

**COMMITTEE OF THE WHOLE
FISCAL YEAR 2024-2025 DEPARTMENTAL BUDGET REVIEWS**

MINUTES

The Fiscal Year 2024-2025 Departmental Budget Reviews of the Committee of the Whole of the Council of the County of Kaua'i, was called to order by Mel Rapozo, Chair, at the Council Chambers 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Thursday, March 28, 2024 at 9:00 a.m., after which the following Members answered the call of the roll:

Honorable Addison Bulosan
Honorable Bernard P. Carvalho, Jr.
Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable Ross Kagawa
Honorable KipuKai Kuali'i
Honorable Mel Rapozo

Council Chair Rapozo: Good morning, everyone and welcome to our Budget proceedings. We will open up this morning with public testimony. Is there anyone in the audience wishing to testify on our Budget? If not, we will get started.

There being no one present to provide testimony, the meeting proceeded as follows:

Committee Chair's Budgetary Comments

Council Chair Rapozo: Everyone here has been here long enough to know the budget procedures have not changed, but I will go over them. This is pretty much the most important function of the County Council every year. It is to go over the budget and work with the Administration to come up with our annual budget. To make things easy and efficient, again, the procedures are the same as last year.

The budget reviews will follow the written schedule. If a Department's review concludes before its allotted end time, the next scheduled review will begin immediately. This is simply to reduce the number of Budget Call-Backs that we have scheduled.

Prior to each departmental review, please review all materials and prepare any questions that you may have. Contact our Council Services Budget Staff to send questions to the Administration in advance, especially questions unlikely to be answerable on-the-spot without prior notice. For example, questions that will require research or time to compile. This will help limit the number of written follow-up questions. All questions must directly relate to the proposed Fiscal Year (FY) 2024-2025 budget.

The Administration has been asked to be prepared with key personnel to answer questions. I think we have everyone here today. Council questioning commences after the respective department has finished its presentation. During all budget proceedings, the

Council Rules will continue to be enforced, including Rule No. 6(f) regarding the Councilmembers speaking.

Decision-making is scheduled for Tuesday, May 14, 2024 and Wednesday, May 15, 2024. Council Services Budget Staff will meet with each Councilmember between April 22, 2024 and May 3, 2024 to discuss decision-making proposals. This next one is important. Any proposal to add to the budget should identify the source used to account for the increase, which is either an increase in revenue or a cut in an existing program or service.

You folks all know that it takes four (4) votes to remove, and five (5) votes to increase or add something to the budget. Decisions will be made department-by-department. The Committee will then consider any revenue proposal thereafter, if needed. The Committee will not revisit items after they have been addressed unless deemed necessary. Are there any questions on the procedures? If not, we will proceed to the Administration's Budget Overview.

There being no objections, the rules were suspended.

Administration's Budget Overview

(Prerecorded video message from Mayor Derek S.K. Kawakami.)

DEREK S.K. KAWAKAMI, Mayor *(via prerecorded video)*: Aloha, Council Chair Rapozo and Councilmembers. *Mahalo* for this opportunity to present to this body a proposed Operating Budget of three hundred forty-four million nine hundred thousand dollars (\$344,900,000) and the Capital Improvement budget of one hundred three million six hundred thousand dollars (\$103,600,000) for the County of Kaua'i Fiscal Year 2025. I wish to also thank you for allowing me to offer these welcoming remarks via video, as I am currently out of the State. You are in good hands with our Budget team, and our Budget Administrator, Ken Shimonishi, will soon provide a detailed financial summary, so I will keep my comments brief. As mentioned during my State of the County address, given the hard lessons our State learned last year, our Administration formed the budget that aggressively focused on disaster preparedness and community planning to build a County that is resilient in the face of adversity and thrives for generations to come. Additionally, we continue to shape our organization to be nimble and responsive to our ever-changing needs. We are dedicating millions of dollars towards fire mitigation and prevention, which means reducing fuel source while creating defensible spaces along our wild and urban interface. This funding will help us to purchase heavy equipment for our roads crews to maintain open spaces, and additional water tenders and a brushfire fighting apparatus for our Fire Department to enhance fire response. We are also working with our stakeholders to update our wildfire response plans and we will be building a community engagement program that empowers our residents to be fire safe. We will continue to work on updating our infrastructure. Planning smarter communities requires solid infrastructure, and we continue to dedicate a bulk of our budget to address decades of deferred maintenance, while also preparing for our island's future. This includes addressing much needed repairs to our wastewater facilities, resurfacing an unprecedented number of County roads, and the most

important infrastructure facing our island—siting a new landfill. In the meantime, we are moving forward with the vertical expansion project at our current landfill. We continue an aggressive plan to build affordable housing units tailored to *kūpuna*, the low-income workforce, and our houseless community, and we are creating safe and diverse areas for our *keiki* to play with a major renovation planned for Vidinha Stadium and improvements at Hanapēpē Stadium and the Bryan J. Baptiste (BJB) Sports Complex. More skate parks, pickleball courts, and inclusive playgrounds are also on the horizon. The County's first-ever rodeo facility is one of our most exciting proposed projects, and we thank you, Councilmembers, for your support in this endeavor. But the initiative that I am most proud of is one that honors our hardworking County Associates and helps to alleviate our growing cost of living while hopefully attracting new applicants to join our team, and that is our proposal to pay one hundred percent (100%) of the premiums for our basic Hawai'i Medical Service Association (HMSA) and Kaiser Healthcare Plans. This is a huge benefit to our Associates and we appreciate the support of our union partners and, of course, our Council. Planning our communities for climate change, adjusting to a shifting visitor industry, and creating economic diversity are other budget highlights that our Department heads are prepared to discuss in detail throughout the coming days. On behalf of our Administration, I would like to thank you all for your continued partnership as we embark on our budgetary process. We welcome your review and recommendations, and look forward to a respectful dialogue together. May we continue in our shared commitment to find the best solutions that support, protect, and uplift our Kaua'i community.

Council Chair Rapozo: Thank you. We will move on to the Administration's overview.

KEN M. SHIMONISHI, Budget Administrator: *Aloha*, Chair Rapozo, Vice Chair Kuali'i, and Members of the Council. Ken Shimonishi, Budget Administrator. Just a quick brief overview of the Operating Budget and the highlights that we have pointed out here.

Beginning on Slide 2, we continue to adhere to the long-term financial planning elements which basically means presenting a structurally balanced budget where recurring expenditures should be covered by recurring revenues. We have estimated the excess of reserves, the amount over and above what we should have established, at eleven million five hundred thousand dollars (\$11,500,000) and we have proposed this in the FY 2025 Operating Budget to fund non-recurring expenditures. Please note that the use of fund balances at this time are based on estimates and likely will be revised upon the completion of the Annual Comprehensive Financial Report (ACFR), the audit, being complete and in time for the May 8 Mayor's Supplemental communication.

On page 3, we have a table of the revenues by fund. Starting with the General Fund, the largest fund. Overall, revenues increased by eighteen million four hundred thousand dollars (\$18,400,000) or five point six percent (5.6%). I want to apologize to the Mayor and the Council in that the Mayor's message contained percentage amounts that were slightly overstated. They have since been corrected, but I want to assure the Council and the Mayor that the budget is balanced. It was just the percentage of variances that were slightly higher

than when I did the rework off the actual presentation and budget. Again, the General Fund increased by fifteen million dollars (\$15,000,000) or six percent (6%), primarily attributable to real property taxes of eight million two hundred thousand dollars (\$8,200,000) or three point eight percent (3.8%). This was previously listed as four point four percent (4.4%), but it is actually three point eight percent (3.8%) on the increase. The County Transient Accommodations Tax (T.A.T.) increased by six million two hundred thousand dollars (\$6,200,000) or twenty-seven percent (27%). This was previously listed as thirty-two point six percent (32.6%). The Highway Fund increased by three hundred ninety-seven thousand dollars (\$397,000) or two point two percent (2.2%). This was previously two point three percent (2.3%), but it is two point two percent (2.2%). The increase is due to increases in Motor Vehicle Weight Taxes of two hundred twenty-five thousand dollars (\$225,000) or a three-percent increase, and bus fares of one hundred fifty thousand dollars (\$150,000) or seventeen point six percent (17.6%). General Excise Tax (G.E.T.) Surcharge Fund increased by two million nine hundred thousand dollars (\$2,900,000) or nine point one percent (9.1%). This was previously listed as eleven point two percent (11.2%). The Solid Waste Fund increased by three hundred eighty-seven thousand dollars (\$387,000) or four percent (4%). The Sewer Fund revenues actually show a decrease of eight hundred twenty-five thousand dollars (\$825,000) or seven point four percent (7.4%) as the prior year's revenue budget was overstated. Golf Fund increased by four hundred seventy-seven thousand dollars (\$477,000) or forty-eight point four percent (48.4%). The narrative I just read is on the following slide, on page 4.

Looking at the Operating Budget elements by category. These are the large areas that we look at. Again, I have the narrative on the following pages, but I will leave the table up for viewing. Expenditures increased by thirty-three million four hundred thousand dollars (\$33,400,000) or ten point seven percent (10.7%). Salaries and related increased by eleven million five hundred thousand dollars (\$11,500,000) or six point six percent (6.6%). The areas of note include the Office of the County Clerk with an increase of fifteen point seven percent (15.7%), the Department of Finance at eight point one percent (8.1%), Kaua'i Emergency Management Agency (KEMA) at seventeen point five percent (17.5%), the Agency on Elderly Affairs at eight point five percent (8.5%), the Housing Agency General Fund of fifteen point three percent (15.3%), the Transportation Agency G.E.T. surcharge fund of fourteen point one percent (14.1%), the Department of Public Works, Wastewater Division at eight point eight percent (8.8%), and Housing Kalepa and Paanau at an increase of nine point nine percent (9.9%) each. Utilities remained relatively flat with an increase of one hundred thirteen thousand five hundred dollars (\$113,500) or one point seven percent (1.7%). Operations overall increased by nine million six hundred thousand dollars (\$9,600,000) or eleven point eight percent (11.8%), and highlights include insurance premium increases of seven hundred thirty-three thousand dollars (\$733,000) or twenty-four point one percent (24.1%), and that is in the Department of Finance. Other services increased by two million two hundred thousand dollars (\$2,200,000) or eleven point two percent (11.2%), one million five hundred thousand dollars (\$1,500,000) in the Department of Public Works General Fund, related to the wildfire mitigation efforts, two hundred ninety-two thousand dollars (\$292,000) in the Department of Public Works, Solid Waste Division, two hundred ninety-one thousand dollars (\$291,000) in the Fire Department, two hundred forty-two

thousand dollars (\$242,000) in the Office of the Mayor, one hundred fifty-five thousand dollars (\$155,000) in the Office of Economic Development (OED), one hundred sixty-five thousand dollars (\$165,000) of the Housing Paanau, one hundred ten thousand dollars (\$110,000) in the Police Department; and these are offset by reductions of one hundred forty-four thousand dollars (\$144,000) in the Housing Agency General Fund, one hundred fifty thousand dollars (\$150,000) in the Housing Agency Revolving Fund, and one hundred twenty-eight thousand dollars (\$128,000) in Housing Kalepa. Dues and subscriptions increased by one million one hundred thousand dollars (\$1,100,000) or twenty-nine point three percent (29.3%), seven hundred thirty-eight thousand dollars (\$738,000) in the Department of Finance, one hundred forty thousand dollars (\$140,000) in the Police Department, and one hundred twenty-five thousand dollars (\$125,000) in the Transportation Agency G.E.T. Consultant services increased by five hundred ninety-one thousand dollars (\$591,000) or thirteen point two percent (13.2%), five hundred eighty-five thousand dollars (\$585,000) in the Department of Public Works, Wastewater Division, sixty-six thousand dollars (\$66,000) in the Office of the County Auditor, thirty-seven thousand dollars (\$37,000) in the Department of Human Resources, thirty-six thousand dollars (\$36,000) in Housing Kalepa, thirty-five thousand dollars (\$35,000) in the Police Department; and offset by a reduction of two hundred eleven thousand dollars (\$211,000) in the Department of Public Works, Solid Waste Division. Special Projects increased by six hundred forty-one thousand dollars (\$641,000) or seventeen point nine percent (17.9%), five hundred thousand (\$500,000) in the Housing Agency, Housing and Community Development Division, which is related to the Buy Back Program, and one hundred fifty-eight thousand dollars (\$158,000) in the Department of Finance. Grant-In-Aid increased by three hundred eighty-six thousand dollars (\$386,000) or eleven point one percent (11.1%), five hundred thousand dollars (\$500,000) in the Housing Agency General Fund, related to a homelessness grant, offset by a reduction of one hundred thirty-nine thousand dollars (\$139,000) in the Office of Economic Development. Repair and Maintenance (R&M) increased by one million eight hundred thousand dollars (\$1,800,000) or twenty point five percent (20.5%), nine hundred four thousand dollars (\$904,000) in the Department of Public Works, Wastewater Division, three hundred fifty-five thousand dollars (\$355,000) in the Department of Public Works, Solid Waste Division, three hundred fifty thousand dollars (\$350,000) in the Police Department, and one hundred sixty-five thousand dollars (\$165,000) in the Fire Department; offset by a reduction of one hundred thousand dollars (\$100,000) in the Department of Finance. Supplies increased by four hundred fifty-seven thousand dollars (\$457,000) or eleven point nine percent (11.9%), one hundred twenty-six thousand dollars (\$126,000) in the Department of Parks & Recreation General Fund, eighty-six thousand dollars (\$86,000) in the Department of Public Works, Solid Waste Division, eighty-five thousand dollars (\$85,000) in the Department of Public Works, Wastewater Division, eighty-one thousand dollars (\$81,000) in the Department of Public Works, Highways Division, twenty-six thousand dollars (\$26,000) in the Fire Department, and twenty-one thousand dollars (\$21,000) in the Police Department. Our vehicles budget decreased by two million three hundred thousand dollars (\$2,300,000) or twenty-nine point five percent (29.5%). Last year, we budgeted much more in terms of the number of vehicles. An eight-hundred-forty-two-thousand-dollar reduction in the Department of Public Works General Fund, a five-hundred-eighty-four-thousand-dollar

reduction in the Fire Department, a three-hundred-twenty-nine-thousand-dollar reduction in the Department of Public Works, Wastewater Division, a one-hundred-sixty-nine-thousand-dollar reduction in the Department of Public Works G.E.T., a one-hundred-thirty-six-thousand-dollar reduction in the Department of Parks & Recreation General Fund, a ninety-thousand-dollar reduction in the Police Department, a seventy-thousand-dollar reduction in the Department of Public Works, Highways Division, and a sixty-five thousand-dollar reduction in the Department of Finance. This was offset by increases of fifty-five thousand dollars (\$55,000) in KEMA, forty-eight thousand dollars (\$48,000) in the Housing Agency General Fund, and thirty-nine thousand dollars (\$39,000) in the Transportation Agency G.E.T. The equipment budget increased by three million six hundred thousand dollars (\$3,600,000) or thirty-four point one percent (34.1%), two million eight hundred thousand dollars (\$2,800,000) in the Department of Public Works, Highways Division, two million four hundred thousand dollars (\$2,400,000) in the Fire Department, and three hundred seven thousand dollars (\$307,000) in the Department of Parks & Recreation General Fund; offset by reductions of eight hundred seventy-six thousand dollars (\$876,000) in the Department of Public Works G.E.T., seven hundred six thousand dollars (\$706,000) in the Department of Public Works, Wastewater Division, and two hundred thirty-seven thousand dollars (\$237,000) in the Department of Public Works, Solid Waste Division. Something that was typically included in the operation are the road and bridge repairs, but we thought it was important to show what the increase is in that, and that is nineteen million five hundred thousand dollars (\$19,500,000) or one hundred twenty-four point six percent (124.6%), which is more than double the budget in this year. That would include road resurfacing as well. Also, the affordable housing contribution appropriation increased by eight million one hundred thousand dollars (\$8,100,000) or basically one hundred eighty-four percent (184%), which is significantly more than last year. The offsets that we have is the Dwelling Unit Revolving Fund (DURF) loan, which was budgeted last year for twelve million five hundred thousand dollars (\$12,500,000), was repaid in this current Fiscal Year, so that is not budgeted, and the Residential Investor Refunds non-recurring of three million dollars (\$3,000,000) is not in the budget, resulting in a decrease.

Looking at page 9 or slide 9, again, this is just a chart of the Operating Budget by those operating elements. You can see that last year, fifty-six point five percent (56.5%) was related to our salaries and related benefits, collective bargaining, and we have roughly thirty-seven point seven percent (37.7%) in operations when you consider the road and bridge repairs, affordable housing, and the refunds, etcetera. This year, a greater percent of the budget is going towards our operations at forty point three percent (40.3%), so obviously, the piece of the salaries and related are ticked down a little from fifty-six point five percent (56.5%) to fifty-four point three percent (54.3%).

