compliance divisions within real property. We are starting with one position to do compliance, so I think it is a step in the right direction. It is not going to get us there entirely. What our Real Property Assessment Division does is kind of like being tax consultants. We are the ones that people call to figure out how to get the most exemptions or how to apply for certain tax relief programs. That is what we really spend a lot of our time on. In reality, the top priorities of Real Property Assessment have to be in the accuracy of the valuations and in adding to the tax base. We are the ones that are generating the revenue for the County. While we are committed to doing the hand-holding to try to help people reduce their tax burden, that cannot be the primary focus of Real Property Assessment. We need to make sure our valuations are accurate and that we can defend them. We also need to be able to capture and add new improvements to find new sources of revenue. That is what we intend to do.

Councilmember DeCosta: If we can help you in any way, whether it is to create another position to make things easier or to draw revenue for our County, let us know. Thank you.

Committee Chair Kaneshiro: Are there any further questions for Real Property Assessment? If not we will move on to Real Property Tax Collections. Are there any questions? If not, we will move on to Purchasing. Councilmember DeCosta.

Councilmember DeCosta: I noticed that for Postage and Freight, we have budgeted \$80,000. Why do we need that amount?

Ms. Matsuyama: Actually, the Purchasing Division probably uses \$0 of that \$80,000. The Purchasing Division is responsible for all of the mail in the County and that is the central mail hub. You bring your mail there and you deliver your mail through the Purchasing Division. That is not just related to the Department of Finance, but the amount of postage we spend for the entire County.

Councilmember DeCosta: Wow. Thank you, Reiko.

Committee Chair Kaneshiro: Are there any other questions for Purchasing? If not, we will move on to the Kaua'i Humane Society. The Kaua'i Humane Society contract is in the Finance-Administration area on page 36.

Ms. Matsuyama: Committee Chair Kaneshiro, do you want us to share the screen or are you going to share your screen?

Committee Chair Kaneshiro: Please share your screen.

Ms. Matsuyama: Okay.

Committee Chair Kaneshiro: We see it.

Ms. Matsuyama: I will turn it over to Dan Giovanni, the Kaua'i Humane Society Board Chair and Nicole Schaefer, the Kaua'i Humane Society Executive Director. Also on the line is Alicia Iverson, the Kaua'i Humane Society Board Treasurer.

DAN GIOVANNI, Board Chair, Kaua'i Humane Society (*via remote technology*): Thank you, Reiko. I just wanted to make a couple of introductory comments representing the Board. We have had a long association with the County, but I think things are really on a good track working with the Department of Finance over the last eighteen (18) months. We have really taken a deep-dive into our costs of operations and we have done that with 100% transparency working with Reiko and her team. As a result, we all have a much better understanding of our true costs of operations. That has enabled us to take a closer look and to search for efficiencies within our operations. You will see some of the results of that. We are able to do a full service for the County and do it for less money than we thought we needed when we looked at it a couple of years ago. Next slide, please.

This is an overview of our business at the Kaua'i Humane Society. It is really a diversified business. You can see that the work that we perform for the County represents about 26% or about a fourth of everything that we do from a cost perspective. We are also the fiscal sponsor of the Save Our Shearwaters Program, which is a native bird program. We also have a retail operation called Blooming Tails. We have medical services and work to fundraise for adoptions and transfers. Our foster program at the Kaua'i Humane Society includes a lot of activities including direct release and transfers to the mainland for our animals. There is also a category called General and Administrative (G&A). The way we structure our costs for the County is as a reimbursable cost with no profit for us for County operations. A percentage goes for G&A and that portion is apportioned to the County of Kaua'i. As I said, all of this is broken down based on actuals and looking forward. We work out the details of what services we can provide for the County and then we look to be reimbursed for those on a nonprofit basis. Next slide, please.

In general, that is the way we view the program, in three (3) parts. We are able to provide all parts in full service with the animal care and welfare being the largest. I am going to turn this over to our Executive Director Nicole Schaefer to provide a lot more detail.

Animal care and welfare represents the majority of the work that we do. The investigations and enforcement are very important and we do that in cooperation primarily with the Kaua'i Police Department (KPD) and Kaua'i Fire Department (KFD). Then we have licensing service that we do and as you all know, we are looking to move from licenses to microchips. So, Nicole, I will turn this over to you, but I will stay engaged and will be available to answer any questions that Councilmembers may have. Thank you.

NICOLE SCHAEFER, Executive Director, Kaua'i Humane Society (*via remote technology*):  
Good morning everyone. Though we have these items, there is some crossover. Animal care and welfare, that is housing the animals that come in. For dogs, it is any dog that we find no matter what its health is. For cats, we do not currently take in healthy cats. We will take in sick, injured, endangered, or distressed cats. Animal care animals are fed twice a day and cleaned throughout the day. They get their health checks and that could include vaccinations, not just at intake, but also a couple of weeks in, they will need their boosters. Of course, this also includes exercise and enrichment. We do a lot of reunification of pets and owners through microchips, social media, and other avenues that we can take into the field as well. For veterinary attention, we very frequently have animals that come in injured. These are animals typically hit by cars that may require amputation. We have a cat population that we see with eye issues so we do enucleation, which is the removal of the eye and we offer euthanasia for sick and injured animals beyond care and for owners whose animals come to end of life. We offer cremation services and pick up of remains of dogs on the roads.

Moving into investigations and enforcement...if KPD or KFD needs our help confining an animal, we bring in those animals. There are collections that go to owners for reclaiming, as well as issuing citations. For licensing, we sell cat and dog licenses and every quarter we report back to the County to include animal information such as their license number and owner information. The County gets a full spreadsheet every quarter of new licenses sold. Next slide, please.

To let you know where we are currently at with the services that we are offering you, our humane officers respond to about 1,500 calls per quarter. That comes to around 6,000 calls a year. Of these calls, about 150 cases are resolved, so that discrepancy is because a lot of times, these calls resolve themselves in the call. The case does not necessarily need to be created. It could be someone having an issue with a neighbor and we mediate, bring in a stray, and we do not have to go out and pick it up, because they bring it to us. That is a little of what some of those discrepancies are. We have resources on our website to direct people for the Barking Dog Ordinance, and for feral cats. Our shelter intake is about 500-700 animals per quarter. That is around 2,000 animals per year. We are really excited that we have 182 active foster families right now and that number usually fluctuates during kitten season and then it slows down during the holidays. For 2021, we are able to announce ourselves as a "no-kill shelter" for dogs, cats, and the shelter as a whole in December. In November, we were 0.1% off for cats and then for January, February, and March, as you can see, we have been really doing exceptionally well at 97% and higher. We do not see a reason that is going to be altered. We are pretty optimistic that we are going to be able to maintain

our no-kill status. The no-kill status means that the chance of an animal coming into the shelter and leaving is high, above 90%. Next slide, please.

As you are all aware, we are looking at switching the licensing to lifetime microchips. That is something that we have thought of when we put this budget together. If the Bill does not pass, we can still do licensing with the budget we are asking for, but we are hoping to switch from licenses to microchipping with the funding for the proposed fiscal year.

Here is our proposal. We were requested to do a negative 3% adjustment from the previous fiscal year giving us a target point of \$1,003,000. We reviewed this and were able to meet the request. Our animal care and welfare came to \$822,000. This is for food for our animals, medical supplies, cleaning, as well as staff. Investigations and enforcement is \$152,000. This is for officer vehicles and all that goes with it. This includes maintenance and insurance, staff, and of course training for our officers. For licensing, that came out to \$29,000 for a total of \$1,003,000, as requested. This slide breaks it down a little more into the expenses for non-labor. Those are the supplies, training, and general and administrative costs. That gives us that full subtotal.

How are we able to reduce our budgets and meet the target? We are doing a couple things different with our managing intake. Our new intake and outcome goals are based on reducing the length of stays. Last Fiscal Year we had about fifty (50) days, sometimes even longer, we had animals spending up to seven (7) months at the shelter, and right now we are hoping to get animals down to less than thirty (30) days. Ultimately, our goal is two (2) weeks, but we are realistic that not everyone is going to be gone for two (2) weeks, so we are going with at least a month, we can hopefully move the animal out of the shelter, into a positive outcome. We also want to decrease the population in the shelter, so last Fiscal Year we were looking at around four hundred (400) to six hundred (600) animals in the shelter at once—that is too much for us, so our goal is to aim closer to one hundred fifty (150) to two hundred (200) animals, and that is in-shelter. That number is going to fluctuate with fosters; we are entering kitten season with a lot of neonates, so that is going to make that number rise, but those are animals that we can get into to foster that will not be specifically at the shelter. So there will be some fluctuation during times of the year, but that is our ultimate goal, and so far we have been able to keep that for this year. It sounds like a huge change, but with our new intake measures it is quite a bit more realistic. So when an animal comes in, instead of it going in to a cage to sit, it comes in and it automatically get a plan on how it is going to leave, and that is how we are able to change these numbers—is to already give it a pathway to exit, decreasing that length of stay. We have decided to reduce staff from ten (10) animal care techs, so the staff that works in the kennels specifically, down to eight (8). Once again, we can do this because we are decreasing the amount of animals in our shelter and we are decreasing the length of time they spend with us, they do not require the same amount of staff to care for them. Also, we would look at reducing our number of humane officers. Currently, in our budget we have three (3) officers in the field and an in-house officer/dispatcher. So what we are proposing is to take the in-house officer/dispatcher and make them more of an active in-field officer, so they will be able to rotate a little bit, as well as handling all of their calls that come in. Our front desk has upgraded assistance, as well. We are going to emphasize our medical operations; by increasing our medical operations it

actually helps our animals not only in the shelter, but before they come into the shelter. If we are able to do more with community vaccinations, community spay and neuters, we are going to decrease population coming in because we are not going to get litters, but we are also going to get healthy animals coming in if we find them as a stray, or if they need to be surrendered to us. Then while in the shelter, we can increase the care that we are able to provide for them, offer them more services that will make them more adoptable or transferrable, as well. By increasing our medical focus, we will be assisting the animals and be able to move them out a little bit quicker. Once again, by switching from licensing to microchipping, costs will go down as we continue to work together. COVID-19 gave us a really good opportunity to grow our relationship with the community, so we have been able to increase our fosters, but it also gave us an opportunity to take time to reach out to more transfer partners, and we have been able to grow that number so we can do more. Flights were a huge limiting factor for us during COVID-19 to get animals out. With the flights slowly starting to open up again, we are able to get animals moving more steadily and our rescue partners have been really patient with us and understanding, so we are already getting out more than we were in the last few months. Then, our maintenance—we are an older building—so what we have been trying to do is, if something happens we are very well aware of our incinerator issue that put a pause in our cremations—we are trying to resolve these issues as quickly as they occur, so they do not build on each other, so this could be minor maintenance things, but there are also larger ones. Next slide, please.