Looking at our Operating Budget by Department, again, the Department of Public Works, when combined of the General Fund, the Highway, G.E.T., Solid Waste Division, and Wastewater Division, makes up the largest department in the County. In FY 2024, that was twenty-nine point seven percent (29.7%), looking at this piece of the pie, followed by the Police Department, Fire Department, the Department of Parks & Recreation, and actually our

Housing Agency is now our fifth largest department with significant contributions towards the affordable housing and DURF loan efforts that we make. In FY 2025, the Department of Public Works is roughly thirty-four percent (34%) of the entire budget. Again, a significant part of that was the increase in the contribution to the road and bridge repairs, and islandwide resurfacing.

Slide 11 is just a closer look at the General Fund, which is the largest fund of the County. Similarly, we see a slight downward tick in the amount of budget being used towards the salaries and related costs, from seventy-seven point four percent (77.4%) to seventy-six point eight percent (76.8%). Keep in mind, this is with the increase in the contributions towards the health fund benefit.

Looking at our General Fund, which in the previous slide was that large blue piece of roughly seventy-seven percent (77%) or seventy-six percent (76%), these are the departments that make up that cost. Number one is the Police Department and the Fire Department. Combined, they roughly make up fifty-seven percent (57%) of salaries and benefits cost in that area, followed by the Department of Parks & Recreation, the Department of Finance, the Office of the Prosecuting Attorney, the Office of the County Clerk, the Office of the County Attorney, and the remaining departments.

The second largest fund is the G.E.T. surcharge fund. Slide 13 shows the allocation of the budget between our Department of Public Works and our Transportation Agency. In FY 2024, seventy-three percent (73%) of the fund went to the Department of Public Works and twenty-seven percent (27%) of the fund went to the Transportation Agency. In this proposed budget, seventy-six percent (76%) is towards the Department of Pubic Works and twenty-four percent (24%) is towards the Transportation Agency. Over the life of the fund, it is really close to that seventy-five to twenty-five ratio (75:25) or seventy-six to twenty-four ratio (76:24)...right around there.

With that, the challenges ahead continue. As we stated last year with the siting of a new landfill and our aging infrastructure, we will continue to require significant funding sources. We continue to regularly replace our heavy-duty equipment and vehicles. Hopefully, we are getting to a point where that will be leveling off going forward. Our aging facilities continue to present financial and operational challenges. I think we all know that with the revenue increase and inflation, we would expect certain collective bargaining increases as well to be forthcoming.

That is a quick overview. I just want to point out that the detailed Budget Ordinance Section 2, again, because this is comprised of different reports that the reference on the bottom right, which are the page numbers, is probably the best to refer to when you are looking through the since master page number is listed there. Our departments have extracts of their portion of this section so that they will be in sync with what the Council is reviewing.

Also, if you are looking at the soft copy version of the Budget Ordinance online, I just want to point out that there are bookmarks to help you jump through the sections. With that, do you have any questions?

Council Chair Rapozo: Are there any questions for Ken, as it relates to the overview? Are there no questions? On page 2, when you said the estimated excess of reserves is eleven million five hundred thousand dollars (\$11,500,000), is that beyond the thirty percent (30%)?

Mr. Shimonishi: That is correct. Again, that is our estimated number at this time.

Council Chair Rapozo: Yes. Everything is estimated throughout this budget, right?

Mr. Shimonishi: Yes, exactly.

Council Chair Rapozo: Did that roll back into the General Fund?

Mr. Shimonishi: If you look at the Ordinance where we are proposing the use of funds, you will see that the eleven million five hundred thousand dollars (\$11,500,000) being there is used to balance the budget. Again, as long as we are keeping in line with not using that for recurring expenditures, then we are following the long-term financial planning principle right. I would point out that the contribution from the General Fund to the General Fund CIP is roughly thirty-one million three hundred thousand dollars (\$31,300,000), so that would clearly absorb eleven million five hundred thousand dollars (\$11,500,000) being used to help fund that, right?

Council Chair Rapozo: Are there any other questions. I know we will go through the departments, but on page 3, the Sewer Fund has a reduction of eight hundred twenty-five thousand dollars (\$825,000). Do you know what the...?

Mr. Shimonishi: Generally, when we are looking at the revenues, there are certain revenue pieces that are straightforward—the certified real property and some of the other ones—but typically for these other areas, I farm out to the department, so to speak, and I ask them to give their revenue numbers, and yes, when it came back lower I questioned it because it did not seem right, but they had said the estimate they provided in prior years was overstated.

Council Chair Rapozo: Is this the correction?

Mr. Shimonishi: Yes.

Council Chair Rapozo: Slide 14, the challenges ahead, is there any consideration for possibly a future bond float to get some funds to take care of some of these very expensive repairs?

Mr. Shimonishi: I would leave it to the Director of Finance or the Managing Director to state what their plans are within the next few years. I do not know if they looked beyond the end of this term.

Council Chair Rapozo: Councilmember DeCosta.

Councilmember DeCosta: I have a follow-up. Thank you, Ken. Thank you for all you do. You have a very challenging position. I am looking at the challenges ahead and I am pretty sure you could not list all of our challenges, but one that stands out to me is Solid Waste management and the new landfill. Are we really looking at alternative ways to deal with our trash, besides the new landfill? I know we have been discussing it with the Department of Public Works, but I did not see it on the challenges ahead list. I think that is one of our main challenges—how to deal with our trash alternatively without siting a new landfill. Number 2, I do not see anything about our islandwide sewer plan. How do we tend to address the State mandate of 2050 conversion of cesspools to septic and cesspools to sewer? We have reserve funding coming in. We have had quite a bit of funding sources over the last couple of years. I think it would be wise if this Administration and moving forward looked at an islandwide sewer plan and start putting that in place, if we can start getting infrastructure as part of some of our CIP projects to address the cesspool conversions.

Mr. Shimonishi: Your comments and notes are appreciated, Councilmember DeCosta. I would advise the County Engineer and the Managing Director to address those.

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: With regard to slides 8, 10, and 12, the Housing Agency, and affordable housing...the first one, you talked about the affordable housing increase of eight million one hundred thousand dollars (\$8,100,000) or one hundred eighty-four percent (184%). That is all moneys coming from the General Fund, correct?

Mr. Shimonishi: That is correct.

Councilmember Kualii: Is that a majority investment beyond the two-percent requirement?

Mr. Shimonishi: Yes, that is over and above. The two percent (2%) comes out to roughly four million four hundred forty-three thousand dollars (\$4,443,000) in this budget.

Councilmember Kuali'i: In slide 10, when you talk about the increase in salaries, utilities, and operations, you show the pie chart, and you made the comment that now the Housing Agency is the fifth largest, but in no way is the department the fifth largest, it is just because of that money. I think it would be interesting or important to break up that money from salaries, utilities, and operations, because when you look at slide 12, and you see General Fund salaries and related, the Housing Agency does not even show up. Obviously, we know because a lot of our Housing Agency positions are funded by Federal dollars and what have you, and not necessarily the General Fund. This does not really show the huge bang we get from the Housing Agency and how important...this Council got it started by requiring that floor of the two percent (2%), but it is amazing that the Mayor then came along and made this big investment, so I think that is really important, but I do not know if this shows it when you picture it like this and use pie charts.

Mr. Shimonishi: You are correct, Councilmember Kuali'i. The intent is to just show where the total dollars are going. You are right. The Housing Agency just has one (1) line item that is rather significant and I just wanted to show that with this investment...

Councilmember Kuali'i: As a follow-up, maybe you or the Housing Agency could come back with the breakdown of how much moneys are spent on the department's operations because it is not really operations if the money is going out to pay others to build affordable housing, grants, or whatever shape it takes with our nonprofit developers like the Āhē Group or others, right?

Council Chair Rapozo: Do you have any other questions?

Councilmember Kuali'i: I have a broad question. It is tied to the narrative, or it could be tied to anything, because you show that the three hundred forty-four million nine hundred thousand dollars (\$344,900,000) is the budget, and the one hundred three million six hundred thousand dollars (\$103,600,000) is the CIP budget. Of that one hundred three million six hundred thousand dollars (\$103,600,000), and this is a very basic and naïve question, is any of it carried over from the prior year, or is this all new dollars and is it all dollars coming out of the General Fund invested into the CIP or the main real property tax revenues invested into the CIP, or is some of it also from bond floats? It would be good to have the breakdown of that in a big picture.

Mr. Shimonishi: I think the easiest way to look at that...as you said, the "big picture"...is if you look at last year's CIP Ordinance and you show what the budget balance is, you take that we are contributing thirty-one million dollars (\$31,000,000) in new money this year from the General Fund...that is the only new money going into the CIP Ordinance, and you look at what the ending balance is, you can get to what the spend down or carry over is.

Councilmember Kuali'i: Thirty-one million dollars (\$31,000,000) is new moneys from the General Fund invested from this year?

Mr. Shimonishi: Yes.

Councilmember Kualii: Thank you. I think that is what is said much later in the narrative, but I did not put the two (2) together. The other thing is in the narrative from the Mayor, you talked about the big investment for our recruitment and retention initiatives, with one hundred percent (100%) coverage of the medical, dental, and vision premium for all current and future employees who are covered by the basic medical plan to either single, two-party, or family plans. I think it was said somewhere, but what is the total cost of that, because it is not in the narrative, even though you show a lot of other details?

Mr. Shimonishi: The health fund contribution budget for the County in FY 2024 was ten million five hundred thousand dollars (\$10,500,000). The budget this year is thirteen million six hundred thousand dollars (\$13,600,000), but we had assumed that there would roughly be around an eleven percent (11%) increase on the old premiums. Basically, that would be a one-million-two-hundred-thousand-dollar increase if we just followed the normal course of business. To answer your question, we are calculating that additional coverage at just under two million dollars (\$2,000,000), at one million nine hundred thousand dollars (\$1,900,000).

Councilmember Kualii: One million nine hundred thousand dollars (\$1,900,000)?

Mr. Shimonishi: Yes. Again, we will probably take another look at it in the Supplemental to try to make sure we are tweaking that number or getting it closer. Obviously, there are some things that can occur that we may need to account for as well.

Council Chair Rapozo: I have a follow-up on that. When we estimate the cost of that program, are we looking at all positions or...because I noticed you said for all current and future employees, so when you do the calculation, are you taking into account vacant positions that could be filled going forward, or just filled positions, because obviously, if you are only looking at filled positions, then there will be a shortfall?

Mr. Shimonishi: We looked back historically at the departments and took the counts of the employees. If there were long-term vacancies, that could have fallen through the cracks, but as for the counts, we took what the maximum counts would be and applied based on their coverage, one hundred percent (100%) of the seventy-five, twenty-five (75/25) and what the remainder of the other prevalent plan premiums would be. We extrapolated that to get to that number. We also made an allowance for people or employees who could have taken coverage, but did not, and we put in a factor of that for them as well.

Council Chair Rapozo: I think a lot of people who may not have taken the medical because they had a spouse's medical plan or whatever, will not convert back. Also, the whole intent of this was to recruit more employees. It was to recruit and to retain, so in

there has to be some kind of calculation of percentage of increase in positions that will be filled because of this action, right?

Mr. Shimonishi: That is right. You are correct, Chair, in that those employees who did not take and may not jump on and take because it is one hundred percent (100%) available, are probably something we want to look at again and determine how we figure that out, right? There are also employees who, even though they are supposedly eligible, they may not be able to because their spouse is on that same plan at the State or something, but before I get all tripped up, it is probably best addressed by the Department of Human Resources (HR), but you are correct in that there are additional considerations that need to be made.

Council Chair Rapozo: We are hoping this will attract more employees, so we need to make sure we cover that and do not fall short. Councilmember DeCosta.

Councilmember DeCosta: I do not have a follow-up. I have a new question.

Council Chair Rapozo: I am sorry. Were you finished, Councilmember Kuali'i?

Councilmember Kuali'i: I can wait.

Councilmember DeCosta: Thank you, Councilmember Kuali'i. Ken, I am not sure if you can answer for the Mayor, but you are sitting in for the Mayor and he just finished his address to the whole community. I sort of got excited, but on the flip side I am a little bit confused. The rodeo facility. I believe we are the only island that does not have a County rodeo facility. This is a long overdue project and I am glad that we are putting some funding towards it, but when I look at the funding, it is two hundred fifty thousand dollars (\$250,000). You can hardly buy fencing for that rodeo facility with two hundred fifty thousand dollars (\$250,000), but I noticed you mentioned pickleball and skateboarding parks, and the renovation at Vidinha Stadium. Vidinha Stadium has track, soccer, and football. I do not see any rodeo individuals in Vidinha Stadium. I would really like to know if the Administration would like to put a little more emphasis on that high school rodeo sport and actually take care of a group that has been forgotten here on Kaua'i for generations, since it became a high school sport. They have no place to do the rodeo except for private facilities. I just wanted to throw that out there and have the Council and different departments start thinking about the big picture. Thank you.

Mr. Shimonishi: Thank you.

Council Chair Rapozo: I will add, because everyone is here, that as I looked through the Resolution on CIP projects yesterday, there were some projects that I had never seen before and it was significantly costly. When you come up during the CIP Budget presentations, make sure you folks have a plan. Make sure you folks have a plan that is ready to go so we are not just banking these types of moneys in the budget. I am just speaking for

myself, but I will not support any project that is just something that we would like to look into with a price tag that is in the millions. That will not roll with me. That is a clue, a hint, or whatever you want to call it, for those of you out there. The rodeo is one of them, but there are other projects on there that are new. When you folks come up, make sure you have a plan, because we do not fund wish lists. We fund projects that you folks are ready to move. If it is not ready, come back to us when you are. That is just my position. Again, I am just speaking for myself. Councilmember Kuali'i.

Councilmember Kuali'i: I have a rodeo follow-up. On the rodeo, in the narrative, it does say design clearing and environmental review for a rodeo arena, two hundred fifty thousand dollars (\$250,000). Do we already have a site?

Council Chair Rapozo: We can wait for the department. That is what I am looking for—a site. Again, there is more than one (1) project on there that I was surprised about.

Councilmember Kuali'i: What department will that come under? Who will answer that question?

Council Chair Rapozo: I would assume it is the Department of Parks & Recreation.

Councilmember Kuali'i: Two million five hundred thousand dollars (\$2,500,000) is allotted for an indoor Tactical Rifle Rated Ready Shooting Range that would be installed on Kaua'i Police Department's (KPD's) property. Is this solely for KPD's use or will there be a public component to it as well? Would that be a question for KPD?

Council Chair Rapozo: Yes.

Councilmember Kuali'i: There are some big things in the narrative by the Mayor. I will ask the other one during the revenue, because you have a revenue presentation as well, right? Okay.

Council Chair Rapozo: Go ahead, Councilmember Carvalho.

Councilmember Carvalho: Ken, for the General Fund budget expense categories, could you clarify that again with the Residential Investor Refund?

Mr. Shimonishi: I am sorry. What is the question?

Councilmember Carvalho: Slide 11.

Council Chair Rapozo: He is asking about the Residential Investor Refund.

Mr. Shimonishi: All I am saying is that was in last year's budget, but it is not reoccurring this year. We still had a slight increase in that bank or operations, which includes the Residential Investor.

Council Chair Rapozo: Is that line item specific to Residential Investor refunds?

Mr. Shimonishi: The budget line item? Yes.

Council Chair Rapozo: Is that budget line item out because we do not have Residential Investor?

Mr. Shimonishi: That is correct.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: Following up on that, I want to point out that was three million dollars (\$3,000,000) of over taxation. That was the Residential Investor Refund, right? Three million dollars (\$3,000,000) is a lot for that small group of people, so when that comes up, when we are looking at our real property tax, I really want to look at that. I have a small question about the Employees' Retirement System (ERS). A few years back it was the case that our County was actively and honorably contributing to the statewide fund, whereas the other counties in the State were not staying current with what their contributions were. I know we are just a small portion, but have you looked to make sure that the rest of the State and counties are contributing to our employees' retirement fund? I just want to make sure that stays solvent.

Mr. Shimonishi: I think when you are talking about the ERS, the contribution percentages are set by the Legislature and they were several years back on an increasing scale and they plateaued, I believe, at forty-one percent (41%) for public safety, which is basically police and fire, and I think twenty-four percent (24%) for all others. Yes, all the counties have to contribute and have been contributing that.

Councilmember Cowden: Are they current? That is all I want to know, because we were current, when they were not current a few years back.

Mr. Shimonishi: I think you are maybe referring to what was Other Post Employment Benefits (OPEB), which covers the medical premium. On that piece, there was an option to not fund this. It was called Prepaid Health Care (PHC) where you prepay, and there was some legislation that came out at the time that the State said if people were not paying, they would withhold it from the T.A.T. State tax share, but that actually, as you know, is gone and counties enacted their own, but for the County of Kaua'i and the Department of Water, I know that we have been fully funding what is called the annual required contribution.

Councilmember Cowden: We do fund that. My memory was it all goes into a statewide fund and I wanted to make sure everyone else is current.

Mr. Shimonishi: Again, to clarify, on the OPEB, that is a plan that is tracked or kept separately for each government entity, whereas the retirement is where it is all pooled.

Councilmember Cowden: Okay, thank you.

Council Chair Rapozo: I think I heard on the news last night the Governor is going to forego paying OPEB this coming year. It is crazy, but it is pay now or pay later. Councilmember Kagawa.

Councilmember Kagawa: Thank you, Ken. How many years ago was it where we had no T.A.T. and no G.E.T.? Was it six (6) years ago? If we add that up right now, we would get twenty-nine point two (29.2) for T.A.T., and I think back when we received it, the last time when we received it maybe seven (7) years ago, our portion was thirteen point five (13.5).

Council Chair Rapozo: Is that the percentage?

Councilmember Kagawa: No, it was thirteen million five hundred thousand dollars (\$13,500,000). From seven (7) years ago until now, you are talking about roughly sixteen million dollars (\$16,000,000) more that we are getting in T.A.T. In the G.E.T., we did not get that at all and now it is thirty-five million dollars (\$35,000,000). That is why I sit here and agree one hundred percent (100%) we have significant revenues to take care of our employees with the one hundred percent (100%) premiums. My worry or my fear is that with the Legislature short-changing their obligations now, that will be an easy money grab for them. If they do not want to raise taxes, they will cut us off. I am sort of worried. What is our Plan B should they take that funding away in the future? That is what the situation was during former-Mayor Carvalho's time. We needed to reduce the premium to sixty, forty (60/40), rather than one hundred percent (100%) because the State was just grabbing our share—what we used to receive—and, of course, we did not want to raise taxes on our homeowners anymore than what it was. I am just worried that where we were six (6) years ago, struggling to have competitive salaries for our employees, yet on the back end they were getting this medical plan that was not as great as before. I am just worried that should we lose the revenues from the State at some point, what will we do? Will we go back to sixty, forty (60/40), or will we find a way to keep paying the one hundred percent (100%)? It is as Chair Rapozo said. I think it is a no-brainer. I think everyone will take the plan, so it might be even higher that what is stated in the books, because you can get dual-coverage and it will significantly help your share. I do not know.

Mr. Shimonishi: Thank you, Councilmember Kagawa. I would just say, personally, I feel a bit more comfortable that the County T.A.T. is now a County tax and

not a State tax or a surcharge, unlike the G.E.T. The G.E.T. has a sunset date of, I believe, January 31, 2030. That is five (5) years away.

Councilmember Kagawa: It was only four (4) years ago then, right? Was it 2020 that we had...it is ten (10) years.

Mr. Shimonishi: That is where I think the risk is in terms of whether or not we can continue to have that surcharge ability allowed by the Legislature. That is where I think the biggest risk lies.

Councilmember Kagawa: Thank you.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: I have a follow-up on that. When I heard the Mayor's State of the County address, something I was encouraged by was hearing him talk about a stipend...to be able to put a stipend for different positions we have a very hard time filling. I thought I heard him say it about police, but I know civil engineers...there are certain positions that are...when I look through this vacancy report, some of them are profoundly deficient, and even with our bus drivers it is profoundly deficient, where that really impacts some of the most vulnerable of our community, whether those are seniors or people of high economic risk, so I was encouraged to hear that might help us be able to bridge past these bargaining rights so that we do not lose key employees, but I am not seeing that here on the narrative, and I do not really see it...I see that salaries are on the increase, so maybe that is embedded in there, but I know we are still in this bargaining agreement of five percent (5%) per year. Is this the second or third year on that five percent (5%)?

Mr. Shimonishi: I would ask the HR Manager.

Councilmember Cowden: Okay. Do you know anything about the stipend? Is that stipend reflected anywhere in here? Is that a "no"?

Mr. Shimonishi: I will let the HR Manager or Director address that.

REIKO MATSUYAMA, Managing Director: Good morning, Councilmembers. Reiko Matsuyama, Office of the Mayor. I did not include it in the budget. It is something that is occurring for some of our hard-to-fill positions. Currently, we have dispatchers, Department of Motor Vehicles (DMV), as well as our park rangers, all on supplemental agreements, so they are all earning more.

Councilmember Cowden: They are all earning more. Is that embedded in what is in here?

Ms. Matsuyama: Yes. You will see in each of the department line items that there is either premium pay increases or overtime increases.

Councilmember Cowden: For KPD, which seemingly, I am looking at how we are not holding on to them and we are losing them, and then when I look at...I know some of that is the Department of Water, which is not exactly us, but to know how many engineers are missing there and just looking at...this is not an exhaustive amount, but it seems like when I look here at these positions that are nine hundred (900) days...there are a lot of positions that are...but they are still funded, so we are either not planning to utilize them, but we are budgeting them, or are we doing these stipends that help to actually attract them?

JANINE M. RAPOZO, Human Resources Manager III: Janine Rapozo, HR Manager. The civil engineers are on a shortage differential and they have been for several years now. The thing that Managing Director Matsuyama talked about as far as emergency dispatchers, park rangers, and DMV clerks was something that we just negotiated with the union, so all of these still need to be negotiated with the unions whenever we increase, try to give them more pay, or do different things, because we are changing their working conditions or their pay.

Councilmember Cowden: What about the police? I know across the nation it is chronically underfunded, and they are pulling away from one another's departments. Are we going to do anything for that group?

Ms. Rapozo: We have been working with the Chief of Police on various measures for police, looking at whether or not we are looking at retention or recruitment bonuses and things like that. I know some of the other jurisdictions have done things, so we always have to be cognizant of what the other jurisdictions are doing because we are all fighting for the same pool of people. They transfer there, some transfer here, so we are looking at different things for police, but they are on continuous recruitment, and we are getting people for KPD. It is not as though we are not getting anyone, like for civil engineers where no one is coming in. It does take a little while longer to hire police. It has been streamlined a lot from before, but it still takes a little while longer to hire them.

Councilmember Cowden: Thank you for that. What about the Department of Public Works, Building` Division and the Auto Maintenance Division? When I look at our heavy equipment, and it breaks and needs to sit and takes a long time or different pieces of equipment are not fixed fast enough, let alone the facility not being big enough, but when I look at this and we have Heavy Vehicle and Construction Equipment Mechanic, it is almost one thousand five hundred (1,500) days, but yet it is funded. I know we will go into this deeper later, but when I am looking at the overview of how we want to run our organization, we have managers, engineers, and key positions funded, but two thousand six hundred (2,600) days, almost nine hundred days (900). Those are years. Is it that we are not serious about filling it, that we underfunded, when we are looking at space that maybe it should be dollar-funded if we are not serious about filling those positions, or do we need a stipend?

Ms. Rapozo: Specifically for the auto shop positions, they are on continuous recruitment. We refer any names that we have and are eligible. We have also worked with the Department of Public Works to lower qualifications, or bring in and train new people to then work their way up. We have been doing some of those things that are not reflected on that report. All you see is that it has been vacant for that many days. The other thing with those positions is the commercial driver's license (CDL) requirement, which is sort of tied back to the Department of Finance, because we have had a problem getting CDL examiners to get these people to get their CDL. The CDL law did change a year or two (2) ago where there is a slightly stricter way that you need to go through to be able to get a CDL now.

(Councilmember Carvalho was noted as not present.)

Ms. Rapozo: One (1) of our trainers in our Department is actually able to do that training and I think there is one (1) other person on-island, but it is not as easy as before. That compounded the problem with all of these bus drivers as well. Why can we not get people? It is because they cannot get their CDL because they need to go through this training, and when they are ready to get their license, the Department of Finance does not have an examiner. It is a domino effect.

Councilmember Cowden: Can we get a contractor? Can we do anything? I know I am a little bit detailed here, but it seems in the broad brush strokes across the Budget, because we have a similar problem in the Department of Public Works, Roads Division with CDL, and I know not long ago sitting in a restaurant listening to people who are unable to get their license. It is four (4) months out to just get your driver's license. This is not CDL. It is a driver's license. It should not be that hard to find someone for that. If people cannot get their driver's license for four (4) months, that has reverberating impacts in our population.

Ms. Rapozo: The Department of Finance has done some creative things as well to try to make sure that they are able to continue to test these people. Some of their former examiners have gone to other positions within the County, so they use them on overtime to get people tested for CDL or regular licenses just so that we can continue the flow, but it has been sort of this domino effect with everyone.

Councilmember Cowden: A short answer for me to walk away with when I was really asking about stipends, is we are going to see that on the detail here, not in the overview?

Ms. Matsuyama: That is correct.

Ms. Rapozo: That is correct.

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: I have follow-up and then I will get broader for you, Ken, on the additional positions in general in the narrative. In the narrative, it is broken down to seven (7) new positions—Parking Enforcement Officer, Park Security Officer, Facilities Maintenance Operations Assistant, Information & Education Specialist, Solid Waste Worker I, Plant Operations Assistant, and Sanitary Chemist. If those positions are just being proposed and we will not know until the end of the Budget, you or the departments would not be planning or budgeting for those positions to start on July 1st, because HR will need time to recruit positions, or will some of them maybe be promoted from within?

Ms. Matsuyama: Right now, I think all of those positions are fully funded. Those seven (7) positions are fully funded.

(Councilmember Carvalho was noted as present.)

Councilmember Kualii: Yes, in the budget they are proposed to be fully funded, but they are new positions, so they are not really funded until this body votes and the Mayor signs.

Ms. Matsuyama: Unless it is an internal position, it is unlikely that those positions will be filled on July 1st.

Councilmember Kualii: You are not initiating or starting a recruitment, because it is not funded yet.

Ms. Rapozo: It depends. I think there is a recruitment now for the Solid Waste Worker I, because there is another position that is also vacant, so they good go off of that eligible list and they could technically hire right away, so it all depends on the type of position.

Councilmember Kualii: Okay. The bottom line on all of this is that we see from our Budget that the salaries and wages are the biggest expenditure. In this cycle, we have used the vacancy report, we have looked deeply at these positions, but we will especially look at new positions, and I think not just from HR, but from management in general, we know, I am assuming, that through the preparation of this Budget, these departments came to you and said, "We need this," so there is probably some sort of justification test that you did and I would want you to share that with us for each of these seven (7) positions. It is not just these seven (7) positions, but the other new positions, because there is a total of seventeen (17) new positions, but some of them are dollar-funded, some are temporary KEMA reserve corps positions, so those are not as impactful on the General Fund, like seven (7) brand new positions and the positions that were created by the reallocation of vacant and underutilized positions, so not just those seven (7) positions, but these other new positions, if you will, moved from one department to another, and include the new cost to those positions, because if it was a vacant position in another department that was dollar-funded, the position number was moved to another department with funding, that is new expense to the General Fund. I want to look at those as new positions as well. There is a little bit of follow-up, but I

think some of it probably already exists, because you did the work to make those decisions in the first place. That was my general question about positions.

Council Chair Rapozo: We will get back to the overview.

Councilmember Kualifi: It is the overview.

Council Chair Rapozo: These folks from the Department of Human Resources will be up very shortly, so I want to focus on what is here.

Councilmember Kualifi: The Mayor's narrative was six (6) pages and it is the same, but is being presented in a different manner.

Council Chair Rapozo: We have HR today.

Councilmember Kualifi: All my questions about the vacancy report are being held until HR comes, because I have general questions about the vacancy report. I am holding them for HR.

Council Chair Rapozo: Thank you. Councilmember Kagawa.

Councilmember Kagawa: Is the one hundred percent (100%) premium an overview question?

Council Chair Rapozo: Yes.

Councilmember Kagawa: Since HR is here, I want to ask. Let us go back in history. When was the premium last paid one hundred percent (100%) by the County?

Ms. Rapozo: Since I have been here, I do not recall it being one hundred percent (100%).

Councilmember Kagawa: When was the last change made? Did it go from eighty percent (80%) to sixty percent (60%) or something like that?

Ms. Rapozo: No. Since I have been here it has been sixty, forty (60/40), but there was a time when it went to fifty, fifty (50/50) because there was not a lot of revenue.

Councilmember Kagawa: Is this with all the counties together as a State?

Ms. Rapozo: Yes. At one time when I was working, the unions also had a plan where you could not join Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) and go on a union plan. Those plans were much cheaper. I think they had to do away with those because EUTF was not able to sustain themselves because one of the

biggest things for EUTF is they carry all of our retirees. We are all carrying the retirees, and they are older, so they probably use more medical. All of the cost, similar to social security, has to be spread out through everyone, but it has been sixty, forty (60/40). The thing that changed a few years back is there is a new plan—the 75/25 with HMSA—which is much cheaper than the traditional 80/20 plan, so with that cost, that is what the Mayor is offering at one hundred percent (100%) medical as well as the Kaiser premium. If you look at the cost of what the County would have to pay for one hundred percent (100%), it is almost exactly the same as what we would pay on an 80/20 or a 90/10 plan, which is the 60/40 of the 80/20 plan. When the 75/25 plan came into play, that was a bigger game changer which a lot of people were hesitant to move to, because it is too good to be true. For me, with a family plan we went from eight hundred dollars (\$800) to one thousand dollars (\$1,000) a month to one hundred fifty dollars (\$150) in premium. That in itself was a big game changer, I think, but a lot of people are still hesitant and they are staying on their traditional 80/20. That is what they believe is going to give them their best medical. I think even if we are going for one hundred percent (100%), it is of this 75/25 plan or the Kaiser standard.

Councilmember Kagawa: The big question mark is you have all these plans, but when you have that big surgery or whatever, the big mystery is what is in that envelope. What is your bill going to be? Sometimes you are surprised and say, "Wow, five dollars (\$5)," and sometimes it is two thousand dollars (\$2,000), and no one clearly knows what plan will give you the small bill and what one will give you the big bill. It is crazy. I was always under the impression that the State and the counties always followed one another.

Ms. Rapozo: Yes.

Councilmember Kagawa: We follow, we work with the union and say, "Okay, this is coming down," but no we are going the other way. We are giving a plan that is better than anyone else. Will the rest of the State and the counties be okay with us?

Ms. Matsuyama: The Mayor did alert the other mayors as well as the Governor and Senate President the direction we were going prior to the State of the County just to give them a courtesy heads up and say, "This might put you between a rock and a hard place, because your members might want the same thing." All the mayors were supportive of the idea, but were not in a fiscal position to offer it as well. We are the guinea pig to see if it will help with recruitment and retention and we will see if the other counties will follow.

Ms. Rapozo: To add to that, a few years back when we did have the 50/50 plan, Maui did go off the reservation and still offered 60/40 to their members while no one else did. This is not something new, but it is different.

Councilmember Kagawa: The last thing is I think Ken said to Council Chair's question about whether it may be understated a little bit with one hundred percent (100%) of our employees possibly wanting to sign up because there is no payment on their end. Will you folks work together and check if these numbers are...

Ms. Rapozo: We have been, yes.

Councilmember Kagawa: You already have been? Okay. I am just worried that, like Council Chair said, you work hard on the Budget and find out it is really understated, which throws everything off.

Ms. Matsuyama: I want to clarify one thing. I know there was talk about people who are covered by their spouse may now want dual coverage. Included in this plan...and as you know, the devil is in the details...if you are not taking medical right now, we would provide a two-hundred-dollar incentive for them to not jump on our medical, so at least there is some sort of bonus to these people who we do not want to jump on our medical. If you do not need dual coverage, do not get it, because we will give you an extra two hundred dollars (\$200) a month.

Council Chair Rapozo: Will you pay a person two hundred dollars (\$200) a month to not join the medical?

Councilmember Kagawa: Yes, because it is saving money.

Ms. Matsuyama: It would save us a lot of money as opposed to a single person jumping on.

Council Chair Rapozo: All right. Were you saying that is two hundred dollars (\$200) a month to not take the medical?

Councilmember Kualii: It is to continue not taking the medical, because they are not taking it now.

Council Chair Rapozo: How much is the premium if they take the medical?

Ms. Rapozo: It depends on if they take the single, two-party, or family plan. We need to assume that if they are not taking the medical now, they have someone else they are taking it with, so they would take at least a two-party plan. That is over eight hundred dollars (\$800) when you combine their portion plus the employer's portion.

Council Chair Rapozo: Go ahead.

Councilmember Kagawa: Like I said, I think when you have dual coverage with both parties having different plans, when you open the envelope, your chances of having the five-dollar bill are much better. If you do not have major surgeries, you are probably good risking it with one (1) plan, but if you have major operations and whatnot, you want to get dual coverage if you can.