These are the partially-funded positions that are included in the budget. Everything is pretty much the same and I informed you that Humane Officers have gone down from four (4) to three (3), the Animal Care Tech has gone from ten (10) to eight (8), then the addition that we added was the Director of Medical Operations, because once again, we need to increase our medical department in order to help our animals, then our Vet Tech has gone from four (4) to five (5), but that was more of a joining, because we had two (2) Vet Assistants who were part-time, so we just made it a Vet Tech who would be a full-time now, so that gives us a staff total of thirty-four (34).

Mr. Giovanni: I failed to mention that we were actually operating seven (7) days a week, maybe you can explain that.

Ms. Schaefer: Yes, we are operating seven (7) days a week. Monday through Sunday from 10:00 a.m. to 6:00 p.m. Our hours are the same on each of those days and our Officers are also working after-hours for emergency calls, as well as our Veterinarians. As I have said, we are getting animals that are hit by cars and that is usually happening at night, so our Officers are responding to that, then we have to make contact with our Veterinarians to ensure that we are putting them immediately on pain management as well, so they do not suffer until we can get their surgery done. Next slide, please.

We just want to say, "Thank you." We have been working together for over twenty (20) years and we look forward to this coming year as well. Does anyone have any questions?

Committee Chair Kaneshiro: Thank you for that presentation. This was extremely refreshing compared to all of the past presentations I have seen from Kaua'i

Humane Society. Usually in the past, especially like last year, they were asking for more money and providing less services, then this year it is a complete “180,” you folks are asking for less money and doing more, so it is very refreshing to me. I do not have any questions. Are there any questions from the Members? Councilmember Carvalho.

Councilmember Carvalho: I would like to just follow up on Council Chair’s comments that having worked with the Kaua’i Humane Society, and just to hear the whole overall program and how everything is in place, doing more with less, and trying to really address our issues islandwide, and I think that is a great thing. I just wanted to make my own comments so great job. No questions. The presentation says it all, for me.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On page 4, the bottom, your second slide, number 5, your expanded foster and transfer program; can you say a little more about that. Is it something that has already been done or something you are working to expand further, and what is the transfer program?

Ms. Schaefer: Yes, so it is a never ending program that always requires more. The transfer program is where we take animals that are currently in our shelter and we send them on a flight to the mainland where they join another rescue organization that is able to potentially have a larger pool of people who would be interested in adopting, so it is one shelter to another shelter. Sometimes it comes at a cost to us, and then sometimes we are refunded for the transfer—it is dependent on the partner and the situation of the animal, as well. We are always trying to find more partners, because that means we can move more animals, especially those that require special needs. For instance, we have a dog named Nori, that requires a specialist to do surgery on both legs and it is a \$4,000 surgery, so it is something that is quite a bit beyond our budget, but we have transfer partners that have that funding or have that kind of Veterinarian and Specialist that is a lot more accessible. So those are the sort of circumstances that make these partnerships really important—that is the transfer program. The foster program is on-island, so it is when people open up their homes temporarily to help care for an animal. It could be a neonate coming in, an animal that needs to be bottle fed. It could be an animal that is recovering; currently I am fostering a cat that we had its leg and tail amputated, until it is well enough to be adopted, or it could be an animal that has maybe some behavioral issues, and some time in a home will allow it to open up, and we can get a better assessment of its personality to matchmake it into a good home—so it is temporary housing and it comes at no cost to the community member—we cover all the supplies, whether it is food or medicine, then we act as a resource and we have actually started a foster hotline, so if something happens after-hours, or if they have concerns, they can reach our foster base to get help immediately. That is on-island and it comes at no cost. What we are getting is someone’s time, so we want to make that as easy as it can be since they are giving us so much.

Councilmember Kualii: Along the lines of time, is there a minimum amount of time a person would need to commit to or it depends on the status of the animal?



Ms. Schaefer: Yes, it depends more on the animal and on them. We have had people who have taken an animal for months, because they were an older animal and they were not considered to be very “adoptable”—an unfortunate term—and the people were open to doing that. We have some who let us know, “I have two (2) weeks, then I am going on vacation, what can I do for you?” “That is great, why do you not take this six-week-old kitten that needs two (2) weeks until we can do surgery for and get it on the adoption floor.” So we really try to work around their schedules and what their needs are. If they are allergic to cats, we are not going to give them a cat, we can give them a dog. So we try to work together as much as possible and make those partnerships work.

Councilmember Kualii: Thank you for the work you folks do.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I want to reiterate the thank you from Councilmember Kualii. Nicole and Dan, thank you so much. Great presentation, but even greater comradery that you bring to the County. I am very impressed in how willing Nicole and Dan were to create a relationship with the hunters. The hunters are very excited that you folks went out of your way to make this microchipping available for free and it sets a good precedent. The seven (7) days a week is such a refreshing thing. I know for a fact on Saturdays, Sundays, and Mondays are actual hunting days in certain areas and sometimes the center was closed on Sunday or Monday and people have lost their dog and do not know where to put them. Tourists will pick them up and do not know where to drop them off, so thank you for making the shelter available seven (7) days a week.

Committee Chair Kaneshiro: Councilmember Cowden, then Councilmember Evslin.

Councilmember Cowden: You are going to get a lot of congratulations out of me, too. I want congratulate Kaua'i Humane Society on their hard-earned “no-kill” status. I worked really hard with the community of animal lovers who are deeply impacted by their fear of the Humane Society. We are so delighted to have you, Nicole, to be our Executive Director and hopefully have a long career here. I also want to acknowledge Mirah Horwitz, who made a very big difference. What the no-kill status provides is that it makes KHS a positive partner to the animal lovers in the community. I think what we will see in the future is that it will be easier for donors in the community to get involved. I have been aware of many protests at donor events and community stress. Part of that is the impacts of not having the Kaua'i Humane Society manage the predatory feral cats. These are the ones that cannot be tamed. We have talked to the different parts of the financing and what we learned is when those cats come to the Kaua'i Humane Society, and we are telling the viewers who might be concerned about all of this, those cats have to stay there for forty-eight (48) hours and that might displace very adoptable pets. I am happy that KHS is a place where people who need services for their cats can go and feel very comfortable to come into a safe place. You are also doing a very good job with the hunters. I am thrilled at where we have come to. You came to a lower budgeted amount and will have better outcomes for the animals and the community. I think we are going to see us start moving in a stronger direction with higher

donors. I look forward to KHS' model for the rest of the country. Thank you. Those are my comments. My appreciation to you, Dan, and everyone at KHS.

Committee Chair Kaneshiro:                      Councilmember Evslin.

Councilmember Evslin:                      Just to echo that a little bit, thank you Dan and Nicole for all of the work that you do. I have long been a strong supporter and have adopted all of my animals from KHS, except for those I found wandering. It is good to see you folks decreasing your budget and increasing services. As Committee Chair Kaneshiro said, we all need to do more with less. I especially like the seven day per week policy and I have found countless animals on a Sunday and had to keep them at my house until I could bring them in. If you could speak to your internal policy shifts building off of what Councilmember Cowden was saying leading to your no-kill status and challenges around feral cats. Can you discuss some of that?

Ms. Schaefer:                      Yes. We have changed our adoption program. Previously, we had some hurdles in place requiring certain things to be checked off. Our decision to make our adoption process a little bit more of a conversation and educational aspect, instead of a contract, has increased our adoptions, as well as shown our adopters that we are a resource for them. Our adoptions have increased. We are also communicating better with our community on how to continue caring for their animals. If finances are an issue or if they are worried about vaccinations, a lot of people were unaware that we offer low-cost vaccination clinics. That has been a really good educational resource and we can schedule people at the time of their adoption for when their next one is due. When people adopt from us, their animal is already spayed or neutered. They were unaware that we also offer low-cost spay/neuter clinics for their other animals as well. We are doing more and getting a fuller picture of our animal population and doing many more check-ins. We changed our dewormer protocols, because hookworms are so bad on the island. By doing that, as well as lots of check-ins to make sure that animals are fed properly, we have really increased our connection with the community. We are not taking in feral cats at this time, because we do not have an option for them. At the same time, we get animals that come in that are in distress and that are not showing very adoptable behavior. As an example, yesterday, we had a litter of three (3) kittens come in that were two (2) days old. They came in with their mom. Their mom is not adoptable and her pregnancy hormones did not kick in. We have to keep them together because those kittens are most vulnerable without their mom. So by pulling their mom, she has no interest in being part of a family. The transfer partners will have a location where she can thrive better in and in developing our program, we are trying to ensure that we have positive outcomes. Yes, the mom is not meeting our criteria, but at the same time she is in distress and so are her young. So we look at the bigger picture when we are handling these types of situations. Those are some ways our protocols have changed.

Committee Chair Kaneshiro:                      Councilmember Kualii.

Councilmember Kualii:                      When you said you are not taking in feral cats, what is the difference between a feral cat and a stray cat?

Ms. Schaefer: That is a really great question and it comes down to behavior. Right now, we do not take in healthy cats. That does not make a difference between stray or feral. We do not pick them up. If someone brings them to us, which tends to be cats that they have been feeding, they are more or less a colony caretaker or it is their cat and they are moving or something changed with their finances. We have to demonstrate that the animal can be touched in some manner. It does not have to snuggle or love us, but there has to be some kind of connection. Cats that are adoptable give off vocalization. A feral cat does not "meow" and has no interest in interacting with a person. We look for those types of behaviors. Since a feral cat declines in a shelter environment, it is inhumane to house a feral cat. They are in stress and it causes a decline that will probably cause a reason for euthanasia. As the KHS, we cannot take in a feral cat, because we could actually be hindering the welfare of that animal and we do not want to put a cat in that situation.

Mr. Giovanni: Nicole, can you speak a little bit about what you have done to the adoption fee schedule and how it has helped us with donations?