Council Chair Rapozo: Are there any other questions for the Budget Overview? If not, thank you.

Councilmember Cowden: Are we going to do the revenue? Who is doing the revenue?

Council Chair Rapozo: Next up is the Office of the Mayor. Revenue Forecasting comes right after that. You should have one of these. Did you receive one of these?

Councilmember Kualii: It is the agenda for today.

Councilmember Cowden: Yes. Chair, some of my questions that would have been overview were all related to revenue, so it was not in this, but they are still being pictured.

Council Chair Rapozo: It is during the Revenue Forecasting that you would ask those questions. Let us take a short recess. Let us take a caption break.

There being no objections, the meeting recessed at 10:11 a.m., for a caption break.

The meeting reconvened at 10:28 a.m., and proceeded as follows:

Council Chair Rapozo: We will proceed with the Office of the Mayor, Administration.

Office of the Mayor (including the Office of Boards & Commissions)

Ms. Matsuyama: Good morning, Members. Reiko Matsuyama. The Office of the Mayor is comprised of our office, Administration, as well as Ellen's office over at the Office of Boards & Commissions. Overall, we are proposing a FY 2025 budget of three million nine hundred thousand dollars (\$3,900,000), which is an increase of about four hundred fifty-eight thousand dollars (\$458,000) or thirteen point three percent (13.3%). Just within the Office of the Mayor, Administration, we are requesting a budget of almost two million six hundred thousand dollars (\$2,600,000), which is one hundred forty-seven thousand dollars (\$147,000) over FY 2024 or six percent (6%). Of that, most of that is made up by salaries and wages which are increases based on either the salary resolution or in line with the negotiated increases with the unions as well as, obviously, benefits and fringes that come with that. Operationally, we have some bigger increases, mainly in Ellen's shop. I will start with the smaller increases in the Mayor's Administration budget. What we did was we increased our consultant services for our D.C. consultants by about ten thousand dollars (\$10,000). That is for the work they do for us which includes some travel, so they can come down and share with you their updates as well as see the sites that they have funded in the past and the progress of it. Also, within the Operational Budget of the Administration is that we just did some reclassifications between the line item account. We wanted to keep the Employee Council as a separate line item for record keeping purposes, so that is why we

left that as a standalone and then moved everything to a different line item, but there are no significant increases there. For Ellen's shop at the Office of Boards & Commissions, that is where we see the bigger increase. We have two (2) more substantial increases. One is for advertising. There is approximately a thirty-five-thousand dollar increase in advertising and that is due to this being an election year. They do a lot of work with Charter amendments that are proposed and advertising those. The most significant increase, which is a little over two hundred thousand dollars (\$200,000), is for outsourcing our contested case hearings officer. Right now, we have an increase in contested case hearings from the Planning Commission. It has been advised that the Planning Department should not carry those costs and that the attorneys should not carry those costs, and so right now it has fallen into Ellen's shop with the Office of Boards & Commissions. They have done a lot of work in terms of putting everything together right now. The proposal is to outsource all of it to the attorney firm that currently presides over our hearings. If you have more questions, I will kick it to Ellen before I fumble.

Council Chair Rapozo: Go ahead.

(Councilmember Kagawa was noted as not present.)

Councilmember Cowden: I had just a couple of questions on something that you spoke about with the D.C. consultants. What is the main role that they do with us? Is it to help us get grants? Is it to help us push for strategies that are important for our island?

Ms. Matsuyama: It is sort of all of the above. We provide them with an update on what we are looking to pursue, then they will look at where the pockets of funding could potentially be. There is always an open dialogue. It goes both ways. With the things we are proposing versus what they are finding, there may be pockets of money that we could go in for.

Councilmember Cowden: How actively are you involved? The reason I am asking is when I have communicated with them, they have not seemed available. When we were in Washington, D.C., I would have liked to have met with them, but they were not available. I was able to work with another consulting service there that reached out and gave quite a lot of information. I was just sort of surprised how difficult it was. Is it not the Council's role to be able to have interaction with our consulting service?

Ms. Matsuyama: What we prefer is that it comes through the Office of the Mayor and through our staff on the Administration's side, and then, obviously, they will share on the Council floor...I believe it is coming up around June or so that we are going to have them share with you the updates. You are not their client. We are.

Councilmember Cowden: I am curious. Do we ask them to lobby for us on different topics?

Ms. Matsuyama: Yes.

Councilmember Cowden: Where does the Council get to see on what topics they are lobbying for us?

Ms. Matsuyama: I think it will come through their updates as well as...anytime you folks can share anything with us, we will pass it on to them. We will be the middleman.

Councilmember Cowden: Okay. In these contested cases, I am unsurprised though displeased to see that we are looking at one hundred sixty (160) to two hundred forty (240) days of contested case hearings. I see how contentious it continues to get, and I go in and watch, but it is painful and I am not even sitting behind the table, so I really honor the fact that we can get people who are willing to be on these commissions, so sometimes when I am asking, I just hope that they have some idea of what they are getting into because it is not that I want to discourage them, but because I want them to be aware and prepare.

(Councilmember Kagawa was noted as present.)

Councilmember Cowden: With these contested case hearings, when we are seeing twenty (20) to thirty (30) days of hearings or sixty (60) to two hundred forty (240) hours, is this mostly regarding large developments that maybe I am sitting there in the room and listening to some of these fights, or is it typically more a house or individual, small-scale...what is causing this deep increase?

ELLEN CHING, Boards & Commissions Administrator: Ellen Ching, Boards & Commissions Administrator. Good morning. When I first started, I inherited the hearings case officer contract, which was a new initiative. Initially, it started out at nineteen (19) hours a year. That was doable, but it has truly exploded. Initially, the cases that came before contested case hearings were mainly transient vacation rentals (TVRs). Now it has sort of drifted into other areas that are more contentious. When the number of hours increased, it really became a huge burden. We are a very small office. It is not a big office. We just have six (6) people.

(Councilmember DeCosta was noted as not present.)

Maybe this would be analogy. I noticed you have about seven (7) days of budget hearings, but each day of a contested case is eight (8) hours. With one (1) case, we had nineteen (19) witnesses, there is a cross-examination, it is a quasi-judicial process with evidence, and the hearings officer is an attorney. To me, it would be problematic for me to guess what type of referrals we will get from the Planning Commission, so the best way I could estimate was in discussion with the Planning Department and asking, "What is your prediction on the number of referrals that we will get?" Their opinion was twenty (20) to thirty (30) days. I tried to not take the thirty (30), but based it on a twenty-five-day estimate and looked at the past six (6) years of what our cost was for a contested case hearings officer and added in the additional tasks that we would put on amending that contract to try to support the work that needs to be accomplished once we get a referral.

Councilmember Cowden: When I saw those numbers, I thought that is probably light, because even though it is a lot...when we do the contested case, does it take much of a burden off...I have only sat in a couple of the contested case hearings, half out of curiosity. Does it take much of the burden away from the Planning Commission?

Ms. Ching: It is totally separate and apart from the Planning Commission because my understanding, and this would probably be better explained by the Office of the County Attorney, is there needs to be separation between the referral from the Planning Department and who contracts with the hearing officer. Previously, I believe that contract was with the Planning Department, but when that was brought up as an issue and jeopardized the proceedings, that was when that contract, from my understanding and from what I was told, was bumped to the Office of Boards & Commissions. Rather naively, I started the position and said, "Okay," without really understanding everything that it entailed.

Councilmember Cowden: Sometime in the future, I would like to do a briefing because I have a lot of questions. I find it has very significant impacts and most of the people involved either have a lot of money, otherwise they cannot be involved, but for the people who are trying and do not have a lot of money the process itself can sometimes be economically devastating. It seems like it is a situation that is escalating and I am unsurprised at the request. I am actually surprised that it is not more.

Ms. Ching: Again, as most of you know my previous background is in nonprofit organizations, so I am going to try to be as conservative as possible...

(Councilmember DeCosta was noted as present.)

Ms. Ching: ...because I believe that this is public service, this is a public trust, so when the estimates I received from the Planning Department were twenty (20) to thirty (30) days, I took the midpoint of twenty-five (25). I do want to say that we have had contested case hearings where the individuals represented themselves. It is not always just attorneys. I just want to make sure that you know that.

Councilmember Cowden: Okay. I am not questioning your number. I am not giving you a hard time on it. I am validating this increase.

Ms. Ching: I appreciate that.

Councilmember Cowden: Why I would do a briefing and try to learn separately is that I am trying to see if there is any way that the Council can help by putting more clarity in our Ordinances so there is not seemingly so much confusion that causes that and how we get into that position, because to be in that position that often tells me somewhere people do not know what they are getting into when they begin their process of whatever property use that they are looking for.

Council Chair Rapozo: Do we have a year-to-date on those consultant services? Is that available? I am not sure, and you folks would be the experts, but I look at this past fiscal year as an anomaly because of the major developments that have had issues with the communities. I am curious to see what the trends are and a good starting point is where we are as of today. How much have we spent?

Ms. Matsuyama: Looking at master page 8, which is through January, we are at one hundred fifty-two thousand dollars (\$152,000) of four hundred thirty-two dollars (\$432,000) that is currently budgeted in this line item, but keep in mind that this is not what we are requesting. We are requesting more services from them. Right now, Ellen's shop is doing a lot of the minutes and legwork, and we want to outsource that as well.

Council Chair Rapozo: What do you mean? Are you saying that for the contested cases?

Ms. Matsuyama: Yes.

Council Chair Rapozo: Is it not just the lawyers, but the whole process?

Ms. Matsuyama: That is correct.

Council Chair Rapozo: Okay. Go ahead.

Councilmember Kagawa: Do we have a listing from the past year or so of the different cases?

Ms. Ching: I would be more than happy to provide that.

Councilmember Kagawa: Perhaps that with a brief description of what was being contested and what the result was. I am hoping that most of the results side with our decisions in the Administration. Then it would seem worthwhile.

Ms. Matsuyama: We can send something over.

Councilmember Kagawa: If not, maybe the other way would be to fix the problems occurring with the Administrative cases so that we have fewer contested cases. Thank you.

Council Chair Rapozo: Are there any other questions?

Councilmember Kualii: Mine is a process question to you, Chair.

Council Chair Rapozo: Go ahead.

Councilmember Kualii: Obviously, we started with their narrative report.
Did they complete the report?

Council Chair Rapozo: No.

Councilmember Kualii: Process wise, can we let them finish the report and ask questions after? Another suggestion I have is can we each limit ourselves to one (1) question or one (1) line of questioning, then give a chance for any follow-up on the same issue or to give others a chance to ask questions as well?

Council Chair Rapozo: I got it.

Councilmember Kualii: I will watch myself, too.

Councilmember Cowden: I apologize. She asked if there were any questions.
That is why I asked.

Council Chair Rapozo: You can go on to your operational challenges.

Ms. Matsuyama: I was not going to recap all of it. I know you folks have read everything in this narrative, so I was not going to go through every line item. I was going to just focus more on the numbers, but I was sort of finished.

Council Chair Rapozo: Were you done?

Ms. Matsuyama: Unless you folks have any questions on the challenges or the highlights.

Council Chair Rapozo: Go ahead, Councilmember Kualii.

Councilmember Kualii: You say the benefits increased ninety-three thousand dollars (\$93,000) or eight point nine percent (8.9%). Outside of the salary increases, all increases are due to covering the basic medical plans, so is an amount of that ninety-three thousand dollars (\$93,000) what you are estimating will cost for the new 75/25 benefit?

Ms. Matsuyama: Yes.

Councilmember Kualii: Is this for all eleven (11) or twelve (12) positions?

Ms. Matsuyama: Those plus Ellen's position. I believe it is approximately twenty (20) positions.

Councilmember Kualii: Yes, that and the Office of Boards & Commissions.
Is that a portion of when Ken talked about the total cost being one million nine hundred thousand dollars (\$1,900,000)?

Ms. Matsuyama: That is correct.

Councilmember Kualii: Will that one million nine hundred thousand dollars (\$1,900,000) show up in everyone's budget?

Ms. Matsuyama: Yes.

Councilmember Kualii: That is one (1) question, Chair.

Council Chair Rapozo: Okay. Are there any other questions?

Councilmember Cowden: I understand that we lost a beloved person in the Office of Boards & Commissions. I am very sad to see that. I do not see her position here on the vacancy report. Are we not replacing her?

(Councilmember Kagawa was noted as not present.)

Ms. Matsuyama: The vacancy report is as of March 15, 2024. I know HR will provide further updates to that. That document is fluid. It changes every single day. Ellen has already secured an eighty-nine-day hire to help, but there will be an active recruitment for that as well.

Council Chair Rapozo: Go ahead.

Councilmember Kualii: I am keeping my questions specifically to the narrative. Will we then go through the Budget, and then start with all the positions?

Council Chair Rapozo: Yes.

Councilmember Kualii: On the second page of the narrative, you make a comment about the public information team working on weekends and holidays without any compensation. Of the four (4) or five (5) positions in the public information team, are those all salaried, appointed positions? Actually, I see one (1).

Ms. Matsuyama: No one in the Office of the Mayor receives overtime.

Councilmember Kualii: If you have to put in time on weekends and holidays, it is all just part of the job, right?

Ms. Matsuyama: That is correct.

Councilmember Kualii: Okay. In your narrative, you also talked about your challenges with internet connections and additional demand on the Department of Finance, Information Technology (IT) Division staff, and you say, "Until this issue is resolved,

the office will continue to struggle with the mandates of Act 220 for remote meetings.” What are you doing to resolve it and will we see any type of increase in the IT budget so that they can help you with that?

Ms. Ching: That is my issue. We have a Boards and Commissions conference room which is smaller than the room where we hold the Planning Commission's meetings in and it is capable of having remote meetings in there. The boards and commissions that have requested to have their meetings be conducted remotely are held in that room. On several occasions, we have lost our internet connection in the middle of the meeting. Of course, it is very disruptive and each time we have turned in a request for assistance with IT, but some of the commissions start at 5:00 p.m., so it is very problematic. What I have wound up doing is basically held my phone up to the microphone for two (2) hours or several hours in order for the meeting to continue on. IT is working on that issue. We just got a new computer in there and we are hoping that is going to solve the issue, but as you know, it is really problematic if you have a remote meeting and you lose transmission.

Council Chair Rapozo: I want to ask the question that he asked. What are we doing to fix it? I see nothing in the budget.

Ms. Ching: I have not requested anything in the budget.

Council Chair Rapozo: We have similar issues here. You saw that we just had an issue today. In fact, as you were speaking, our staff came up and said the captioning was not working. What are we doing to fix it? Where is the money? We have millions and millions and millions and millions of dollars being tossed everywhere in this Budget. I think I shared my frustration with IT that I am about ready to do our own procurement to fix this because it is not acceptable. If it is happening every week, I would expect to see a line item in here or in IT to get it fixed.

Ms. Matsuyama: I do not think it is a budgetary issue. I think it is about dedicating the resources to fix the problem. It is making sure that is prioritized over other things.

Council Chair Rapozo: I am reading right here that it is a problem.

Ms. Ching: It is a problem for us, especially, as you know, when we are in the middle of a meeting. I have turned in requests, but I cannot say that anything over and above that is really on me, because quite frankly, I will be the first to admit that I am absolutely clueless about technology (tech) and it might as well be a foreign language. I have no understanding of it.

Council Chair Rapozo: Ellen, it is not on you, nor is it on Jade for the problems that we have here. That is why we have an IT Division. That is why we have the resources. I can tell you we have been waiting for equipment that I have been told was waiting on someone's desk and they just need to find the time to install it. I am running out of

patience. I am not sure whether it is in your Supplemental or whatever, but let us fix it. Let us just get it fixed. That includes this place. I am honestly just about ready to tell Jade to put out a request for proposal (RFP), contract out, redo this system, and we will pay for it. It is very common now that we are saying, "Sorry, we have a technical issue." I misspoke earlier. I said it was Hō'ike, but it was not Hō'ike. Hō'ike has some good things. It is our system that goes to a box that is probably older than myself, which is old, that we need to fix. This is what I mean when I talk about what the necessities are versus the things that we want to do. That is where my mindset is. I hope we can remedy this in this Budget session. Councilmember DeCosta.

Councilmember DeCosta: I would like to chime in lightly. I want to advocate a little bit for Ellen. Although I agree with you one hundred percent (100%), Chair, I believe you, Ellen, are trying to save money, cut costs, and are trying to do as much as you can with as little as you have. I know that is where you are going with that, but we, as a body, have funding available. This is the time to ask. We would like to support you. We appreciate all you do in cutting costs, but this is the time when we want to help.

Council Chair Rapozo: Are there any other questions regarding the challenges? How many Public Information Officers (PIOs) do we have?

Ms. Matsuyama: KPD now has one (1). In our office, we have two (2), a videographer, and Sarah.