Ms. Schaefer: We have decreased all of our adoption fees on adult and senior animals. Our adult dogs and cats are \$50 and seniors are \$25. The reason we dropped these is that we want to promote our animals. For the most part, we get animals that are adults ages six (6) months to three (3) years on average. In order to get the animals out quicker, especially our senior animals, we dropped the fee down to \$25. We do not want people not to pay us for an adoption fee. We understand older animals probably come with more medical issues. They are going to require more veterinarian visits. We would rather they spend that money on that instead of on adoption fees. We want them to ensure the animal is going to the veterinarian, eating a good diet, and getting insulin or whatever medical needs the pet might need. That is why we dropped our price range for those age groups. It was done to promote getting them out and to promote people spending money on the animal and not on us.

Committee Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: In the past, I have had feral cats decimate a number of my chickens. If I brought in an aggressive feral cat now, what would you do? What is the owner supposed to do?

Ms. Schaefer: If we deem an animal unfit to be brought into the shelter we usually discuss this with the person to figure out what the situation is with the cat and the owner. It could be a variety of things. If it is just about not wanting a cat in their yard, there is probably a reason they are staying and not just passing through. It might be eating your dog's food if you feed your dog outside. If you have an open sandbox, it might think that is a litter box. We go over identifying what is drawing the cat in as well as humane ways to deter the cat from coming back. We have several options for that. They can always call us back to discuss further if something is not working and we can talk to you about other options to assist you. To bring an animal here just to decline it, that is not an option for us here based on our philosophy. To a certain degree, they are in our environment and we have to get along. You might find the cat very annoying, but maybe it is actually your neighbor's

pet. We definitely do not want to steal someone's cat. If you want it out of your yard, we need to identify what it is doing there and get rid of the source to get rid of the cat.

Councilmember Evslin: Thank you. I hear a lot of what you are saying as far as not wanting to take my neighbor's cat. I actually have some cats that I would feed outside of my door. It started with two (2) cats, then all of a sudden, all the neighborhood cats would hang out at our house. I quickly learned my lesson there. My example was regarding the killing of my chickens. My long-term concern is that based on a study from U.S. Fish and Wildlife, feral cats are the number one (1) threat to wildlife and we need a long-term solution for what some would call the endangered bird capitol of the world, in trying to manage the feral cats. I am not saying that the answer is to bring them in, but there needs to be some long-term solution. I know we do not have that answer today. If you could speak a little bit to what a long-term answer could potentially look like and what steps we could help with to help solve this problem.

Mr. Giovanni: We recognize that there is no magic answer today for the situation on Kaua'i. In large part, as you say, we have an abundance of ferals that are pretty aggressive. We have a native bird population that is sacred to us. One of the things KHS is doing is reaching out to other animal associations that are active on the island, associated with both cats and bird populations. We are trying to get some common dialogue so that we can come up with common solutions. My dream is to bring you a solution that both the bird and cat people agree with. It does not look like we are quite there, but we are trying to facilitate that. We feel that is the role that we play, almost like being a neutral facilitator with these organizations that have very strong perspectives. Nicole, did you want to add anything to that?

Ms. Schaefer: As Dan mentioned, there is not a solution and we do not know what it would be. With that, we are having these conversations. I think when we can all come together and agree on what resources we can bring to each other, we have to remember that it is going to need to be a very multi-faceted approach. The biggest issue that every state has learned from this is that they try one thing and it does not succeed or you do not get the results you wanted, then they try another. It is failing because it is one (1) step at a time. What we need to be doing is about five (5) steps at the same time. Those are things that will include trapping, it will include trap-neuter-release (TNR), et cetera. As far as TNR, I know there are a lot of strong emotions about it. At the same time, we are just removing cats and we are not doing it at the quantity that is needed because of our environment, we are going to need added options. Every time we move cats, we leave a resource that will feed more cats. If we do that, it means we are going to have a bigger population. That is why it is important to do other things. Even going back to the nuisance cat in the back yard...if you were to remove that cat and not remove the resources it is coming for...that cat may have just been meowing, you might get a replacement that will scratch the hood of your car or tear up your flower bushes. We need to measure where are the nuisances and what are the issues surrounding our cats and look at it as a whole. We can look at TNR or look at trapping and removing cats from certain areas, considering cat sanctuaries, or moving them off-island through our transfer process. Predator fencing is something that we really need to look at because we have areas on this island where we cannot catch the cats. It is not going to work.

There are always going to be populations that will be inaccessible to us and will still be reproducing. That is why it is so important to be doing five (5) things at once to do a big push and do a targeted push on communities. We are working in an ecosystem that is so complex. Our response needs to be complex as well.

Councilmember Evslin: Thank you for that answer. My only hope is that we do take on that responsibility and I know it is not solely your responsibility. However the Council can engage in that conversation, please let us know. I know it is a conversation that sometimes just engaging in it is important and we have to make the effort for some long-term solutions. Lastly, two (2) years ago, there was a discussion at budget about the possibility of expanding the low-cost spay and neuter programs. The discussion was that KHS had a certain amount of money to do those programs. Are you able to do those programs now and is that a possibility into the future as a long-term solution to reducing our stray animal population?

Ms. Schaefer: We have increased to an extent the amount of animals we can schedule for public spay/neuter. Our limiting factor is the size of our medical department. We only have one (1) surgery room. When we get to a place where we have a second surgical operation table, that will also increase capacity as well. So right now, it is sort of an infrastructure thing that is holding us back. We are working on that and working to find solutions for that. When we are at a point where we have two (2) surgical suites, that will increase our surgery rates. We have partnered with the Kaua'i Community Cat Project (KCCP) to increase that and to do more cat surgeries through their program. We invited their mobile spay/neuter clinic to our shelter and that is something we are looking to continue in the future. We are not really there right now. We have increased things a little, but not to what the public needs and for the cat population out there right now. It is something we can achieve and are working on right now.

Councilmember Evslin: Okay, great. Thank you very much for all of the work that you do.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I appreciate the amount of time that we have spent on this. I am only bringing this up because I feel it is in direct response to a number of E-mails that we have received and the outrage at the County for being a part of the predator challenge and funding some of that. I am happy to hear that you have a partnership with KCCP. I live in Kilauea right next to the bird refuge. We have birds all over the place and people seem to drop kittens off at the shopping center. There are two (2) in that area now that sit out in front of tables. I think if an organization like KCCP could go in and collect those cats at the shopping center while they are still young and tame, and take them to KHS, it sounds like you might be able to address them and get them adopted. This happens in Hanalei as well, people leaving cats at the shopping center there as well. For the feral cat colony caretakers, we have a number of them who go to Lydgate...they were upset at the cats possibly being euthanized. If they have cats gentle enough, can they bring them to KHS? If the contractor handling predator control decides they are gentle enough, can they bring them

to you? I think it is fair to say these people who are caretakers are very passionate. Do you have a comment on that? I appreciate all that you do.

Ms. Schaefer: If you have a cat that you think is adoptable and it is able to be handled, you can absolutely bring the cat to us. With people who are feeding cats, they usually consider themselves colony cat caretakers and are usually fairly attached to the cats that they are feeding and caring for. You are not going to get a lot of people who are willing to part with them. They do tend to bring us litters, because they do not want their colony to grow, or they take advantage of the free spay/neuter clinics. I would suggest that they not necessarily bring their cats to us, because I do not want them to feel that I want them to part from the animal that they are quite fond of, but maybe our goal should be ensure that those who are caring for the colonies are doing so in a really good way. We can provide food so the cats are not hunting, and that decreases toxoplasmosis, and make sure that they are being spayed or neutered and vaccinated so they are not spreading diseases through the cat colonies. The solution instead may be to put guidelines on community cat colonies and to offer assistance to them. I feel right now that people hide that they care for cats and that they have these colonies. That is not helping us. It could actually be detrimental to us. If they say they are feeding five (5) cats in their yard and they need food, we could help with that. Once they stop feeding the cats, they will go somewhere else and become an issue for someone else. I think we need to better engage with our cat colony caretakers and assure them that we do not want to separate them from their colony. We just want to ensure they are taken care of, not reproducing, and not causing any health issues.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: This is such a tough and touchy subject for both sides...cat lovers and people who tolerate cats. I am kind of both. I am a lover of cats and I am a tolerator of cats. I am also a state environmentalist in Kōke'e teaching a program to ensure that our ecosystem and native birds and flora can thrive. The cats get into our native forests, they do not only affect the native birds in Kīlauea. We have fencing going up in areas and those fences may do well against rats and dogs, but the cats can climb anything. If we as a community do not do what we can to protect our ecosystem in Kōke'e, we will have a major problem up in the rainforest as it relates to feral cats. I think our community needs to know that. Our cat caregivers need to know that and come up with some kind of solution. It is not an easy one, but we need to work together to come up with a solution. Here is a story, and I will make it brief. We had a cat, her name was "Cece" and she was a really good cat. She would always venture to the neighbor's property and there was no way we could just keep her in our yard. I think now with the global positioning system (GPS) and electric fences, there is a way to put a collar on your animal so it cannot get out of your yard. We had to make a choice with Cece the cat as to whether she would remain in our yard or cause havoc on the neighbor's chickens, like Councilmember Evslin mentioned with his chicken farm. We had Cece's claws removed, which made her more of a house cat. She could definitely not protect herself against a dog, but my hunting dogs are locked up and do not roam free like the free-range cats out there. With that said, Cece the cat lives a very good life and no longer attacks the neighbor's chickens. She could not feed herself like she could with her claws,

because she could not catch birds or rats. But she is fed and has a good life. I am just giving a short story for the community. Thank you.

Committee Chair Kaneshiro: Are there any further questions for the Kaua'i Humane Society or for the Department of Finance? If not, let us take our ten-minute caption break and come back for the Departmental Budget Reviews for the Office of Economic Development and the Planning Department. I think we will be able to finish before lunch.

There being no objections, the Committee recessed at 11:06 a.m.

The meeting was called back to order at 11:20 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Up next we have the Office of Economic Development and we have Director Nalani Brun on the line with us. Nalani, please give us a brief overview of your budget.

### **Office of Economic Development**

NALANI K. KAAUWAI BRUN, Director of Economic Development (*via remote technology*): Aloha. I am just going to work off the budget and operation synopsis. It was quite a year as we all know, but some of the major changes and variances in our operations budget, positions, we do not have a lot of changes. That is one. Increases—the largest increases that we have in our budget is a \$50,000 line item for funding of our stewardship program. In the past we have put this in every few years because what we do is we reach out and do an RFP to all of our stewardship program members. We have six (6) Kaua'i stewardship people who do our *wahi pana* on County lands and we periodically work with some of the nine (9) state stewardship groups as well for some of the little things that they need. This allows us to support those organizations with fixing their tools they use to work on some of these *wahi pana*, provide supplies, and support volunteer efforts in a lot of these properties that are really important to us. Another large increase was \$75,000—we want to get to our Kaua'i Agricultural Plan. The last one was done in the early '80s, therefore it does not need to be "updated," it needs to be completely redone. This year, we are working on our Comprehensive Economic Development Strategy (CEDS) update that we do every few years with the Kaua'i Economic Development Board (KEDB) and immediately following that and we are actually doing research now and we plan to work on the Kaua'i Agricultural Plan.

We asked for an increase for the Kaua'i Visitors Bureau (KVB) of \$75,000. Typically they do \$225,000, we asked for \$300,000 this year. We want them to be able to use those funds to not only recover quickly, but also to get the correct information out to visitors. We expect the pandemic will obviously continue and we want the visitors to be visiting in a responsible manner and we need to educate them before they actually arrive here on the island. We added more money for a Workforce Training Program. We have Workforce Investment Opportunity Act (WIOA) funds, but this year what we found is that they do not always fund the kind of training that our workers are requesting, which is something as simple as forklift training. They would like to have that type of training so they can actually step up in the jobs that they have now. Our training funds do not have the restrictions that WIOA funds have, so our staff are able to provide those types of services to get them going in

their jobs. Also we asked for a little more in the Tourism Product Development Fund area and that is because the destination management action plan, done by the Hawai'i Tourism Authority (HTA) was completed during the pandemic and it called out many of the projects that we also see the tourism strategic plan and the General Plan. We want to use this money to match their funding of \$215,000 this year and they plan to have more money next year, which will be right around October. We would like to use those funds to match what they are doing and try to push a lot of those initiatives forward. Those initiatives are really all about managing our destinations, so we do not get to a point where our residents are very uncomfortable with the visitor industry. Other than that, decreases, like most departments, we decreased our travel budget. We are not planning to travel. We have become Zoom super specialists and plan to use that as much as possible moving forward to do our off-island meetings. We are expecting that we might have to do a few, but mostly we want to do it this way. It saves us time and we are able to operate faster. We do not have any operational challenges, obviously. We really work hard on our teamwork and that brings me to our operational highlights. What we have done this year is really get into teams. Before it was, as I am sure most of you know, very siloed, so we would have our agriculture specialist doing just agriculture, the tourism person would be just doing tourism and that is how it was. But it did not give us a lot of depth, so if someone was missing, we were not able to fill the gap very quickly. What we have done now in OED is create teams. We have three (3) people on each team. It does not mean that another person might not be working on the Ag team or the Film team or the Tourism team, but it means that those people are most responsible for giving depth into those areas. The other team members will come on board just to learn just the surface areas of those different sectors. Another thing is that we spent the first half of FY 2021 managing emergency funding in OED work that had to do with the CARES funding. The biggest positive that came out of this is that we really learned to "hold hands" with each other, with the rest of the County departments, with private industries, with all of our partners out there, and I would say the pandemic was horrible, but the teamwork was incredible. We are really hoping that as we move forward that this is the type of thing we want to keep on doing. In the past, we have always been lucky because we work with so many nonprofits through our grant programs, that we were able to activate quite quickly. We expended a lot of money when it came to that funding, even outside of the General Fund. Actually the total other funds that we utilized over the last year was about \$17,000,000 and that did not even count those where we did not touch the money, but we assisted in programing. If you count that, we actually expended \$22,000,000, including the General Fund. It was quite a year for us. We had to get our "ducks in a row" and we really enjoyed the process.

Lastly, the other operational highlight is that this year, because we could not do a lot of the grants that we typically do, like special events, because the pandemic pretty much nixed that, we ended up doing an innovative grant program. What we did was we asked people to give us their best ideas for innovative ways to solve local problems. That on its own was a new thing, but the second thing that was new was that we actually went to the community and asked for input so they could chime in on how they felt about the process, how they felt about the applications, so we can really see what the community did. It was pretty amazing. We had 1,445 registered users that came onto that site and there were almost 3,500 opinions about different projects that were out there. We thought it was amazing. They



even wrote 679 comments on the side. We realize that people are interested and they want to engage, so we just need to make that available to people as much as we can. For next year, we are planning to do it again, but this time we want to give more time. One problem we had in that area was on the word “innovation” can be interpreted in many different ways. We really want to get that definition down for next year. The other thing we want to do is do more outreach and give more time to people to really look at things, not only the applicants, but also the community folks who are looking at things, so it is not a big rush. Other than that, things are very similar. We tried to cut where we could and tried to add in places where we thought would make the most difference.

With that, I just want to answer questions that came over yesterday, so I can get that off the table. One of the questions that came was about the Business Innovation line item, the \$55,000. That line item focuses on grants for the specific purpose of business innovation. In FY 2021, we sent that request for proposals through an innovation grants process and one of the areas of focus was innovation grants in business innovation. We did receive several proposals and ultimately funded two (2) in the area of small business. The total was in the near of \$55,000, but the projects we see funding this year were focused on providing training and development opportunities for local Kaua'i businesses. We do anticipate that small businesses will continue to need this type of support into the next fiscal year, so we have included that line item again in the budget. The other one was the amount of CARES Act funding administered by OED relating to agriculture food distributions, et cetera. OED administered the CARES agriculture projects. The amount of funding for people who won awards there was \$2,900,000—that is what we did with the agricultural projects. The CARES food support programs was managed by the fantastic Parks & Recreation Department. We worked with them on that program, but they managed all of those funding. That was actually 1,500,000. We did also administer the *Kūpuna* Care of Farmer Fare program out of the County's emergency funds, not CARES. We spent \$106,700 out of the emergency funds and then we also received additional CDBG funding for \$150,000 to continue the program. That is what is related to the agriculture and food distributions program. That is all I have.

Councilmember Chock: *Mahalo* Nalani. I appreciate the overview. I wanted to cross-reference your narrative with what I am looking at in the budget. On page 2, item number 2, the major changes, the first one is on the funding of stewardship program. Can you reflect where that is showing up? I am guessing it is on page 87 of our Budget.

Ms. Kaauwai Brun: It is 3600 account, because they are considered grant programs.

Councilmember Chock: I am looking at master page on the very bottom, page 87.

Ms. Kaauwai Brun: Yes, it is an administrative grant.

Councilmember Chock: What other pieces are falling into Administration?

Ms. Kaauwai Brun: There is a stewardship program, we also have emergency industry support at \$50,000, it was \$75,000 last year, but that is again the Request for Proposals (RFP) grants and we go out, we look for emerging industry projects. We also had a data manager for Vista, so basically we have two (2) Vista employees in our Office and one of them is basically here specifically to help us gather data together. Not just for things like the agricultural plan, but just in general business data, so they are helping us coordinate that at \$16,000. We have two (2) grants that will go out to the YWCA. One for \$70,518 and one for \$85,518. We had the Ag plan, and that is it. I am happy to send a breakdown, too, if you need it.

Councilmember Chock: That is a good idea. If we can be provided with a breakdown. I see Sexual Assault, Domestic Violence, I was assuming that was YWCA as well. My last question is really about the KVB—you mentioned \$300,000, I see \$75,000 and \$23,000 addition. One for marketing our island where there was loss of HTA funding and another for tourism product development, but when I look at the tourism line item under grant in aid, it is \$473,000.

Ms. Kaauwai Brun: That will be in this document. The Visitor Industry Plan Monitoring with the KVB, which is \$20,000, we have Hawaiian Culture Related Projects, so we kept \$25,000 in there and that is part of the business innovation grants again. For those ones we specifically asked for projects that are culturally related. Right now we have events of duties support. We are expecting or hoping, maybe, that we actually going to be having events again in the second half of FY 2022. That is solely cutting down what we had before to make that money available, because we know we could have large events like the Waimea Town Celebration, the Kamehameha Day Parade, and we have those moneys to support the needs like they have to shut down roads in that period of time, the first half of the year. We also have \$30,000 for special events, just in case they need event support during that same period.

Councilmember Chock: When we get that list, it will be better and easier for me to understand. I am looking at the increases and I am making the assumptions or I think it is correct within this amount. Can you differentiate...because it sounds like some of it is competitive as we set it up in the past and some of it is really directed and I would like to know which ones are directive versus competitive.

Ms. Kaauwai Brun: Okay.

Councilmember Chock: You mentioned that for that increase for KVB—and by the way I think they do a great job—was toward marketing our island, however what I heard in your description was more about education of our visitors. I appreciate that. I think it is an important aspect of what we should be focusing on rather than a media blitz, so I would like to know if that is what the money is being used for.

Ms. Brun: It will be used in both ways, because they do not have any money at this point. There is no money coming in from HTA for them. Whatever the money gives them is all that they have, so what it does ensure for us is all their marketing

is really not only they are letting people know that we are open, but it also lets them know if they are going to choose to come, this is the way that they can choose to come. Sue Kanoho does a really good job of getting the word out about how...if you are visiting, we love to have you, we want you to do it in this very specific way. She is also a huge part of our Destination Management Action Plans and the Tourism Strategic Plan, so we work together trying to get the visitor industry the way we would like to see the visitor industry: healthy and educated. It will be used in both ways.

Councilmember Chock: Thank you. I appreciate Sue Kanoho's work. How short funded has HTA been for KVB's budget?

Ms. Kaauwai Brun: I know it is quite a bit and I am happy to get that information to you.

Councilmember Kualii: My questions were along the same lines as Council Vice Chair Chock's question. As far as tying it to these line items in the budget, there are two (2) sections, not only the Grant in Aid section on page 87, but the Other Services section on page 86. Of the amounts of increases, the increase \$25,000 for workforce training, is that the \$25,000 that is under Other Services? Was that zero before?

Ms. Kaauwai Brun: It is under Other Services. Last year it was zero and now it is \$25,000.

Councilmember Kualii: Is it okay to assume that the \$75,000 to Kauai Agricultural Plan is under the Grant in Aid for agriculture, which is now \$95,000, so it was \$20,000 last year and that is the increase of \$75,000?

Ms. Kaauwai Brun: Yes.

Councilmember Kualii: The only other thing about both of these is, what is the difference between the list that is included under Other Services and the list that is included in Grant in Aid? Is it that the Grant in Aid is the one that are competitive and the other ones under Other Services are the ones that are directed?