Council Chair Rapozo: Sarah is the Chief of Staff, right? This is another issue. I am not sure. Are you with the Garden Island newspaper? Okay.

Councilmember Cowden: He is with electric vehicles.

Council Chair Rapozo: I am sorry. The reason I ask is because the Garden Island newspaper does not cover our local government. They do not. They just do not. I am contemplating whether or not we should have our own PIO here because covering County government is a lot more than proclamations and certificates. Our public is kept in the dark. They do not have a clue, unless they watch Hō'ike, but a lot of people rely on printed media. It is non-existent for what we do. I am speaking as the County, not just as the Council. I know we can send over a press release and have you folks format it, but I am talking about a PIO who sits here and covers the meeting, so they can send a press release, an article, or whatever and send it out to the media, because, like I said, the Garden Island newspaper is not doing it and the public is kept in the dark. I am looking at the PIOs. It is a very high paid job. I look at these salaries and think, "My goodness, our poor staff." When they look at these salaries, they must ask, "Why are they getting paid so much while we are paid so little?" What are the chances of us getting a PIO? The Police Department has one. I am not sure. I rarely see anything in the paper about the police. It is usually late. They will report about an accident that happened last week. I am not saying it is the PIO's fault. It is the Garden Island newspaper, or whatever the workflow is, but we do not have the service is what I am trying to say.

Ms. Matsuyama: I just need a little more information of what you are expecting of the PIOs, such as if it is Council coverage. I know we do press releases on bills that are passed or bills that are signed, but if it is more about the process to just get the public aware of what is going on and of public hearings or whatever needs to happen, I can take that back and see if that is something we would support on this side or if that is something our staff could handle on our side.

Council Chair Rapozo: What I am trying to say is I think that we should have a dedicated PIO, because there are a lot of things that go on here and a lot of events that Councilmembers go to that I think are important to the community. There are events that happen on this island that the public simply does not know about. We have had several interesting meetings in the last several months, but have had zero (0) coverage in the newspaper. I am not blaming the PIO, because we have not made that request and again, I guess we have the ability as non-PIOs to write a press release, but that is not what I am saying. I am suggesting that we have a dedicated PIO, like the Police Department does. It is not for us. It is for the public. That is the purpose. I am just curious to see if that is something that could be accommodated by the Office of the Mayor or if it is something we need to put in our budget and have our own PIO.

Ms. Matsuyama: We can go back, digest this, and see what the recommendations would be.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: I have follow-up on that.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: I think when it is important to inform the public in terms of us is before it happens. People need to know ahead of time or in the middle of our process on bills because they are like the fourth branch of government. We need to hear the people. I am sure the Council Chair knows, but the Garden Island newspaper has been in a change of ownership and I am not even sure if beyond Dennis they have a reporter. The last reporter they had left, other than Dennis who does not typically do controversial topics. Releasing a press release to the Garden Island newspaper does not necessarily mean we are going to get something in there. We are having a loss of localized press.

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: We are drifting into positions, and that is coming up next when we look at the Budget, right? The last thing I wanted to say on the narrative, and this is more of a comment, is I really appreciated the breakdown of the operational highlights and how the eleven million eight hundred thousand dollars (\$11,800,000) with the Congressionally Directed Spending, how it all broke down, and where it is helping our County in the different places. I appreciate that. Thank you, Chair.

Council Chair Rapozo:

Councilmember DeCosta.

Councilmember DeCosta: I said this at several meetings since I have been on the Council and I know I spoke to Ellen about it, although she is very shy about it and does not agree with me. Our boards and commissions members do not receive a salary or are not paid, and I do not know what we really do for them to reward them other than to tell them, "Thank you." Why do we recognize County employees of the year, have events where we have food, such as a speech address or some type of County event that involves the Mayor, his team, and the Council, yet our boards and commissions members do not receive anything? Why do we not put a small get-together fun package for them at the end of the year to reward them with some type of little dinner where they can sit? I think we should include that. I think they deserve that. There is no incentive but to sit on a board or commission and say, "I feel good about helping our community." How do we show them our appreciation? Is it by telling them thank you? Can we do that? Can we think about putting something in the Budget where we can send them to the Hyatt, the Marriott, or someplace where they can have a nice dinner, and if we want to attend, we can? We can get our own ticket. I think that would be a nice way to reward all the boards and commissions members who sit on all the boards.

Ms. Ching:
could do it.

I think that is a great idea. I do not know if we

Councilmember DeCosta:

We can do it for you.

Ms. Ching: What I will say is that a lot of the members of boards and commissions are there as volunteers. Not everyone realizes that, but they are all volunteers. They all see this as a public service, they care greatly about our community, and that is their motivation. At the end of their term, at the board or commission meeting, we definitely make sure to recognize and thank them with a *lei* and a water bottle, and sometimes the departments also provide them with some type of small gift.

Councilmember DeCosta:
commissions members?

What is the total number of boards and

Ms. Ching:
members.

There are about one hundred nineteen (119)

Councilmember DeCosta: One hundred nineteen (119) members. Could we do something like buying them a dinner that costs fifty dollars (\$50)? I see that we spend fifty thousand dollars (\$50,000) on things that are much sillier. Managing Director, please think about it.

Ms. Matsuyama:
support.

Okay. I think that is something that we could

Councilmember DeCosta:

Thank you.

Council Chair Rapozo: Are there any more questions on the presentation before we get to the Budget and the positions? If not, Councilmember Kuali'i.

Councilmember Kuali'i: There are no vacant positions, right?

Ms. Matsuyama: There are no vacancies.

Councilmember Kuali'i: I see all the positions have an "E" in front of them. Can you explain that again? Is it basically appointed, non-civil service, non-represented?

Ms. Matsuyama: That is correct. I do not know the technical definition, but yes.

Councilmember Kuali'i: One (1) position, 9151, Public Information Officer, does not have an "E" in front of it. Does that mean that one is different?

Ms. Matsuyama: No. To be honest with you, I do not know why that one does not have an "E", but it is no different than any of the others.

Councilmember Kuali'i: The regular positions throughout the Budget will be civil service if it has no "E" in front of it?

Ms. Matsuyama: That is correct.

Councilmember Kuali'i: That one should also have an "E"? Okay. That is all I had on positions.

Council Chair Rapozo: Councilmember DeCosta.

Councilmember DeCosta: I am on page 2. I asked this question during the last Budget and I am not sure if I received an answer or am satisfied. Page 2, E-61, Film Commissioner, SR-24. I asked for a comparison with how much funding is coming into that Film Commissioner based on that rather high-salaried position. I do not see many movies being made on Kaua'i. I have not seen any in the last year. I believe I brought this up right after the COVID-19 pandemic. Do we need that position? Is that position bringing in funding to offset the amount of money we are paying for that position, or is there a downgraded position that we could use, because this person is making ninety-seven thousand two hundred twelve dollars (\$97,212)? That is somewhat more than some of the PIOs who work for the Mayor and most of our staff who actually get things done every week.

Ms. Matsuyama: For details, I would have to defer to the Office of Economic Development.

Councilmember DeCosta: But it is under your office.

Ms. Matsuyama: This is a warm body. The direct report comes under our office, but the position is housed in the Office of Economic Development, and I know that the position works directly with the Department of Business, Economic Development & Tourism (DBEDT) and the State, but you are right in terms of there being nothing big coming in. I think they are having trouble with the cost of our hotels and those types of things, and that is deterring the big productions from coming. We are getting small things—commercials, music videos—but not the big things that would spend a lot of money here. I cannot necessarily answer your question on the money in versus money out, but the position is busy and they are utilized, so I would defer to the Office of Economic Development.

Councilmember DeCosta: Okay. I have questions for them. I am sorry for asking you, but you folks house the position under your office, right?

Ms. Matsuyama: Yes.

Councilmember DeCosta: Why is that position not housed under the Office of Economic Development?

Ms. Matsuyama: There is a conflict.

Councilmember DeCosta: Yes, because they can only spend so much funding and then you folks absorb the position with your funding. Is that how it works?

Ms. Matsuyama: No, it is a personnel conflict.

Councilmember DeCosta: Okay. Thank you.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: When I am looking under the regular salaries, we have twelve (12) people. It seems like that are a lot more people in the Office of the Mayor. Is that all there is in the Office of the Mayor?

Ms. Matsuyama: Yes, that is everyone in the Office of the Mayor.

Councilmember Cowden: When someone is also working for the Fire Department, the Department of Finance, or the Department of Public Works, do they go here or on a different page?

Ms. Matsuyama: Yes.

Councilmember Cowden: Do they fall under the Department of Finance or the Department of Public Works?

Ms. Matsuyama: That is correct.

Councilmember Cowden: Okay. When someone is an Assistant to the Mayor who is helping the Department of Finance...

Ms. Matsuyama: The position title is Executive Assistant to the Mayor, but it is embedded in the respective departments.

Councilmember Cowden: Okay. When we have those Executive Assistants...by the way, I am thankful for those. No slam here at all. Those are appointed positions. Are they full-time with OPEB, retirement, and all of that?

Ms. Matsuyama: They are full-time, but they do not have any continuity after the Mayor's term.

Councilmember Cowden: Okay. When there are interns, are they eighty-nine-day hired, paid positions? How does that work?

Ms. Matsuyama: HR administers our summer internship program.

Councilmember Cowden: Do they have some payment?

Ms. Matsuyama: Yes.

Councilmember Cowden: Where would we see that payment? Would that be like how there is a PIO who is a summer hire? Does that go on this Budget or somewhere else?

Ms. Matsuyama: HR has a budget for the summer internship program.

Councilmember Cowden: Is it totally separate from what we see under the Office of the Mayor?

Ms. Matsuyama: Yes, it is totally separate.

Councilmember Cowden: Okay.

Council Chair Rapozo: How many Executive Assistants to the Mayor are there in the County?

Ms. Matsuyama: I am not entirely sure. I can think of three (3) off the top of my head. There are four (4).

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: As a follow-up, when those positions are located in the departments, they are not working for the Office for the Mayor at all, they are just helping that department work with the Office of the Mayor.

Ms. Matsuyama: That is correct.

Councilmember Kualii: They are serving the department. Do not be disillusioned by the use of the word "mayor", because it is assisting the department to work with the Office of the Mayor.

Ms. Matsuyama: Yes.

Council Chair Rapozo: It is, but the position is appointed by the Mayor, so it is not going through the normal process.

Ms. Matsuyama: The civil service process, yes.

Council Chair Rapozo: That is what makes it different and it could very well be sitting in the Office of the Mayor's budget, but assigned to a different department, but we do it differently. It is just the same difference. I guess that is what I am trying to say.

Councilmember DeCosta: May I add to that?

Council Chair Rapozo: Go ahead.

Councilmember DeCosta: I do not know what the process is. I honestly do not, but I know we have a challenge of meeting with the private sector and getting qualified applicants with qualified experience and I believe when we go through HR and put them in a union position, we are bound by what we can pay them, but if we can put them...and I am just hypothetically thinking outside. I am an economics person. I am business minded...if we can put them under the Mayor's Administration, there is a chance that we can pay them more outside of the union. I support that, because that is the only way we can get qualified people. That is the only way we will have people who can get paid with the job qualification that they do.

Ms. Matsuyama: You are correct.

Councilmember DeCosta: Am I correct? That is not bad.

Councilmember Cowden: I have follow-up on that. I do not for a moment want to suggest that people who come through HR are not somehow qualified for the jobs they are doing. It is just that it is sometimes harder to attract people away from the private sector. I have a question. How does the government get away with not simply paying one hundred percent (100%)? The private sector has to pay one hundred percent (100%) of the medical. It is crazy to me that we can break the State laws as a government.

Ms. Matsuyama: The Hawai'i Prepaid Health Care Act of 1974, or something like that, did exempt county and state governments from that.

Councilmember Cowden: That is amazing. That is part of the problem with attracting people.

Ms. Matsuyama: It was not one hundred percent (100%), but an employer could not charge an employee more than one point five percent (1.5%) of their salary. A lot of them said, "One point five percent (1.5%)? We will just cover it."

Councilmember Cowden: I know as a private business owner that it was not a choice.

Ms. Rapozo: The law is that private companies need to pay, I believe, ninety percent (90%) of the medical coverage for the employee. They do not have to cover spouses or families, which is what we do. That is a big difference.

Councilmember Cowden: Okay.

Council Chair Rapozo: Are there any other questions? Go ahead,
Councilmember Kualii.

Councilmember Kualii: Can we move on to page 3? Is there anything else
on page 2?

Councilmember Carvalho: I have one on page 2.

Council Chair Rapozo: Do you have something on page 2? Go ahead.

Councilmember Carvalho: To follow up on the consultant services, how has that been? Is there support for the consultant services?

Ms. Matsuyama: I am sorry. Which line item is that?

Council Chair Rapozo: He is on page 3.

Councilmember Kualii: That is master page 3. Which page number will we use, the page number on the top or the bottom?

Council Chair Rapozo: Look at the bottom right.

Councilmember Carvalho: Okay. I was looking at page 2 on the top right.

Councilmember Kualii: Which one should we use so that we will all be on the same page?

Councilmember Cowden: The one on the bottom.

Council Chair Rapozo: Use the one on the bottom right, because each department starts at page 1. Let me just wrap up page 2. One of the issues I have and have had for a long time...every year when we go through Budget, it has always been lean times and now we have an opportunity...when I look at the classifications at the Office of the Mayor and if you go to page 14, just for comparison purposes, and look at the classifications in the Council Services Division, and look at the salary differentials. One of the Mayor's Administrative Aides gets eighty-six thousand dollars (\$86,000) and the other one gets ninety-seven thousand dollars (\$97,000). When you go to Council Services Division...I look at our secretary. She is actually an Administrative Aide. We have two (2) for seven (7) Councilmembers. They do calendars. They do travel. They schedule appointments. They do all of that, and they are getting paid sixty thousand dollars (\$60,000) and fifty-five thousand dollars (\$55,000), and you compare that to the Office of the Mayor which are eighty-six thousand dollars (\$86,000) and ninety-seven thousand dollars (\$97,000). I need to ask. I do not know if the Council Chair has an opportunity to have a Chair's Administrative Aide or an Executive Assistant to the Chair. I guess my problem is the disparity between the salaries between the Office of the Mayor and the Council Services Division is huge.

(Councilmember DeCosta was noted as present.)

Council Chair Rapozo: I know we did provide some raises last year, which was not where we wanted it to go, but it is currently a struggle. Perhaps when HR comes up we can have a bigger discussion, but is the Administration opposed to bringing those classifications closer together?

Ms. Matsuyama: I would have to defer to Janine.

Ms. Rapozo: By law, the Office of the Mayor's positions have to be classified, so they have to be classified SR-12, SR-24, or whatever. Your positions in the Council Services Division are exempt, so you folks set the salary at what you want. They are not classified.

Council Chair Rapozo: I am a little confused, because I thought we...do we set the salary at what we want?

Ms. Rapozo: That is correct. For most of the positions now, we have started to say Council Secretary Assistant or Council...we put "Council" in front them so they are not the same classification as civil service positions or anyone else. We have started going through that. I believe all of them say exempt, except for maybe the Elections Division.

Council Chair Rapozo: Unfortunately, our records section is still civil service.

Ms. Rapozo: Yes.

Council Chair Rapozo: That is sort of the dilemma we are in. They are bound by law.

Ms. Rapozo: I believe there is some discussion that the County Clerk was having with the Director of HR about your positions. I am not sure where that is at, but it was regarding whether or not those records section positions need to be classified.

Council Chair Rapozo: Okay.

Ms. Rapozo: I believe one (1) position is not, and then a couple others are. I think one (1) says exempt.

Council Chair Rapozo: The two (2) positions in records are SRs. Unfortunately, they are, so we cannot do much with that, but I am not happy with the salary ranges for our staff. To be honest, they deserve exactly what those in the Office of the Mayor are getting for comparable work, obviously. That is news to me. I did not realize that we could set it. I thought it was a little more difficult last year when we had this discussion, but I will follow up with the County Clerk. We definitely need to close that gap, because it is not fair. Councilmember DeCosta, then Councilmember Cowden.

Councilmember DeCosta: Chair, I will agree with you one hundred percent (100%). I do not mind that the Mayor has his salary and the salaries that you folks use to attract competent people. I will never go against what you folks are going to do, but on our end, I believe the staff we have surrounding us, from our Deputy to our Clerk to our legal analysts and out executive secretaries, go above and beyond their job scope, so I would definitely like to see us, as a body, compensate them for what they are worth, compared to the work they do with your folks' staff. I would appreciate it if you folks back us up on that if we decide to do that. Thank you.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: Some of these things we really need to do when we get to Council, but there is some extra money. Not everyone took a personal staff, and those who have a personal staff are probably using Council staff less. There is some extra money there that might be able to be shifted over or even in the PIO, because it did not get utilized for training as was my request, at least when the Mayor gave it. There might be room for a PIO. There might be room for some of those. We can talk about that when we get to the Council...and creating raises.