Ms. Kaauwai Brun: No. Anything that is in Grant in Aid just tells us there is a certain procurement process we need to use to do that. If we are going to give it directly to someone than we will call it out as a line item and I should be giving you this sheet, obviously, so I am going to send this right over. We try to do things competitively. There are few things that we do not. The Ag plan is one of them, the YWCA money is one of them, money to the KVB is one of them, and for the Tourism Strategic Monitoring, because we do not have another vendor for those types of things. Generally, that is it. The rest of it, we go out for competition or we use another procurement method.

Councilmember Kualii: On your operational highlights you talked about the CARES Act money and the RFP and all the moneys you help facilitate getting out to the community. Do you have any idea at this point if...as a result of the new American Rescue

Plan Act, we could bring in some money directly to the County and also a lot more money to the State if we will have an opportunity to do another round of grants out to the community?

Ms. Kaauwai Brun: Currently the Administration has asked everyone to pitch different areas that we have, as we try to figure out what the economy is going to look like going through summer. We are going through that process right now. Grant programs are on our list to pitch.

Councilmember Kualii: I sent a question over regarding the American Rescue Plan Act and how there are some specific moneys for small business and economic development and they are specially focusing on job losses in the travel, tourism, and outdoor recreation sectors. I think you should definitely go after those funds to help not only our small businesses, but also our visitors bureau. I am also hopeful that the State will do more with the loss of tourism revenue for HTA, utilizing the federal funds, so I think we should stay on top of that and I bet you Sue is.

Ms. Kaauwai Brun: Absolutely.

Councilmember DeCosta: Thank you for all your hard work. What is a little bit confusing is you mentioned our Ag plan, you had \$75,000—is that the “Consulting Services” on page 87?

Ms. Kaauwai Brun: The \$75,000 is for the work that we do with the business mentor. The \$75,000 that we are going to be using for the Ag plan is actually in the grants program, because we are planning to give it to the Kaua'i Economic Development Board, who does our Comprehensive Economic Development Strategy. It is actually in the grant program in the Administration budget, that big chunk.

Councilmember DeCosta: Is it different from the \$95,000 that is in the Grant in Aid program? Is that the same or is it different?

Ms. Kaauwai Brun: Yes. The \$95,000 that is in the Grant in Aid program is actually part of our RFP. That is the one that we put out to the community for community partners for different projects. The Ag plan itself, actually almost a line item that is under the Administration.

Councilmember DeCosta: What I am gathering is that it is one of our main focus, which is Ag in the OED, am I correct?

Ms. Kaauwai Brun: Absolutely. One thing we heard from our community many times over is that the place they have to diversify to is agriculture. That is where we want to put a lot of effort.

Councilmember DeCosta: With that being said, the CARES Act money that you mentioned, the \$2,900,000, can you explain to us where was the bulk of that money

funneled through? Was it all nonprofits or private businesses? How was the \$2,900,000 used with agriculture?

Ms. Kaauwai Brun: When we give out our grants, they have to go to a nonprofit, that is just the process. Sometimes nonprofits are represented, like the KEDB for other businesses that are on their board, so sometimes the Farm Bureau has a business that they work with and so they will be like the fiscal sponsor. The funding there was one for the Farm Bureau and basically it went to increase and gain knowledge in vanilla farming. They have been working with Lydgate Farms and that was just over \$44,000. Waipā Foundation did \$143,000 for *kalo*. 'Āina Ho'okupu O Kīlauea did some projects out at their Ag Park out there for just under \$660,000. KEDB did the alfalfa project on the West Side for \$750,000.

Councilmember DeCosta: Can I ask about the \$750,000? Was that to a nonprofit?

Ms. Kaauwai Brun: That went to KEDB. They are a nonprofit.

Councilmember DeCosta: Is that different from what Hartung Brothers, Inc. received?

Ms. Kaauwai Brun: KEDB is the fiscal sponsor; I think they work with Hartung to do the project.

Councilmember DeCosta: Is Hartung a nonprofit?

Ms. Kaauwai Brun: No, they are not.

Councilmember DeCosta: You can continue.

Ms. Kaauwai Brun: The Moloa'a Irrigation Corporative did some water meters, they are having some problems with water, as we all know, in Moloa'a—\$52,000. The North Shore Electronic Benefit Transfer (EBT) program works with several of our partners like Mālama Kaua'i and College of Tropical Agriculture and Human Resources (CTAHR) to do education for farming. We are hoping to continue that project somewhere into the future, because it helps our farmers get certified—\$280,000. KEDB had another proposal that basically was cattle-related, trying to get some of the lands irrigated and that was for \$1,000,000. That partner was Gay & Robinson.

Councilmember DeCosta: Gay & Robinson is a nonprofit?

Ms. Kaauwai Brun: Gay & Robinson is for profit, KEDB was their fiscal sponsor, so they work with Gay & Robinson to do the project.

Councilmember DeCosta: Okay.

Ms. Kaauwai Brun: Those are the CARES Act recipients for the agricultural program.

Councilmember DeCosta: With our innovation grants, we put \$500,000—there were ten (10) \$50,000 grants, am I correct?

Ms. Kaauwai Brun: Actually there were eleven (11), they were not all \$50,000. A couple of them were less, so that we were able to fund eleven (11).

Councilmember DeCosta: Can you tell us how many of those grants were food security types of project and would add our agricultural independence here?

Ms. Kaauwai Brun: Seven (7).

Councilmember DeCosta: Excellent. What were the products?

Ms. Kaauwai Brun: Very different. \$50,000 went to an 'ulu fruit-to-flour project where they are trying to create flour with 'ulu. There was a Kaua'i pig pen systems with 'Āina Ho'okupu O Kīlauea, basically they were using that natural Korean farming method. They are going to test that out and share the results with everyone. They are doing cultural education about how to farm Hawaiian traditional style—\$50,000. Garden Island Research Conservation Development gave us a project in cooperation with the Kaua'i Invasive Species Committee. They are working on some creative ways to not allow the Kaua'i coffee beetle to get to us. 'Āina Ho'okupu O Kīlauea was a farm-tech project. They are going to be sharing that education as well and that one was actually \$45,000 and it is looking at user technology on a farm. To not only look at weather, but how well the soil is doing, so we are really hoping that one proves a really good project, so we can share it with other farms. Mālama Kaua'i is a greens and things project, so that is sort of a CSA box creation. Kaua'i Economic Development Board is working with Lydgate Farms and they are expanding from chocolate to vanilla.

Councilmember Cowden: Thank you for everything that has been said. I want to acknowledge how your organization was another one of the really key ones in these entire COVID-19 times. You were working on the economic health of our community and I know it must have been very difficult thinking, "Who gets awarded grants and who does not," especially under time constraints, so thank you. Without any detail, I am just building on Councilmember DeCosta's question, because I am trying to think of our next year. In this past year, do you have a loose number of how many dollars came through your department in CARES money or other stimulus grants that are not reflected in our budget numbers? Was it \$5,000,000?

Ms. Kaauwai Brun: Just specifically CARES?

Councilmember Cowden: All your funds. I am just looking for a loose number, approximately \$3,000,000, \$5,000,000, \$10,000,000. I know it was more than \$3,000,000, but loose number of how much money. This has been a bumper year for OED

because of this difficult time. It is also something that your normal capacity is not designed to handle, you do not normally push through \$10,000,000 worth of grants, which is a lot of follow on. Do you loosely how much supplemental money you had?

Ms. Kaaui Brun: Yes. Supplemental due to the pandemic is \$14,400,000 in addition.

Councilmember Cowden: \$14,400,000. Thank you very much for managing that. It is both a blessing and a bummer to have to be handling who receives funds and who does not and following up on it. When we are looking at our upcoming year, do we know yet if there is going to be a windfall of money that might be coming through OED to be more...I love the Rise to Work program, by the way, I think that is great. Do we have more money that we are anticipating, so we know to have the capacity for training, managing, and hopefully having just a little bit greater window of time for helping to do the request for funding procurements for the applicants? That was a lot of pressure last summer.

Ms. Kaaui Brun: Yes, it was.

Councilmember Cowden: What do you anticipate coming up?

Ms. Kaaui Brun: I do not know for sure, but we are pitching that we do it again. We feel like engaging with the community is a huge win. You almost double, if not triple your money with their effort, because they come in with something, not to mention their in-kind contributions. We are very hopeful that there will another...some type of grant program moving into the future, but we will be waiting for that decision.

Councilmember Cowden: Do you feel better prepared to handle it this time?

Ms. Kaaui Brun: We have the process in place, so we are very grateful for that.

Councilmember Cowden: That is exciting. I know that we really need to care for the economic health of our community that has suffered greatly. I am proud of the role that the County had in assisting that. I honor OED for the overwhelming work and I know I just helped in one of those grant things and it was hard. It was not easy. It was a good experience for me to see what you folks are going through.

Councilmember Evslin: Thank you for the presentation and for your heroic work over the last year. You did a really good job in getting most of the CARES Act money out to really good and creative programs given the insane constraints around CARES Act spending and the rapid timeframe necessary to spend it. I think you funded a lot of creative programs. I, too, support hopefully using American Rescue Plan money to help fund similar types of grant programs. It really does cultivate creativity in the community and help fund a lot of programs. Hopefully we can go in that direction. I have a question on the Grant in Aid tourism line item. I know there has been a lot of talk with KEDB and HTA in moving towards "managing" tourism versus "marketing" tourism. You said a lot of this money is going

towards inform visitors of the ways to get here, et cetera. It would be good for us to have a breakdown. It sounded like you were going to provide us with a breakdown of how that tourism money is going to be spent. If you could distinguish marketing versus more managing types of activities, so we can understand how that money is going, that would be appreciated. Unless you have somewhat of a breakdown that you can give us right now?

Ms. Kaauwai Brun: I think it would be better for me to provide it to you; it will be nice and clear. Thank you for the question.

Councilmember Evslin: Great.

Councilmember Carvalho: Thank you for all the great work you folks are doing. I have a follow-up on the stewardship program. You mentioned there were six (6) stewardships under the County and the State had nine (9)?

Ms. Kaauwai Brun: Yes, nine (9). The State always had their program, but they are not able to *mālama* it as much as we can, so that is why we dip in there.

Councilmember Carvalho: In the budget now, we are looking for more opportunities for more stewardships in each *moku*, like how we did before?

Ms. Kaauwai Brun: Yes.

Councilmember Carvalho: We talked about this river and stream maintenance program, which is you work along the rivers and streams and some of the groups and organizations could fall under this particular program to help support that effort?