Council Chair Rapozo: Councilmember Carvalho.

Councilmember Carvalho: I just want to follow up on the clarification of positions, because we have the responsibility and authority to do that.

Council Chair Rapozo: I guess I was not clear on that as far as the classification. I thought we went through that exercise last year for the minimal raises that we did. I do not look at that as a raise, because I think they are in the wrong classification to begin with. I am surprised some of them are still here based on the salaries that they have. I will be honest with you. They could leave today, become a front desk receptionist at a hotel and get more money and free medical. They will get free medical now. They are here because they enjoy the work that they do, and they definitely work hard, so we will follow up on that. Thank you. Page 3. Councilmember Kualii.

Councilmember Kualii: My question was on the grant-in-aid. It is one hundred thousand dollars (\$100,000). There is no change. Can you tell us what the process is, eligibility, timeline, examples of the smallest grant and largest grant from last year, what the open period is, what the deadline is, and when it is awarded? The details. What is this? Is it a grant program?

Ms. Matsuyama: Yes.

Councilmember Kualii: Who gets it?

Ms. Matsuyama: It is a grant program. We do it as a competitive grant program.

Council Chair Rapozo, the Presiding Officer, relinquished Chairmanship to Council Vice Chair Kualii.

(Council Chair Rapozo was noted as not present.)

Ms. Matsuyama: We have a committee that goes through the applications and makes a selection. The Mayor is not part of that application committee review, so it is done competitively. I believe the timeline is early in the fiscal year, so August or September, then we try to get the grants out as soon as possible. That is why you can see the burn in January of this year was almost one hundred three thousand dollars (\$103,000), compared to the one hundred thousand dollars (\$100,000) allotted. We try to get the money out as quickly as possible.

Councilmember Kualii: Can you give us the details on last year's awards?

Ms. Matsuyama: Yes.

Councilmember Kualii: Also, does the program say, "This is the lowest amount you can ask for, this is the highest amount"? Are you limiting it to a amount of dollars so you can give it to more...is it for nonprofit organizations? Who is actually applying?

Ms. Matsuyama: I am not entirely sure what the qualifications or restrictions are. I know this money supports all the Project Graduations (Project Grad) across the island.

Councilmember Kualifi: Okay. It is not a lot of money. Councilmember Cowden, do you have a follow-up?

Councilmember Cowden: Are all the competitive grants we put out all housed in these one hundred thousand dollars (\$100,000)?

Ms. Matsuyama: No.

Councilmember Cowden: Is it across this?

Ms. Matsuyama: Yes.

Councilmember Cowden: What was interesting for me when we were at the National Association of Counties (NACo) and even with our Hawai'i State Association of Counties (HSAC)...I think it was Maui, and it might be O'ahu, that made their budget every other year instead of every year so that they do not have to redo this whole process every single year, but also when do these grants, they might have a three-year window, because what is really difficult is when someone gets that money...they do not know if they will get it. They do not apply until July, they do not know if they will get it until September, and then they do not get it until February, either they cannot keep their people employed or it breaks the continuity of whatever program they have so that they cannot depend on it. Maybe that is the whole point—you do not want anyone to depend on it—but I think it should really be stated that way, because I know coming in to Budget, I have had a handful of people ask me, "Can you make sure that I am going to get this for my organization?" My standard line is, "I do not think I can make sure of that, because I do not think they are even going to know until maybe next summer." Is that correct?

Ms. Matsuyama: Yes. The purpose of us transitioning to a fully competitive grant process is so that there is no select group of organizations that get this amount every single year. We do have some line item grants in here. KEMA has their Civil Air Patrol, there is the American Red Cross. Certain ones are line items, but for the most part, we tried to eliminate the line item grants.

Councilmember Cowden: All right. I was going to share that is painful for many.

Councilmember Kualifi: I think for our purposes, too, it would be good to know, and maybe you can give us data from the last few years, not only what was awarded, but maybe what was requested, so that if we see that every year there are all these different groups like Project Grad coming to you asking for x amount of dollars and you are funding a lot of really good things, but a lot of good things are not being funded because it is only one

hundred thousand dollars (\$100,000), maybe you can increase that amount, if that is what the need is by the community.

Ms. Matsuyama: Remember, like what Councilmember Cowden alluded to, this is just the Office of the Mayor's grant. It is very small, but there are more significant grants through OED and other departments.

Councilmember Kualii: Members, are there any other questions on master page 3? It ends with the car rental and parking. If not, we will go to master page 4. Master page 5. Master page 5 is the Youth Work Program, ten thousand dollars (\$10,000). Master page 6 is just Summer Fun. That is the detail on that.

Councilmember Cowden: I want to ask. Is Summer Fun through the Office of the Mayor, not through the Department of Parks & Recreation?

Ms. Matsuyama: This is a separate program. This is the Kaua'i Economic Development Board (KEDB). They run an internship program and we fund a portion of the wages.

Councilmember Cowden: The pay at a business?

Ms. Matsuyama: Yes.

Councilmember Cowden: Okay.

Councilmember Kualii: We are on master page 7, which is Boards & Commissions. Maybe some of the questions were already addressed. I know that the big amounts were definitely explained in the narrative and in the presentation. I do not have any further questions on that. Councilmember Bulosan, master page 7.

Councilmember Bulosan: I have a question for you, Ellen, on training. I noticed it is the same as last year. Are there no new opportunities? Following off of Councilmember DeCosta, I am just trying to think one of the benefits of serving is also learning. Are there opportunities there that could be explored?

Ms. Ching: There are two (2) types of training that we do. One, when a volunteer comes on, we do an individual orientation and training, and depending on what commission it is, we partner with the department so they can do some individual, specific training. You can imagine for the Planning Department or HR, the department will come in and do that specific training. In addition to that, you can see on my travel budget that it is not really travel for the staff. It is basically for the members of boards and commissions. That is a training opportunity. A lot of these meetings are for commissions throughout the County. All of the commissions get together, whether it is the Liquor Control Commission, the Police Commission, or the Fire Commission. Those are really great opportunities for them to learn about how the other counties are handling the issues before

their boards and commissions. Then there is another training sector which is basically training for the Office of Boards and Commissions staff. About three (3) years ago, I decided to include the staff in State meetings so that they would also be able to hear what the commissioners were hearing and facilitate them bringing it back to Kaua'i and promulgating or initiating some of the ideas that they hear. Those are the three (3) basic training strands that we do.

Councilmember Kuali'i: Members, are there any follow-up questions?

Councilmember Cowden: I have a follow-up on that. Just confirming what I see from when I attend commission meetings, typically maybe two (2) members of a board or commission might go to a fire training, a police training, or something on O'ahu. Then the next year, another two (2). The training is actually pretty robust and it is usually a new member. Is that correct?

Ms. Ching: The board or commission selects. They determine who goes. Typically, they will send the officer, Chair, or Vice Chair. Sometimes they cannot attend, so they will select the newer people. It is really their decision.

Councilmember Cowden: Yes, but it is that a mix goes, and oftentimes it is the Chair and a newer person.

Ms. Ching: Yes.

Councilmember Cowden: I just want to honor that you folks do good nourishment and growth of the skillset in the boards. That is my observation from attending.

Ms. Ching: We can absolutely always do better, but thank you for that.

Council Chair Rapozo: Councilmember Bulosan.

Councilmember Bulosan: That sounds great. Have you considered anything like Toastmasters? For a lot of commissioners, I know their first time speaking in public and just the thought process that came to mind...

(Council Chair Rapozo was noted as present.)

Council Vice Chair Kuali'i returned Chairmanship to Council Chair Rapozo.

Councilmember Bulosan: Also, I know we do Leadership Kaua'i for certain departments, but I do not know if that might be an opportunity for boards and commissions. It is one of those things where I think of the Planning Commission where there is so much time dedicated as a volunteer. I would be happy to support anything that can help them better serve the position.

Ms. Ching: HR and the Office of the Mayor are certainly generous and provide every opportunity to the Office of Boards and Commissions as well as every other department in the County for leadership training, and they provide excellent trainers as well as the opportunity to sign up and be considered for Leadership Kaua'i.

Councilmember Cowden: I want to honor the Charter amendment ballot question for putting a youth member on each of these boards. I am pretty excited about that and my expectation is it will probably bring a little drop of joy to every one of those boards. Most of the boards are seniors, so a lot of them might be older for Leadership Kaua'i, but bringing in children might be something that puts a little bit of additional sense of purpose. I want to honor you folks for doing that, too.

Ms. Ching: Really, it is the Charter Commission that is formulating that ballot question. That is one of the proposals that was proposed by a student of Kawaikini Charter School. They are very excited and very supportive of that initiative, so I believe that it will hopefully be included as a ballot question.

Council Chair Rapozo: Are there any other questions?

Councilmember Kualii: I have one on master page 8.

Council Chair Rapozo: Go ahead.

Councilmember Kualii: On the positions, four (4) of the six (6) have an "E" in front of them, so we know those are appointed or not civil service. Are 9153, Commission Support Clerk, and 2209, Commission Support Clerk, the only two (2) civil service positions in the Office of Boards & Commissions? All of the positions in the Office of Boards & Commissions are appointed? Are they all appointed?

Ms. Ching: They are all appointed.

Councilmember Kualii: Should those have an "E" in front of them, too, or is it just that they are appointed?

Ms. Matsuyama: Janine can explain more. I will let her explain before I fumble.

Ms. Rapozo: When the numbering system was set up, a lot of the exempt positions had an "E" in front of it, then the nine thousand (9000) numbers also started becoming exempt positions, so you will see a lot of the Transportation Agency positions are all nine thousand (9000) numbers. Throughout the budgets, positions get moved to other departments, so I think the two thousand (2000) numbers might either be Department of Liquor Control or the Department of Water. I think it was the Department of Liquor Control. That is why those numbers do not have an "E". We can add the "E", but we are actually moving away from the "E" with Workday, because when we are putting the

position numbers in, Workday does not take letters. It needs to be five (5) digits, so we are just adding zero (0), zero (0), zero (0) and taking the "E" off.

Councilmember Kualii: Just to confirm, are all positions filled? Do you have any vacancies?

Ms. Ching: As discussed before, we do have one (1) vacancy because a member of our staff passed away. We currently are in the process of having a bandage with an eighty-nine-day hire to give us the opportunity eventually fill that position.

Councilmember Kualii: We are looking at six (6) positions. Which position is that? Which budget line item?

Ms. Ching: I believe that would be E-65.

Councilmember Kualii: Addressing with an eighty-nine-day hire, what is the status of recruitment? Are you going to initiate recruitment?

Ms. Ching: The emergency hire person will be starting on April 14, I believe.

Councilmember Kualii: But the budget listed here for the position then gets transferred and used to pay for the eighty-nine-day hire?

Ms. Ching: That is correct.

Councilmember Kualii: Will that go on for as long as recruitment takes to fill the position? Do you have any potential for internal?

Ms. Ching: I am starting to formulate a list.

Councilmember Kualii: Thank you. That is all, Chair.

Council Chair Rapozo: Are there any other questions for the Office of the Mayor and the Office of Boards & Commissions? Go ahead.

Councilmember Cowden: Will the Managing Director be hanging out for the day or are you leaving right now?

Ms. Matsuyama: Except for lunch, I am hanging out.

Councilmember Cowden: I just did not want for her to walk away and that be the end of it. All right. You can go.

Council Chair Rapozo: Thank you.

Ms. Ching: Thank you very much, Councilmembers.

Ms. Matsuyama: Thank you.

Council Chair Rapozo: Our schedule says we break for lunch after the Office of the Mayor, or we could just go into Revenue Forecasting. Let us do that. Let us move on to Revenue Forecasting and we will take a break at 12:30 p.m. Go ahead. You can go ahead and do your overview.

Revenue Forecasting (including Real Property Taxes & Other Fees)

Mr. Shimonishi: Again, this is just a brief overview. I suspect the main meat and potatoes will revolve around real property, so at this time I will have...

STEVEN A. HUNT, Executive Assistant to the Mayor: Just to introduce myself, Steve Hunt, Executive Assistant.

Mr. Shimonishi: Again, on the overview slide 2 or page 2...we already covered this in the general budget overview, but eighteen million four hundred thousand dollars (\$18,400,000) more in revenue or a five point six percent (5.6%) increase.

Slide 3, looking at the revenues by fund. Again, our General Fund being our largest fund, two hundred sixty-five million three hundred thousand dollars (\$265,300,000), followed by our G.E.T. Fund of thirty-five million four hundred thousand dollars (\$35,400,000), our Highway Fund at eighteen million six hundred thousand dollars (\$18,600,000), our Sewer Fund at ten million four hundred thousand dollars (\$10,400,000), and our Solid Waste Fund at just under ten million dollars (\$10,000,000). Basically, these five (5) funds make up ninety-eight percent (98%) of the Operating Budget revenue.

On slide 4, if we take a look at the General Fund, which, again, is the largest fund, real property tax revenue of approximately two hundred twenty-seven million one hundred thousand dollars (\$227,100,000) is eighty-six percent (86%) of the fund's revenue, and our County's T.A.T. at twenty-nine million two hundred thousand dollars (\$29,200,000) is another eleven percent (11%). Just those two (2) pieces combined make up ninety-seven percent (97%) of the General Fund revenue. That is sort of where I would end before we get into real property and have Mr. Hunt take over, unless there are any questions on just those big pieces of the pie, so to speak.

Mr. Hunt: Slide 5 looks very complicated because we are comparing a bunch of metrics here, but we are looking at the differences between FY 2025 proposed and FY 2024 approved. We are looking at gross assessed value in the first column, looking at net taxable values in the second blocked column, comparing parcel counts in the third, and the fourth metric comparative is the gross assessed value, which is the average per class. The first thing I think you are going to notice is in the parcel counts. If you look at the very bottom line, we are actually down one hundred fifty-nine (159) parcels compared to

last year. The first question, obviously, is how does that happen? We have properties that were Condominium Property Regime (CPR) that may have canceled their CPRs, we have paper subdivisions that were approved on paper, but that maybe did not pencil out or they did not complete and they did not want to continue paying taxes on the individual parcels, they have since consolidated those, and in a few instances, we probably had government acquisitions. Sometimes right-of-way comes in and acquires a parcel or takes it from a taxable to a non-taxable. Essentially, the bottom line is we have lost one hundred fifty-nine (159) parcels between FY 2024 and FY 2025. I think the next most obvious change is we have the removal of the Residential Investor class. We have struck through that class because we do not have that in FY 2025. There were one thousand six hundred fifty-two (1,652) that represented that class and the average value was almost three million one hundred seventeen thousand dollars (\$3,117,000), so it was a very concentrated class with high values and it was absorbed primarily into the Non-Owner Occupied Residential class for FY 2025. In looking at the number of formally Residential Investor parcels that are now contained in the Non-Owner Occupied Residential class, we did not absorb all one thousand six hundred fifty-two (1,652) parcels. In fact, there are only one thousand one hundred forty (1,140) in FY 2025's make up that were actually in Residential Investor last year. Some of these have likely been converted to Owner Occupied, which is great. They probably did not know they qualified. Now they are and they have moved. That category has actually grown by five hundred twenty-eight (528) parcels, so now we are seeing those migrated out and into the right category. If you are looking at the total gross assessed value, that actually grew by six point sixty-one (6.61%) or two billion two hundred ninety million dollars (\$2,290,000,000); however, the net taxable...because when you are factoring in exemptions and other things that reduce the value that you pay taxes on, the net value increased by about four point thirty-six percent (4.36%) or one billion three hundred fifty-eight million dollars (\$1,358,000,000). Of course, the most significant change to the average property values was in the Non-Owner Occupied Residential class because we moved some of these high valued properties into that class, so when you look at the average, it actually went up by about sixty-five percent (65%). If you are looking at weighted averages, you are taking ones that were over three point one (3.1) on average and pushing it into an area that has a much more modest value from the prior year. While the average gross assessed property value for the Owner-Occupied tax class shows an eight point four percent (8.4%), going from seven hundred fifteen thousand six hundred eighty-five dollars (\$715,685) to seven hundred seventy-five thousand eight hundred thirty-five dollars (\$775,835), remember that this is before exemptions. That is why we are looking at the gross assessed value and at net-taxable value. This increase also includes the fact that we have added five hundred twenty-eight (528) parcels to the count, and we actually had eight hundred seventeen (817) homeowner exemption applications processed between last year and this year, so not only are we adding to the five hundred twenty-eight (528) parcel count to the Owner-Occupied class, but you are also having properties that have sold, or had owners who are deceased and changing hands, so new owners are coming in with non-capped values. The obvious question is why is it not just a three percent (3%) increase, because we have a three percent (3%) cap? It is because it is not a stagnant pool that we are pulling from. We are adding to it and there is constant change because the make-up of that group is not always the same participants. For FY 2025, the medium net-taxable value for the Owner-Occupied class was three hundred

eighty-seven thousand one hundred dollars (\$387,100). That now includes not only the cap, but also the increase in the exemptions that were given. They were each given sixty thousand (60,000) additional exemption this year, so that brought down the net-taxable value.

Council Chair Rapozo: Can you repeat that again?

Mr. Hunt: The median net-taxable value for the Owner-Occupied class for FY 2025 is three hundred eighty-seven thousand one hundred dollars (\$387,100). That is what they are paying taxes on.

Councilmember Cowden: Where on the slide do you see that? Is it here?

Mr. Hunt: It is not included in here. It is because we are talking about averages. The average of the net-taxable value is five hundred twenty-nine thousand five hundred ninety-one dollars (\$529,591), so that represents some skewing. If we are looking at the midpoint, we are saying that half of the properties by count have the value here, but when you factor in the value of those, you could have more value proportionally on the high end that they are skewing by having high-end valued properties come in to this class. We typically like to look at both the median and average when we are making decisions about rates.

Council Chair Rapozo: Did you want clarification on that?

Councilmember DeCosta: Yes, a little bit. When you are saying you are taking an average and some of the high-end homes will skew the average assessed value of that home, is that why you have taxes for local families going up when you folks throw that group of home in that category?

Mr. Hunt: Not necessarily. If they are in a protected class, like the Owner-Occupied class, their market value can change. That is correct. I think there was a discussion on the floor yesterday about how Maui is able to lower the tax rate for that class. Maui does not have a cap. Maui is using market value. If the market value went up fifteen percent (15%) and they make a ten percent (10%) reduction in the rate, they are still five percent (5%) higher in taxes than they were last year. We have a cap value, so the market value, especially if you are in the capped category for a number of years, you could have an assessed value based on the cap that is five hundred thousand dollars (\$500,000), but your market value could be one million five hundred thousand dollars (\$1,500,000). Yes, the market sales and the new influx of people buying is affecting the market value, but you are not seeing that reflected on your assessment because of the cap.

Councilmember DeCosta: Thank you for the explanation. The public needs to understand that. That is why I had you reiterate it.

Mr. Hunt: As I mentioned in the skewing, if you have thirty (30) properties that are representative of your class, twenty-nine (29) of them are all at one million dollars (\$1,000,000), but that last thirtieth one is thirty million dollars (\$30,000,000), if you add all those up, you are close to sixty million dollars (\$60,000,000), so your average is going to be two million dollars (\$2,000,000), but twenty-nine (29) out of the thirty (30) are at one million dollars (\$1,000,000), so your median is more like the one million dollars (\$1,000,000), but there is one (1) that is maybe skewing it. We see that when you have some very high-end properties, it pulls up the average, but the median is usually more representative of the typical, if you will. Are there any more questions on this slide, before I move on?

Council Chair Rapozo: You can move on. If there is a clarifying question on anything you said, we will take it. Otherwise, we will wait until you finish your presentation.

Mr. Hunt: Slide 6 looks at our appeals. The appeals count actually dropped by ninety-one (91) appeals or about six percent (6%). However, the Hotel and Resort class had an increase of two hundred seventy-six (276) appeals in that one class, going from six hundred thirty-four (634) appeals in 2024 to nine hundred ten (910) appeals in FY 2025. Because many of these six hundred thirty-four (634) appeals in FY 2024 actually did not get to a Board of Review hearing, if they were in the same class and had same values, they actually got automatic second appeals granted. In total, we had four hundred seventeen (417) automatic second appeals. All were not to Hotel and Resort, but the bulk of it was likely in the Hotel and Resort category. Also, even though the counts are high, sometimes they are talking about one (1) or two (2) projects being added, because when any of them are condominiumized into individual rooms or units, they have to appeal each taxable parcel. You could have a condominium project that is a project, but they might have two hundred (200) units in it and they file two hundred (200) appeals. It is one (1) project, but your counts go up significantly when you get a number of appeals. It should be noted, though, that the actual amount in dispute decreased by about fifty-five million one hundred thousand dollars (\$55,100,000) overall. We actually had fewer appeals with fewer dollars in dispute going into FY 2025. Are there any questions on this before I move on?

Council Chair Rapozo: You can go on.

Mr. Hunt: Okay. Slide 7 is the illustration of the projected real property tax revenues by each class. This is before any credits are given out for our very low income homeowners and for our home preservation limit homeowners. This is the projected revenues. The removal of the Residential Investor class resulted in a much larger Non-Owner Occupied Residential class. Although if we are looking at the combined revenues that we had with the Residential Investor class of about forty-five million two hundred thousand dollars (\$45,200,000) and the former Residential class, now called Non-Owner Occupied, was twenty-nine million six hundred fifty thousand dollars (\$29,650,000), if you combined those two (2) revenue sources compared to our projected sixty three million eight hundred ten thousand dollars (\$63,810,000) from the new class, we are actually down

approximately eleven million dollars (\$11,000,000) in comparison. From FY 2024 to FY 2025, the combining of the two (2) classes results in about eleven million dollars (\$11,000,000) less in revenue. These projections included assumptions of tiers, and the only class that is being requested to be tiered is the Non-Owner Occupied Residential, with the first tier being one million three hundred thousand dollars (\$1,300,000) and less, the second tier being between greater than one million three hundred thousand dollars (\$1,300,000) and less than two million dollars (\$2,000,000), and the third tier being two million dollars (\$2,000,000) and above, with the rates of five point forty-five percent (5.45%) for tier one, six point zero five percent (6.05%) for tier two, and nine point forty percent (9.40%) for tier three, respectively. It also assumes a dollar increase or about ten point fifteen percent (10.15%) to the rate to the Vacation Rental, which would be going from nine point eighty-five percent (9.85%) to ten point eighty-five percent (10.85%), and that actually puts it on par with the tax rate that is being charged for the Hotel and Resort category. These proposed changes to the rates and tiers generate approximately nine million seven hundred fifty-six thousand dollars (\$9,756,000) in new revenue for the new Non-Owner Occupied Residential class. When I say "new revenue", it is new in comparison to the five point forty-five percent (5.45%) rate it if were applied to all the tiers. For the Vacation Rental class, the increase of one dollar (\$1) generates approximately five million eight hundred fifty-one thousand dollars (\$5,851,000) in new revenue compared to the nine point eighty-five percent (9.85%) rate. Are there any questions on this slide?

Councilmember Kualii: Can you repeat what you said about new revenue, nine million dollars (\$9,000,000)? How are you getting that?

Mr. Hunt: Yes. We are looking at if we were to apply the net-taxable values without tiers or apply the same rate of five point forty-five percent (5.45%) to the tiers, because that was last year's rate to the Residential Investor class, if we were to leave it for all of that class, we would lose this additional nine million seven hundred fifty-six thousand dollars (\$9,756,000). Conversely, by tiering it and having these differential rates, we are generating nine million seven hundred fifty-six thousand dollars (\$9,756,000).

Council Chair Rapozo: You would not lose the revenue, because it is revenue that we never had. We would lose the opportunity to generate more.

Mr. Hunt: That is correct. It is all relative because we are also taking the former Residential Investor, so we are potentially losing that nine point forty percent (9.40%) rate because now we have combined them into one (1) class.

Council Chair Rapozo: We had to pay them back, though, right?

Mr. Hunt: Some that were misclassified were compensated. Others were not because they were in the correct class.

Councilmember Kualii: Was that anywhere to the tune of two million dollars (\$2,000,000)?

Mr. Hunt: We budgeted three million dollars (\$3,000,000).

Councilmember Kualifi: Is that the difference between the forty-five million dollars (\$45,000,000) and the thirty-four million dollars (\$34,000,000) where you said it was eleven million dollars (\$11,000,000) less in revenue?

Mr. Hunt: No. That three million dollars (\$3,000,000) is only budgeted for those who were eligible. Not all one thousand six hundred fifty-two (1,652) properties in the class were eligible for relief. Many were not. Through the process of appeals and through the process of putting a budget line time to cover differentials for credits, we were able to fund it. If the question is how many, I do not know the count. You would have to ask someone from the Real Property Assessment Division.

Councilmember Cowden: I have a follow-up.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: That presumes everyone who qualified for an appeal actually made that appeal. Yesterday, when I gave an anecdotal example of something that I dealt with this week where we saw a house go from five thousand dollars (\$5,000) to thirteen thousand five hundred dollars (\$13,500) in one (1) year, if they had appealed...they jumped too high of a percentage. I think a lot of people do not understand and they simply pay it. We balance or we hope that too many people forget or they do not understand, so we sort of squeeze it.

Mr. Hunt: Just for clarity, was the five-thousand-dollar to thirteen-thousand-five-hundred-dollar the amount of the taxes they were paying or the rent?

Councilmember Cowden: It was the tax that they paid. That was the increase in one (1) year, so I am assuming and I do not know that a house in the nearby neighborhood probably sold for a higher amount, because their tax category did not change. The tax category did not change.

Mr. Hunt: Was it just the assessment?

Councilmember Cowden: The assessment went up eight thousand dollars (\$8,000) more from five thousand dollars (\$5,000). That is a really radical increase and I think that there are properties that happens to, so when we got the three million dollars (\$3,000,000) back from the mistakes, if probably every mistake rose their hand, it would have been a higher number still.

Mr. Hunt: The mistake may not have necessarily been with valuation and that adjustment might have been warranted.

Councilmember Cowden: The mistake would be with the person who did not tick the right box, that they have a long-term rental or something like that.

Mr. Hunt: Yes, for the Residential Investor class. There were two (2) venues to handle it. There was an application for a credit if they missed the appeal filing deadline and they had the appeal filing. They had two (2) venues to get to it.

Councilmember Cowden: Two (2) very short, narrow deadlines in December and September. If they missed that, that happened. I am just trying to say three million dollars (\$3,000,000) got returned, but it is very possible that more was owed back.

Mr. Hunt: There are numerous other reasons why we do not have the Residential Investor class anymore, because there were challenges in just administering it based on timing and value, because the classification was based on value.

Councilmember Cowden: That is correct.

Mr. Hunt: It has now been combined and in order to smooth having both of these same properties in the same class, we have attempted to set tiers and thresholds to generate some of the revenue, but we are still eleven million dollars (\$11,000,000) short of where we would have gotten last year. Are there any questions on this or shall I move on?

Council Chair Rapozo: Yes.

Mr. Hunt: I hope you have a good, printed version. This one is always hard to read. Slide 8 is the total revenue from real property taxes. This compares the gross assessed values with the tax revenues to get a better picture of how the relationship and the impact of tax rates and classifications are proportional, or the ratio between the value and the tax as collected. The higher rates for Hotel and Resort and for Vacation Rental, obviously, skew that relationship, so you will see those being the highest. For instance, the Hotel and Resort represents ten point eight percent (10.8%) of the value, but they contribute eighteen point five percent (18.5%) of the taxes. Similarly, Vacation Rental represents about fifteen point nine percent (15.9%) of the value, while they contribute approximately twenty-seven point nine percent (27.9%) of the taxes. Again, this is with the proposed new rate of ten point eighty-five percent (10.85%). Non-Owner Occupied Residential is actually close to a one-to-one relationship where the values represent about twenty-seven point nine percent (27.9%) and the taxes generated are about twenty-eight point one percent (28.1%). Obviously, to no surprise, the Owner-Occupied tax class is getting the best deal with the gross assessed values being twenty-six point one percent (26.1%) of the total assessment base, while these tax payers only pay about seven point five percent (7.5%) of the total taxes.

Councilmember Cowden: Can I ask a question?

Council Chair Rapozo: Sure.

Councilmember Cowden: When we look at the Non-Owner Occupied Residential on 2025, we see that it paid pretty much what it is owed...it is slightly over. What percentage of that bar do you think is market rate rentals? As we moved them, how many of this do you think is market rentals now, because we should be able to determine that number based on what we have on the other page? We took one thousand six hundred (1,600) parcels out of Residential Investor...

Mr. Hunt: Yes, one thousand six hundred fifty-two (1,652).

Councilmember Cowden: One thousand six hundred fifty-two (1,652).

Mr. Hunt: Now, there are one thousand one hundred forty (1,140) in the Non-Owner Occupied Residential class. Five hundred twelve (512) are either reclassified...some where in Commercial and because of the higher tax rate, they were classified as the higher use, so some went back into Commercial, but the bulk of them likely went into the Owner-Occupied class.

(Councilmember Kagawa was noted as present.)

Councilmember Cowden: They went into the Owner-Occupied class? Was this because they were in the wrong category or they sold to someone else?

Mr. Hunt: There are various scenarios. They either could have done a long-term affordable lease, which would reclassify them into the Owner-Occupied class; they could have moved here since their original assessment, so maybe it was a temporary landing and they were not eligible and now they are eligible; or they were in the wrong class and were eligible, but had never filed for their homeowners exemption.

Councilmember Cowden: On page 5 or slide 5, in FY 2024, there were seven thousand four hundred thirty-nine (7,439) houses that would have been Residential. Let us pretend there are seven thousand (7,000) of them in this bar on slide 8. There are seven thousand (7,000) of these which probably are seventy-five percent (75%) or more where the majority of these are probably long-term rentals, so the majority of the long-term rentals are maxing out on...they are not getting a discount at all. You know that is where I have a strong concern for all our workforce and long-term residents who have never been able to be fortunate enough to buy a house, so those who cannot buy a house are paying the maximum in taxes.

Council Chair Rapozo: Hold on.

Councilmember Cowden: Am I wrong?

Council Chair Rapozo: You are not wrong, but we are asking clarifying questions. If we want to get into the details of the charts, then we will let them finish the

presentation. They have two (2) more slides to go, then we can ask on the specific issues. If it is a clarifying question, such as, "I did not hear what you said and I need you to repeat"...

Councilmember Cowden: Okay. My clarifying question was that it looks like the majority of these that are paying for all of that are actually long-term rentals with no discount.

Council Chair Rapozo: Go ahead.

Councilmember Carvalho: Can you explain the Owner-Occupied part one (1) more time with the seven point five percent (7.5%)?

Mr. Hunt: Yes. This graph is actually saying that the gross assessed value...it is capped but this is before the exemptions are applied...represents twenty-six point one percent (26.1%) of the tax base. In value, they have billions of dollars of value, but the taxes that they pay, because in addition to that capped value they have their reduction for several billion in exemptions, it brings it down to what they pay taxes on, that they are actually only paying seven point five percent (7.5%). Obviously, the tax rate is driving that down, too, so when you are paying at two point fifty-nine percent (2.59%), that gives you a disproportionately low tax rate compared to, for example, the Non-Owner Occupied Residential class, which is close to par, so if we were to have a universal tax rate and everyone paid the same tax rate, that is what we are sort of comparing it to, those dots would all be at the tops of the bars. They would have twenty percent (20%) of the value and pay twenty percent (20%) of the taxes, but when we start making adjustments for exemptions and we start making exemptions for tax rates, then they might represent a big portion of value, but only a small portion of tax.

Council Chair Rapozo: Go ahead.

Councilmember DeCosta: This is a simple "yes" or "no" question. Is it safe to say that what we are doing with our three percent (3%) cap and the rate we assessed to the Owner-Occupied, that class has been taken care of?

Mr. Hunt: Yes.

Councilmember DeCosta: Okay.

Council Chair Rapozo: Moving on to page 9.

Mr. Hunt: Because this is the first year we are introducing tiers, we thought we would put this out in terms of some of the metrics of what it impacts. Again, the proposed tier rates are less than and equal to one million three hundred thousand dollars (\$1,300,000) for tier one, at a proposed rate of five point forty-five percent (5.45%); tier two is greater than one million three hundred thousand dollars (\$1,300,000) and up to and equal to two million dollars (\$2,000,000), at a tax rate of six point zero five

percent (6.05%), and greater than two million dollars (\$2,000,000) would be nine point forty percent (9.40%). I think one of the big differences that we are seeing and should be understood here is any property that is over two million dollars (\$2,000,000) is still benefitting from the five point forty-five percent (5.45%) for the first one million three hundred thousand dollars (\$1,300,000), and six point zero five percent (6.05%) for the next seven hundred thousand dollars (\$700,000), between one million three hundred thousand dollars (\$1,300,000) and two million dollars (\$2,000,000). If we are comparing it our tax rate of six point zero five percent (6.05%) for the Residential class two (2) fiscal years ago...FY 2023, the Residential class had a rate of six point zero five percent (6.05%). We do not hit that point of inflection to get to an effective rate of six point zero five percent (6.05%) until about two million two hundred thirty thousand dollars (\$2,230,000). If you were to look at it as being penalized, no one is paying a tax rate than what they would have paid two (2) years ago until that inflection point of over two million two hundred thirty thousand dollars (\$2,230,000). If there were someone right at the end of tier two and they are at two million dollars (\$2,000,000), I believe five point sixty-six percent (5.66%) is their effective rate. If you are up at two million dollars (\$2,000,000), you are still paying less than you would have paid two (2) years ago on the rate. Obviously, if values have increased, they might be paying equal to or...of course, there are other factors involved in that and what they actually pay, but in terms of an effective rate, the inflection point is not until two million two hundred thirty thousand dollars (\$2,230,000).