Ms. Kaauwai Brun: Yes. I think the most difficult thing that they have was making sure they had permits, but we are always willing to work with that, because usually those streams directly affect some of our *kalo* fields or agriculture, so it is really important that we keep that intact.

Councilmember Carvalho: 'Āina Ho'okupu O Kilauea...because of the agriculture component you talked about and all the agriculture parts that are involved, I know there was talk about duplicating that in another part of the island. Is that still on the table? Have there been discussions on looking at something like that?

Ms. Kaauwai Brun: Yes, all the time. That was one of our little shining moments of glory and we are actively looking for another "Yoshito L'Hote," because that seems to be the key to having these Ag parks work. We need someone with that super passion behind them.

Councilmember Carvalho: Whoever is watching, there are opportunities like that, which comes with overall support.



Councilmember DeCosta: I apologize for all the tough questions, but that is a lot of money that we put out through your division and we want to make sure we are accountable and that we understand what is happening. You mentioning Yoshito in Kilauea and what an excellent program he did and the grant moneys that we have put into that program...who is KEDB? Is that your division?

Ms. Kaauwai Brun: No. They are actually a private nonprofit, separate, but they are one of our very close partners that we work with. KEDB—Kaua'i Economic Development Board.

Councilmember DeCosta: I noticed that two (2) of our grant recipients were for-profit companies and the money was used with KEDB and they were the fiscal sponsor.

Ms. Kaauwai Brun: Yes.

Councilmember DeCosta: Is that something that we can try to do in the future to create another type of program, like what Yoshito has, that if people cannot get a nonprofit. There are many taro farmers on the west side, some nonprofit and some are for profit, but they are all struggling. I know we have given some funding to the North Shore taro farmers, maybe because they had a nonprofit, but it would be nice if we could take care all of our farmers, whether they are a nonprofit or for-profit. Would KEDB be willing to do this for the smaller-type farmer or is it just for a one-time deal with Hartung and Gay & Robinson?

Ms. Kaauwai Brun: That is probably a question for KEDB. I have seen a lot of different organizations, or even people, ask for support from them and they are always very willing to look at it. Mostly what they look at is if it is a viable project, are there enough people involved that are going to help them get, not just the work done, but the paperwork done. KEDB tends to do the paperwork piece, the recording piece, the budgeting piece, and then the partner will actually do the work. I just say individuals should approach them. There are actually quite a few really good nonprofit fiscal sponsors on-island. Kaua'i has been very blessed with that. We have wonderful support systems. Even like the Garden Island RC&D, they are another organization that is very good in doing that. Whoever it is you have out there, let me know, I can point them to other organizations on the west side that are closer to them. We are happy to do that.

Councilmember Kualii: On page 67, the line item "Consulting Services," \$65,000 last year and this year \$75,000. Business mentor facilitator multi-source data—can you tell us what that is?

Ms. Kaauwai Brun: We use \$55,000 of that for a business mentor program for the Kaua'i Rise initiative. This business mentor is not the kind of mentor that do start-ups. They go and work with businesses on-island that are looking at actually growing and hopefully hiring more people. An example is we had him go out and work with the hemp company. As they are trying to adjust and change the way they are doing business for growth, he will often go and give advice and what he brings is not only a wealth of

knowledge in start-ups and growth of business, he also has a lot of connections with the different private funders. If he can get them to a place where they can be looked at by private funders, he also helps with that. Besides doing that, we have some funding from USDA where they actually give us funding to help him work with smaller businesses, so not always just the medium to large, but the small to medium, just not start-ups. He does that type of work, too. He is such a huge help for us, because we are not business people. We know how to make government work for businesses or work for the community. He brings us that wonderful knowledge and has helped OED learn about really how business works and how it should be working. That portion is for him. We use the other \$20,000 to work with Kaua'i Technology Strategy team. They are helping us answer questions. We have really big questions and we do not have a lot of data, especially in agriculture. We have been utilizing their services to dig for data everywhere and try to come up with the best answer, so when we are asking about "When do we think we will be in a safe place to send farm interns out into the farms," they use data to try to give us the best answer that we can use to make a move forward. We have never worked with them before, a lot of them come from general dynamics, so we have learned so much in that area with that partner, because they teach us how to use economic information and how to pin it down into these tiny holes so that we can figure out how to make the best decision. Those are the two (2) things that we work on in that area. They are both partners.

Councilmember Kualii: Can you remind me what the Special Projects Kekaha CAC Facilitator for \$60,000 is?

Ms. Kaauwai Brun: Basically, the Kekaha Host Community Benefits (HCB) program has a committee that makes decision on the funding that they get from the landfill and they have a Facilitator who helps them. Not only does the facilitator help them do all their meetings, because they have monthly meetings, have documents to review, she also helps people who live in Kekaha write grants that are going to be submitted to the CAC, she sets up all the microphones, does all the recordings, follows Sunshine Law. She basically runs that program for us. When we had that in-house, it was really time consuming. We did not have enough time to do it, so we were really grateful when we were able to get some funding to keep their staff member onboard to get that done. It helps us be compliant.

Councilmember Kualii: The funding is paid by the source of funding to begin with, right?

Ms. Kaauwai Brun: It is a line item in the General Fund.

Councilmember Kualii: Do you know what the total amount of grants they give out each year?

Ms. Kaauwai Brun: Each year, they gotten into their coffers about \$280,000 to \$300,000 per year. In the beginning, it was a little slow, but now they have been giving out close to \$250,000.

Councilmember Evslin: I happened to see an E-mail come through with this economic dashboard on the Kaua'i Forward website and had seconds to browse through it before my computer crashed—really impressive dashboard. Can you quickly explain that? Also, there was discussion around trying to compile mobility data and to see where tourists are congregating and that type of thing; were you able to compile that type of data and could you talk about the dashboard?

Ms. Brun: The mobility data, no, we were not able to complete that project. We have to hold hands with the Department of Transportation, so what we were doing is we were combining our funds with their funds, but all of their funds ended up going to Hawai'i Island. We are pitching that project again moving forward and we are hoping that we are going to get positive action moving into the next fiscal year. The dashboard, yes, we actually have had it up for a little bit, we have been tweaking it as much as we can so that it is providing information that we thought people could find useful. It has a lot of data that people have not seen, such as our permitting data and things like that. We invite you to check it out. We even have an area on there for us to receive feedback, because that is what we are interested in. We want to get feedback so that we can make it better. I cannot tell you how grateful I am for the OED team that I work with. I would not be here if they were not here. They are all fantastic and I thank them every day for showing up to work.

Councilmember Evslin: The dashboard looks really informative and I am excited to dig in deeper and I think it is a great resource for the entire community.

Committee Chair Kaneshiro: Any further questions for OED? If not, thank you, Nalani. We will move to the Planning Department.

### **Planning Department**

Committee Chair Kaneshiro: Ka'aina, if you want to give us a brief overview of your budget and then we will ask whatever questions we have.

KA'AINA S. HULL, Planning Director (*via remote technology*): Thank you Committee Chair Kaneshiro, and Members of the Council. Ka'aina Hull, on behalf of the Planning Department. Briefly, we do not have many changes to our budget. We are reducing the budget by approximately \$150,000, which is roughly 4% of our budget. \$2,800,000 is comprised of salaries and wages, and \$200,000-\$300,000 for operating expenses. We can save with adjusting salaries with a small amount in our operations. That is where we are at in a nutshell.

We faced similar departmental operational challenges this past year. Maintaining social distancing parameters within the COVID-19 pandemic, being able to have staff work office procedures, and our staff working with the Kaua'i Emergency Management Agency (KEMA) operations. We have two (2) designated staff working at KEMA full-time. A lot of our staff members are working with the airport crew for the past several months during the screening process. We have been able to segue those groups down to having one (1) person

working with the airport crew, but we still have two (2) individuals working at KEMA. These are some of the challenges we are facing, but nothing that we are not able to overcome. We are also working to spin up the Land Information Management System (LIMS) program, which I shared during discussion with you folks last week regarding the specific contract.

Our operational highlights from this year, our biggest project that we came to conclusion with in partnership with the Council was the adoption of the West Kaua'i Community Plan and the various ordinances and policies. That was a huge accomplishment for our Department, but I would like to also thank the Council for their time, commitment, and review for that project. We are currently working closely and following up with Waimea Open Coastal Edge District to get actual administrative rules spun up specifically for that district. The two (2) other operational highlights. Although it was somewhat of an obstacle, it is highlighting participation and working with KEMA, Hawai'i Army National Guard, and KPD in the response to the COVID-19 emergency. Like I said, we had a fair amount of staff working there for several months with the airport team and KEMA. I know overtime there has always been a particular concern for the Council and the public when reviewing our budget. You can see that this past year we spent more money in overtime than we were budgeted for. We were able to accommodate that with the CARES Act. We were budgeted approximately \$20,000, and we have \$57,000 expended. To be upfront, we have another \$40,000 deficit that will be covered by the CARES Act. That is all coming because we had numerous staff members working in the airport operation seven days a week, and often it was fourteen to sixteen-hour days. As I previously mentioned, we were able to draw that number down. We have one (1) member working that shift daily, and the latest that shift goes to is 11:00 p.m. However, all that overtime has been in response to the COVID-19 pandemic. The last highlight our Department accomplished this year, and a personal highlight for me, was the Memorandum of Understanding (MOU) we were able to execute with Airbnb, VRBO, and Expedia. The Administration, the Office of the County Attorney, and Jodi and I initially mapped out a long-range comprehensive plan to compel third-party host platforms to compel them to provide information. The mapping process required State laws to be amended, the County Council laws to be amended, and a huge fight at both the Circuit Court and all the way up to the United States Court of Appeals for the Ninth Circuit. We set the entire program in place and strategy of approach for six (6) to eight (8) years. In the midst of the first few years to get the State laws adopted, we began to have confidential side discussions with these platforms to come to the first agreement in the nation whereby these platforms voluntarily are now handing us the information on operators as opposed to requiring years and over \$100,000 in litigation to get that information. We are still in the infancy stages of implementing. I can say that the platforms have already moved. Over 100 operators have refused to provide the information that is required, but we are still ironing out the details. It is another huge accomplishment we were able to complete within the parameters in the budget that we have been afforded the past few years.

That is a nutshell, brief highlights, and some of our challenges. Again, we are reducing the budget by 4.7%. I will open it up for questions. I know you had a long day and want to get moving, but is there any questions that you folks might have?

Committee Chair Kaneshiro: Are there any questions from the Members?  
Councilmember DeCosta.

Councilmember DeCosta: Thank you for doing a great job. The rumor circulating is that "Ka'āina in the Planning Department is doing a good job." Thank you. Ka'āina, you mentioned coastal areas. Is that when we were doing subdivisions in the coastal areas and we were looking out for access areas to the beaches that that should be accessible to the constituents, or are we talking about areas with sea level rise and how we decide to position the homes further back within the coastal areas? Can you explain that to me?

Mr. Hull: Yes, Councilmember. The specific aspect that I was addressing was the recent adoption of the Special Treatment Coastal Edge zoning district. This is an overlay that requires further scrutiny by the Planning Commission for the specific purpose of ensuring that a proposal can mitigate sea level rise and climate change impacts. That is the specific purpose of that Bill. That Ordinance requires discretionary review at the Planning Commission level. In which time, through discretionary review, discussions such as beach access can specifically happen. There already are requirements under the Special Management Area (SMA) code that says, "If you come in for a special management area permit in the coastal area, the Planning Commission has their discretion to require coastal accesses." It does for those appropriate areas, but we have not seen any recently because you do not see subdivisions in the special management area. The last one that we saw was years ago. When you do not have those applications, you do not have those opportunities to grab coastal accesses for the public. Without subdivisions...whenever you propose your first house of record, you are exempt from having to do an SMA review. Generally, those are the two (2) areas where you might grab coastal access for the public, but because you do not have as many applications, we do not have that opportunity. With this coastal district that we recently adopted with the Council's approval, it gives an additional bite at the apple to look and see when they come in for their permits, if it is appropriate to grab a coastal access. We can make that analysis now because they must apply for the specific permits. Councilmember, that is how it would function for coastal accesses.

Councilmember DeCosta: I want to follow up on that only because I believe there are people from Kaua'i and for everyone on each island throughout the State, who are as passionate about *mauka* access as you are *makai* coastal access. With that being said, after doing my literature review, I noticed when there is a subdivision on a large piece of land...for example agricultural land that is turning into a subdivision and rezoning that area, they have to provide access *mauka*. However, with a Condominium Property Regime (CPR), they no longer must provide *mauka* access. Am I correct or am I wrong?

Mr. Hull: Yes, you are correct, Councilmember. *Makai* access has been the focus of various policymakers. Arguably, the Planning Department, too. There is so much demand for this area. However, you are right. There is demand and desire to have *mauka* access to gathering or hunting areas particularly on State land that people can freely traverse, but they need to be able to get to that land through the *mauka* accesses. It is something that can be done to the subdivision of agricultural land. The thing is that Kaua'i has a one-time subdivision requirement. Once you subdivide an agricultural lot, you

can never subdivide it again. Essentially it is to help preserve, protect, and ensure that open spaces in South Kaua'i and West Kaua'i have been preserved because those large tracts of land can only do one subdivision. Those landowners have decided not to subdivide it because they can never do it again. What happened in the '80s is that a savvy group of realtors and attorneys figured out using the State CPR they can circumvent subdivision requirements including but not limited to getting infrastructure in place, as well as getting public accesses in place and recorded. Honestly, what you saw on the North Shore of Kaua'i is that they chopped up the agricultural land via the CPR process. The land is chopped up, but there are not as many *mauka* accesses compared to what one may want or one would have been able to have gotten if they did the subdivision process. The CPR process prevents us from getting *mauka* accesses if landowners choose to do it. It is a worthy discussion and I know that was discussed several years ago about submitting the CPR process to the County subdivision processes or possible requirements. However, that discussion would not only include the Planning Director and Council, that would be something we need to include the County Attorneys in because it is dealing with State legal regimes and County regimes.

Councilmember DeCosta: Thank you, Ka'āina. I know on the North Shore we have a few CPR areas that did not give *mauka* access, and I do not think we have any and they still get the agriculture tax break. Even if it is CPR'd, they have not sold it off, so they get the tax agriculture break until they decide to sell off the chunks of land. Am I correct?

Mr. Hull: If they have it in the Agricultural Dedication Program, they will get the Agricultural Dedication rates. Yes, you are correct.

Councilmember DeCosta: Okay. Thank you very much, Ka'āina.

Mr. Hull: Thank you, Councilmember.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: Aloha, Ka'āina. *Mahalo* for everything. I wanted to touch base and I am happy with the plan. Regarding the Plantation Camp Zoning District. I wanted to get feedback on that. I grew up at the Keālia Plantation Camp on the Eastside of the island. It is a good idea to get details on that and how that concept will revitalize the same footprint and reignite that livable and walkable surrounding areas from the past. I wanted an update on that.

Mr. Hull: Yes, absolutely Councilmember. The Plantation Camp Zoning District which was adopted as part of the West Kaua'i Community Plan, recognized that the plantation camps on West Kaua'i...there may be other areas that may be applicable, but this was assessed during West Kaua'i's update. Those camps in West Kaua'i are technically within the Agricultural Zoning District. The Agricultural Zoning District has a density of five (5) units. Right now, Kaumakani Camp alone currently has 200 in-use dwelling units with families. Being that those houses already existed before agricultural zoning existed, technically, they are nonconforming. Which means they legally exist, but they no longer conform to the laws that were adopted in 1972, which is the Agricultural

Zoning District. Under a nonconforming status, the County's long-range policy is that eventually these uses and structures should be phased out. This applies across the board to nonconforming structures and uses. In looking at the plantation camps in Kaumakani and Pākalā, we recognize that long-range phase-out plan may not be appropriate. These are existing and vibrant communities, these are providing housing inventory in the middle of a housing crisis, perhaps we should not have a long-range policy that attempts to phase out and amortize these uses. The Plantation Camp designation district that we proposed and the Council adopted basically says, "Any house that is existing in a Plantation Camp Zoning District, can be rebuilt and reconstructed; and it can exist as an entitlement in perpetuity." Insofar as the footprint needs to be the same. They cannot knock the structure down and rebuild a structure double or quadruple its size, or more desirable on the speculative market. Just to take a step back, under the nonconforming use standards, you cannot demolish a building and rebuild it. You cannot repair a building more than 50% of its assessed value. So the landowner, who may or may not want to repair a structure, could not even repair it for those families who are living in it. What the Plantation Camp District does it that it says that you can rebuild it, repair it, and keep those structures in perpetuity for usage. So that is where it is now, just preserving the rights for those camps to exist. We are working with a consultant to go back into these plantation camps and, where appropriate, look at having form-based code adopted in certain sections to allow for possible further expansion of small or accessory mixed uses or even possibly commercial uses that may be appropriate to not only allow that community to exist, but continue to progress and thrive as it grows. It does not say that it will be done immediately. Ultimately, we have to come back to the Council for legislative review and action. We are in the infancy stages and we hope to have a proposal for you all right around the ending of the next fiscal year. In May or June, we should have a Plantation Form-Based Code for you to review.

Councilmember Carvalho: Thank you, again. It is historic in value and homesteading that is important. I look forward to seeing more information. Thank you.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I am going to go down through the synopsis, because I have a few questions here. Most of my colleagues have already asked the bigger questions. Regarding the comment about maintaining a level of service to the public during the pandemic, which Planning positions moved to KEMA to support them? Who left their main focus to go work at the airport?

Mr. Hull: One of our commission clerks was moved over to KEMA and is still working with KEMA. Also, our Open Space Commission Planner was moved over to KEMA and is working with KEMA. We also had our enforcement staff assigned out to the airports during robust review times. We quite honestly had enforcement staff, regulatory staff, and clerical staff actually working with the airport crews. Right now, we have been able to, in the past month, bring that down to just four (4) employees. One who works seven (7) days a week and three (3) who work one (1) or two (2) days a week with the airport team.

Councilmember Cowden: Thank you for that. I think I saw some openings. Do we have vacancies? I saw vacancies that looked like the same positions you mentioned. I am sure that Councilmember Kualii will ask about those. He has done a great job at that. I want to acknowledge your maximization of remote work. My understanding when I am reading that is maybe the job positions might be better served with remote work if it is the desire of those staff members. Might some of them be able to keep that or at least work partly from home? Is that the plan?

Mr. Hull: Remote work or teleworking has not only proven with some of our employees to work far more efficiently, but some of our long-range staff demonstrated it works fine to telework each day. Some are actually still teleworking to this day. It was in our regulatory front desk crew, the permit review folks on the frontline, where this proved most effective. They really came out as the “silver lining” story of COVID-19 remote teleworking. They not only demonstrated it could work, but demonstrated that working via teleworking is far more efficient for them. On average, your front counter technician would process about one hundred (100) permits a month prior to the pandemic and working in-office. Through teleworking, they now average two hundred (200) permits a month and seeing those numbers we recognized the efficiencies and returns we were getting with teleworking, while recognizing that we still need a front counter public interface for the public. Not everyone can work from home. I anticipate having to bring some of them back as we come out of the pandemic, as my plan to keep them teleworking changed about three (3) weeks ago when one of my senior-level staff members, who was here for decades, announced his retirement. Since two (2) of them are relatively new, I am needing to train them up, and therefore I am bringing all of them back to the office to take advantage of the time with the senior staffer before he retires. The long-range play of this is that after getting everyone up to par to review permits at the same level, it would not be hard to request that the option of telework, if the system and option are still available.

Councilmember Cowden: That is inspiring that we have that opportunity. I used to manage a lot of employees and if I were looking at that, I would go Monday, Tuesday, and Wednesday for one group, then Thursday and Friday for another group. So every week is predictable relative to childcare or whatever else. I just wanted to throw that in there. For the next piece on your top three (3) operational highlights...I have to give you a lot of gold stars on this. I want to recognize the impressive work of our long-range planners, achieving great independent work. I was very pleased that we won a national award for our General Plan Update. They are doing even better work now and it is nice to see how quickly they are working and how responsibly they are ensuring that cultural sensitivity is in the writing. I cannot miss an opportunity to give them a “high five” on that one. As for the Special Treatment Coastal Edge, I agree that is something that we will need to look at more. Councilmember Carvalho already talked about the plans for the Plantation Camp zoning. I think that is great and taking care of the salt farmers is also important. We already talked about item (c) relating to transient vacation rentals, where it was an important part of our clientele. There is a different question in here—I am recognizing that large resorts, some of which are companies are already on-island, are buying up houses and villas all over the world. They are recognizing the market of TVRs, so they will not be doing Airbnb. They just rent. I will not mention any names, but you can go find them. If you go to Italy or Thailand,



or many countries around the world that share in the business of tourism, they have people living at their properties and have someone come to stay with them in their home-based business. Is this Memorandum of Understanding (MOU) going to allow them to do their bed and breakfast? Is that going to be reported?

Mr. Hull: Thank you for that. To give a little background on the vacation rental program, the County of Kaua'i has a vacation rental ordinance that prohibits vacation rentals outside of the visitor destination area. There was a very strong push from the Council at the time, from the Administration, and from the public to really crack down on illegal vacation rentals. This Department, responding to that, spun up a specific vacation rental enforcement team that proactively monitors the worldwide web for advertisements of vacation rentals. We are somewhat known as being anti-vacation rental in the County of Kaua'i and this is not true. If you are in an illegal spot, we have left no stone unturned to investigate and issue violation notices to shut them down. Make no mistake about that. The County of Kaua'i TVR enforcement is a facilitator of vacation rentals by saying these are the appropriate or inappropriate places to go. In the visitor destination areas, we welcome you and so it is great that you pay your taxes. That is the way the policy is set. In monitoring the illegal vacation rentals outside of the visitor destination areas, our team monitors the internet on an array of different platforms, be it Airbnb or VRBO, or smaller ones like "420-friendly vacation rentals." We monitor the whole array of the internet. The thing is that VRBO and Airbnb are the big conglomerates and the main platforms that they are using. What the MOUs do is they says that Airbnb and Expedia, who account for seventy percent (70%) to eighty percent (80%) of the vacation rental market share will share data of who is advertising on their websites, and that they will kick off any illegal operator. It does not mean to say there are not other avenues that illegal vacation rentals may operate on and our team does monitor that. These MOUs are a huge step in essentially cutting off illegal operators from using these major global platforms to have a global audience and clientele at their disposal.

Councilmember Cowden: I appreciate that. I get the goal and that you are achieving it. I am supportive of that. What I am worried about is...I do not want to use any names of this big brand name resorts, because they are here, right? The big brand name resorts in other countries, in other communities, they are buying up all these vacation rentals and offering them. Are you going to put these big brand names of resorts under this same type of MOU so that they cannot be buying up houses in our agricultural or residential areas. These are beautiful non-VDA areas. When you look at where they have them in other countries and other locations, they are in these very young spots that currently are what we are trying to stop. They have very deep pockets. What I do not want to see is that this small business enterprise gets taken away from people that we do not want it to happen to only to be put in the pockets of very large corporations. That is important to us, because it is not fair. I just want to make that comment that TVRs and the resorts pay the "lion's share" of taxes. The reason that people, regular residents pay a thousand dollars a year in taxes, and that might still be a lot to pay, but it does not nearly cover the cost of what the County government offers all of those homes. We have to recognize that this is what subsidizes all of the rest of us. A very few of the vacation rentals are turning over into long-term rentals

for people who are established residents. Can you comment on that? Then, I have one more statement or question.

Mr. Hull: As to a specific resort conglomerate buying up vacation rentals and putting houses on the market as a vacation rental, insofar as the resort is owning and advertising a vacation rental in the designated VDA, they are free to do it, right? Just as any layperson is free to do so, so is a resort corporation. If a resort corporation is buying up houses in the non-VDA area, that do not have non-conforming use certificates and they are advertising them, we will go after them just as much as we go after individual vacation rental owners. We actually crunched the numbers as far as the amount of zoning compliance notices and vacation rentals that we shut down, and looking at the past few years, we pulled a number of roughly three hundred (300) units that we shut down. Over one hundred (100) of them went into long-term rental usage. Not all of them. Some of them stayed and some went into long-term rentals. Once we shut down an illegal vacation rental, not all of them go into long-term use, but we can say that many of them actually do.

Councilmember Cowden: That is good. I have met many new people here who just moved to the island and have mostly been just in my anecdotal experience, rentals, but it is a group contributing to our economy. My last point is building on what Councilmember DeCosta said about *mauka* to *makai* access and the Planning Department is highly aware of how passionate I am about retaining our ability to have access. We need to make the change and I believe that it takes intergovernmental agency cooperation to protect the public trust. We have been losing the public trust. The outcome of losing that public trust is the escalating value of these properties. When we have properties worth tens of millions of dollars, they are buying privacy and exclusivity. They do not want dogs running through their property. I want dogs to be able to run through their property. Do you have a response about that? I am not expecting one, because you just answered it. It is complex, but it is a priority for me. I think it is a priority for our community. It is really important to keep the escalation of property values down as they are overwhelming our community.

Mr. Hull: Absolutely, Councilmember Cowden.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On page 79 where all of the positions are. Of your five (5) vacant positions, two (2) are dollar-funded, and one is six-month short-funded. The other two (2) are more recent vacancies. On the Vacancy Report it says that there is no activity. What are your plans to fill Position 2027, which is the Long-Range Planner III position? Is that something that could be an in-house promotion? What is the status for filling that position?

Mr. Hull: That is next to fill on our docket. Right now, we also have the Planning Commission Secretary who retired. She was a stalwart member of our staff and really was the gears behind the Planning Commission. Given the amount of work that goes into the Planning Commission and the fact that we are holding things together with duct tape right now quite honestly, filling that position is our priority. We have

advertised for the Planning Commission Secretary position and we anticipate closing the application deadline on April 12. As soon as we have that whole process spun up, we anticipate moving and looking to fill that Planner III position.

Councilmember Kualifi: Thank you.

Committee Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: Thank you for the presentation and congratulations on the good job on all the successes over the last two (2) years. With the MOUs with VRBO and Airbnb, previous to that, you were contracting with Host Compliance to monitor the internet listings to identify illegal listings. I do not see anything in here for that contract in your budget. Are you still contracting with them? Is there still a need to monitor it or does the MOU solve most of your problems?

Mr. Hull: The MOUs help us remove illegal operators. It does not mean it erases it all. There are other platforms to manage that and we will have a need for Host Compliance, albeit a smaller need. In the VRBO and Airbnb bracket, we will direct the contract to include monitoring those with smaller platforms and operations. We still anticipate using Host Compliance in the future, but at a smaller level. The original contract was roughly \$40,000 and we have been able to reduce that down to \$23,000 and that money comes out of our enforcement account. If we do not shut down illegal vacation rentals, it is essentially revenues from illegal vacation rental fines that we funnel back into enforcement and specifically that is where we get the money from.

Councilmember Evslin: As far as the trend of illegal vacation rentals, has it declined?

Mr. Hull: Can you repeat that?

Councilmember Evslin: Do you have any data available on the declining trend of illegal rental units? How many did Host Compliance find initially, compared to how many you estimate are still out there now?

Mr. Hull: The trend of illegal operations drastically dropped. I want to say it is because of our enforcement process, but quite honestly, it is due to the closure of the island due to the pandemic. We are not able to track that really for this year. We have come across a few illegal vacation rentals that we have shut down. For the most part, the industry itself shut down in response to the pandemic and our restrictions on travel. There are not many changes from the last report that I gave to you right before the pandemic hit. You saw a lot of mainland buyers buying properties, moving here to telework, and that fact is not a secret. We are all aware that the real estate market is booming. We anticipate some of those individuals who buy the properties to stay and we anticipate many moving back to the mainland or their places of origin, maintaining the homes. Many of the owners may be unaware of the requirements needed to put their home into a vacation rental usage. We are anticipating this given the possible small exodus in the near future here. Our

team is ready for that to possibly happen. We hope it does not happen and people do not break the law. Because they are new owners who do not necessarily know all the rules of vacation rentals, we anticipate it happening and expect a small spike in the next four (4) to five (5) months if the COVID-19 numbers stay down. We are anticipating that spike and can get you the numbers of how we are responding to it, if you will.

Councilmember Evslin: It would be good to be kept up-to-date on your enforcement efforts and any data that you have to share. Thank you.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: Of those people who stepped out of the visitor industry TVR during the pandemic, how many do you think will come back and ask for their permits back? Or do they automatically get their permit back? What is our process going forward to ensure that we can have a better monitoring system of these people that were in the TVR industry who stepped out because of the pandemic? If there was no one renting it, do we just give them back their operational permit to get back into business?

Mr. Hull: With the vacation rental industry and how they function, you have those that are in the VDA. That includes Po'ipū, Princeville, and the Coconut Coast. These are where TVRs are supposed to be done. There are roughly three thousand five hundred (3,500) to four thousand (4,000) operators. They can operate whenever they want. Those people do not have to come back to us for a permit. They can operate as a TVR if they went out of the industry during the pandemic. They can spin it right back up, start advertising, and start taking guests. For the nonconforming folks, there are roughly four hundred fifty (450) of them and they are all going through the annual renewal process, as required. We have not really run into many hiccups with that renewal process. They have to come back every year to apply for maintenance of that status and it was in their best interest to apply for renewal, even though they were not operation, because they did not want to possibly lose that certificate for the future. As we watch and open our county up to the Safe Travel Program yesterday, as we watch more tourists come back, we are obviously going to see more vacation rentals open up. Many of them are legal and there will be a handful of illegal ones that pop up. With the MOU that we have with Airbnb and VRBO, almost all of them are legal because they kicked the ones that are not off of their site. The websites represent 70% to 80% of the market share on Kaua'i. Before they kick them off, they will give us the information and we can issue a notice of violation to shut them down. We are not trying to be punitive, but we want to take that information to shut them down if they have not yet already.

Councilmember DeCosta: Thank you, Ka'āina.

Committee Chair Kaneshiro: Are there any further questions for the Planning Department? This is our last department for the day. If not, thank you all again for the very informative review. At this time, I would like to recess the Departmental Budget Reviews. We will reconvene at 9:00 a.m. on Thursday, April 8, 2021, when we will have the reviews for the Transportation Agency, Housing Agency, Agency on Elderly Affairs, Office of the County

Auditor, and the Office of the County Clerk. Based on the remaining departments and our ability to submit follow-up questions in writing, I do not believe that Budget Call-Backs will be necessary. I have made the decision to cancel all of our Budget Call-Backs. Those would be days that are not scheduled. If we had burning questions for the Administration, we would post a meeting again to come back and ask additional questions. We have not had a Call-Back day in the last six (6) years and I do not think that it will be necessary now. If we have any questions, we can still submit the questions in writing and get the answers back prior to the Supplemental Budget Communication coming to us. Thank you.

There being no objections, the meeting recessed at 12:25 p.m.