Council Chair Rapozo: You need to explain that one more time, because that went right over my head.

Mr. Hunt: It is fine.

Council Chair Rapozo: I am reading this as five dollars and forty-five cents (\$5.45) for up one million three hundred thousand dollars (\$1,300,000), so if my house is valued at one million five hundred thousand dollars (\$1,500,000), I will pay five point forty-five percent (5.45%) for the first one million three hundred thousand dollars (\$1,300,000), and six point zero five percent (6.05%)...

Mr. Hunt: On the additional two hundred thousand dollars (\$200,000).

Council Chair Rapozo: That is right. I do not understand what you are saying.

Mr. Hunt: If you were to add up the taxes...if you calculated what the taxes were taking the five point forty-five percent (5.45%) times one million three hundred thousand dollars (\$1,300,000) and two hundred thousand dollars (\$200,000) times six point zero five percent (6.05%), you would calculate your total taxes that you pay. Then you would divide the taxes you pay by one million five hundred thousand dollars (\$1,500,000) and it would come up with a variable rate which says what your taxes would be. That is what

we are calling an effective rate. If you were to have that flat rate apply, you would come to the same result as this.

Council Chair Rapozo: I got it.

Councilmember Kualii: Are you saying that the top tier could be two point three (2.3), and that would still be the...over two point three (2.3)...

Mr. Hunt: What I am saying is if you get to two million two hundred thirty thousand dollars (\$2,230,000), your effective rate gets back to six point zero five percent (6.05%). For anything above that, you have a higher effective rate. We have an actual rate of nine point forty percent (9.40%) on the top end, for anything over two million dollars (\$2,000,000), so we do not have any properties assessed at one hundred million dollars (\$100,000,000) in this class, but if we did, a one-hundred-million-dollar property would have...

Council Chair Rapozo: Let us try a twenty-million-dollar property. One hundred million dollars (\$100,000,000) is not realistic. Let us try twenty million dollars (\$20,000,000) or even ten million dollars (\$10,000,000).

Mr. Hunt: If we were to look at a ten-million-dollar property, the effective rate is eighty point sixty-five percent (8.65%). The effective rate of a twenty-million-dollar property is nine point zero three percent (9.03%). We are never going to get to nine point forty percent (9.40%), because nine point forty percent (9.40%) is in the formula and you are already paying on the low end. You are getting the lower taxes for your first one million three hundred thousand dollars (\$1,300,000) and then your next seven hundred thousand dollars (\$700,000), so, obviously, the further away you get, you start climbing up. I have that on the next chart.

Council Chair Rapozo: But what you have to look at is what they are paying at five point forty-five percent (5.45%), and what they are paying at the tax bill.

Mr. Hunt: That is correct.

Council Chair Rapozo: It is going to be significantly higher.

Mr. Hunt: Not necessarily. By combining the Residential Investor into this class, I would not call them "winners", but they are going to have tax relief, because there was a cliff and they were paying nine point forty percent (9.40%) on the entire amount. They are not going to have that anymore. They will probably still represent the bulk of the count that is in tier three, and some will be in between tier two and tier three, but for the most part, it is feathering it in and the further away you get from two million dollars (\$2,000,000) and get to the much higher estate, then that rate starts climbing back up at an incremental rate. Actually, if I can move on to the next slide, I can show you where that happens. As you see, everyone is sort of flat from zero (0) to one million three hundred

thousand dollars (\$1,300,000), then because of the six-dollar incremental, you slowly start climbing...these are the effective rates that happen...and as you start going towards the top end tier and include the nine point forty percent (9.40%), that point of inflection where you get to an effective rate of six point zero five percent (6.05%) is at this two million two hundred thirty thousand dollars (\$2,230,000).

Council Chair Rapozo: Go ahead.

Councilmember DeCosta: At the six point zero five percent (6.05%) tax rate and the assessed value of two million two hundred thirty thousand dollars (\$2,230,000), are we capturing most of our local families, especially on the north side of the island, who may be impacted by a home that would sell in their community for thirty million dollars (\$30,000,000)? Are we able to capture those local families? That is my concern.

Mr. Hunt: First, if it is not an owner-occupied property and we are in this class because it is a second home, it really depends on location, size of land, quality of home, and all of those things to come up.

Councilmember DeCosta: Here is the problem we have, and I want to advocate for those people...so if they are listening and they are not living in the home, they do not receive the three percent (3%) cap, but they are still local families who own the home, their best option would be to go into our long-term rental program.

Mr. Hunt: That is correct.

Councilmember DeCosta: That is how they would save themselves, correct?

Mr. Hunt: Or if they want to lease it on a fifteen-year lease, long-term, that resident who now has the recorded fifteen-year lease on the property can be treated as the homeowner. They can get the exemption and be in the class. There are options.

Councilmember DeCosta: I think it is very important for our people to understand that there are ways that they can use our tax system to get the tax rate.

Mr. Hunt: I will go back one (1) slide. I think the other important thing is the count. At the one million three hundred thousand dollars (\$1,300,000) for the first tier's threshold, we are capturing on a count basis seventy-seven point two percent (77.2%) of the properties in this tax class, so more than seventy-five percent (75%) are going to fall below the one-million-three-hundred-thousand-dollar threshold in this category. When we look at the next tier, it is another eleven point four percent (11.4%), so eighty-eight point six percent (88.6%) of the properties are going to be below tier three.

Council Chair Rapozo: Can you say that one more time? Are you talking about Non-Owner Occupied?

Mr. Hunt: This is Non-Owner Occupied.

Council Chair Rapozo: What percentage will fall below the one million three hundred thousand dollars (\$1,300,000)?

Mr. Hunt: It is seventy-seven point two percent (77.2%) of the properties.

Councilmember Cowden: I have a follow-up question.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: Can we please have sent to us, a breakdown by zone? For example, if you took Zone 1, what percentage would fall below tier one? I would like to see it done for each of the zones, so if we are looking at Zone 2, which is where Councilmember DeCosta lives, what percentage falls below seventy-seven percent (77%)? I would think between Kalāheo, Lāwa'i, Po'ipū, and Kōloa, a much smaller percentage would fall below that. Zone 4 is Wailua, Kapa'a, and all the way up to Kīlauea, right, so we are going to get a mix on that one, because from 'Aliomanu up through Kīlauea, I am sure there would be far lower than the seventy-seven percent (77%)...but even if we just saw Zone 4, then I would like to see Zone 5 and see what percentage falls below that seventy-seven percent (77%), because I bet it is considerable.

Mr. Hunt: You have to look at it in two (2) veins. One, obviously you can look at it by the median, and average values are going to be higher by district, so you are going to have that, but I think you also have to look at how many Residential Investor properties are by Zone, too.

Councilmember Cowden: Yes.

Mr. Hunt: For example, if we are looking at the one thousand one hundred forty (1,140) properties that were previously classified as Residential Investor, I believe five hundred forty-four (544) of those are in Zone 5, so even though on a percentage basis once you change these thresholds, there could be smaller percentages that fall off in tier one in Zone 5, I think you are also capturing more of the Residential Investor properties in Zone 5, too, as an offset. You have to understand the composition of what is in this Non-Owner Occupied Residential category. It is vacant land, too. They are not all improved. You have vacant land that is zoned Residential in here, you have improved properties that could be in Conservation, Agricultural (Ag), Residential, or really any zoning that are long-term rentals that are in this. You could even have condominiums (condos) that are long-term rentals that fall in here, much like our condos in Puhi, which are primarily Residential. It is a mix of properties that go into here, and we obviously also have these State properties and properties that remain vacant that are in this category as well, so it is a hodgepodge that goes into this category and right now, the only way we are sort of able to categorize or break it apart are by value with the tiers.

Councilmember Cowden: Can I ask more questions or is it not time to ask new questions?

Council Chair Rapozo: Are you pretty much done with slide 10?

Mr. Hunt: That is my last slide.

Councilmember Cowden: Can I ask a question?

Council Chair Rapozo: Yes.

Councilmember Cowden: If we look on page 8, and we look at the left side of the graphs. If we look at Owner-Occupied, the little red dot is about a quarter ($\frac{1}{4}$) up to the top. It is seven point five percent (7.5%) out of twenty-six percent (26%), so it is more than a quarter ($\frac{1}{4}$). It is probably twenty-eight percent (28%) or twenty-nine percent (29%) up. These folks, who are fortunate enough...full disclosure, I am one of them. I own a house. I am in that dot. I do well, so for people who are listening, I am taken care of. When I look over here at the Non-Owner Occupied Residential, the little red dot is beyond the top, so that would mean the percentage...maybe there is seven thousand (7,000) of these properties that are long-term rentals as opposed to the empty second homes, the majority of them are going to be paying a higher rent, especially if they are in the zones where one million three hundred thousand dollars (\$1,300,000) does not even hit the average.

Mr. Hunt: To clarify, did you say paying higher rent or higher taxes?

Councilmember Cowden: Higher taxes, but the renter, so I guess when I said paying rent, because they have to pay this tax. These are renters, so if their property is getting...like even in the example I gave when I looked at it, if the tax is fourteen thousand dollars (\$14,000) a year, that is over one thousand dollars (\$1,000) a month just for the tax. If you do a long-term lease (LTL) on that one, they cannot pull that off, because by the time they pay the insurance, any of the most basic things...if there is a mortgage...I mean, it is a complete loss for that rental house, so a fifteen-year lease is usually a family member renting to another family member. That is such an anomaly, so either the LTL or the long-term lease that is a low-income long-term lease, or a fifteen-year lease...that is not going to be for most houses that are available to rent, so when we are in those higher rate zones, it is a lot. If we turn to page 9, I will just tell you, and I have told you for a year, where I want these tiers to be, I want the tier two threshold to be two million dollars (\$2,000,000), and I want the tier three threshold to be five million dollars (\$5,000,000). The difference of that is just five million dollars (\$5,000,000) off our generated revenue. That is not a big difference to save a lot of these people to be able to keep renting houses...we are erring on the side of allowing people to have long-term rentals, since we cannot seem to regionalize it.

Mr. Hunt: From a count basis, if we were to change the thresholds to two million dollars (\$2,000,000) and five million dollars (\$5,000,000), aside from

the potential five-million-dollar deficit we now created for the budget, we are talking about eighty-eight point six percent (88.6%) of the properties being in the first tier, eight point six percent (8.6%) of the properties being in the second tier, and only two point eight percent (2.8%)...there are only two hundred thirty-two properties that are over five million dollars (\$5,000,000) in this category.

Councilmember Cowden: Yes, but most of them are well over twenty million dollars (\$20,000,000), forty million dollars (\$40,000,000). They are all up in my area. There are a lot that are up there. You know? Fifteen million dollars (\$15,000,000). You see what is going on in the market and what they are going on the market for, so you are still going to capture them. They are going to get a little bit of a break, but what it costs us...Yes, I have a question. Are you complaining?

Council Chair Rapozo: No, he asked if you were making a proposal.

Councilmember Cowden: Yes. I mean, he has heard it for a year. We work on this. This is a regular proposal.

Council Chair Rapozo: If you have a question, ask the question.

Councilmember Cowden: I am asking a question. So the rest of you folks can hear it, it is five million dollars (\$5,000,000). If we build a house for someone or a condo, we cannot even do it for five hundred thousand dollars (\$500,000), so five million dollars (\$5,000,0000...

(Councilmember Kualii was noted as not present.)

Mr. Hunt: You asked by zone. I actually have an analysis. I can look at it by zone. In Zone 5, which is of your interest, if we set the threshold at five million dollars (\$5,000,000) and above, there are one hundred thirty-four (134) properties that would be in that category.

Councilmember Cowden: Okay. That would sound about right.

Mr. Hunt: There are three hundred seventy-nine (379) in tier two.

Councilmember Cowden: Okay. Those are probably long-term rentals.

Mr. Hunt: There...

Councilmember Cowden: Three hundred seventy-nine (379)...

Council Chair Rapozo: Let him answer the question.

Councilmember Cowden: I am trying to hear it so I get it right.

Mr. Hunt: There are three hundred seventy-nine (379) in tier two, one hundred thirty-four (134) in tier three. There are five hundred forty-four (544) properties, formally Residential Investor, most likely the bulk of these, that are now going to be getting additional breaks. We are already giving lower rates. I do not disagree that there probably are homes that you would be protecting, but they are few compared to the five hundred forty-four (544) Residential Investor-type properties that are now going to be getting additional breaks.

Councilmember Cowden: They are going to be getting additional breaks, but if we were to try and pay to rehouse all these people that we are going to toss out, it is worth it. That is my deal.

Mr. Hunt: There is also no assurance. There is no contract to say if we give you lower rates, you keep your rent low, you do not pass on taxes, or you do not kick out your tenants. There is nothing that is contractual. When we have the LTL program, they are providing data year-to-year to keep it. We would just be basically creating policy for a few properties with the hope that they continue to do what they are doing.

Councilmember Cowden: How many LTLs are in zone 5?

Mr. Hunt: I do not know. You would have to ask the office.

Councilmember Cowden: I bet it is very few.

(Councilmember Kualii was noted as present.)

Councilmember Kagawa: Chair, I have a process question.

Council Chair Rapozo: Yes. Go ahead.

Councilmember Kagawa: It is for you. Regarding the questions that she is asking, where would these proposals come in? Is it at the end?

Council Chair Rapozo: It is when we get to decision-making.

Councilmember Kagawa: What is the process if...Will what she is proposing cost five million five hundred thousand dollars (\$5,500,000) or whatever?

Council Chair Rapozo: Yes.

Councilmember Kagawa: Would she need to have a cut?

Council Chair Rapozo: A revenue source.

Councilmember Kagawa: She would need a revenue source or a cut to the budget to be proposed in the proposal.

Council Chair Rapozo: Yes.

Councilmember Cowden: I am bringing it so you folks all hear it. We have talked about this for a year.

Council Chair Rapozo: The process today is not about the discussion of proposals. Today, if you have questions on the presentation...

Councilmember Cowden: That was a question. I was understanding...it was the first time I was seeing the dot. I have another question.

Councilmember Kagawa: That is why I asked the process question. If not, then it would take forever, because right now the process is we are getting the budget presentation and our ideas and our questions and answers on our proposals will be at decision-making.

Council Chair Rapozo: Yes, at decision-making. Councilmember DeCosta.

Councilmember DeCosta: Thank you.

Council Chair Rapozo: Followed by Councilmember Kagawa.

Councilmember Kagawa: I am good. I just wanted clarification on the process, because I am hoping we go through the budget orderly so that we are not redundant.

Council Chair Rapozo: Councilmember DeCosta.

Councilmember DeCosta: Thank you. I have a process question on the two million dollars (\$2,000,000) of tier three. I noticed that we were talking about possibly raising it to five million dollars (\$5,000,000). Would this help give a tax break to investors from the Mainland United States (U.S.) who now want to buy homes in Hawai'i and can still rent it out at whatever price they want, yet they are getting a tax break with the price rising from two million dollars (\$2,000,000) to five million dollars (\$5,000,000)? Is there a possibility that it may become an investors' market?

Mr. Hunt: The increase of the threshold would result in a decrease in taxes, so yes, there would be additional incentive for high-end properties.

Councilmember DeCosta: For them to be sold as an investment?

Mr. Hunt: As investments, land bank, or however.

Councilmember DeCosta: Thank you, Steve.

Councilmember Cowden: I have a completely separate question.

Council Chair Rapozo: Okay. Councilmember Kagawa, did you say your question was only about the process or do you have another question?

Councilmember Kagawa: Actually, I have one.

Council Chair Rapozo: Okay.

Councilmember Kagawa: Where do first-time homebuyers who have a lot right now...where do they fall? It is in this class that we are discussing right now, right?

Mr. Hunt: Most likely, if they bought an Ag lot or a Conservation lot.

Councilmember Kagawa: What if it is just a Residential lot?

Mr. Hunt: If it is a Residential lot, they would be in this category, but unless they bought something above one million three hundred thousand dollars (\$1,300,000), they would be at the lower tier.

Councilmember Kagawa: Has there been consideration to perhaps put them in a separate category, because basically they were living with family and it is their first home? The lot they are being taxed six point zero five percent (6.05%) is not receiving any services by the County. Rubbish is not being picked up, it is not adding to the number of cars driven on the road, so I would think in order to help them...and I know we are about raising revenue, but has there been thought about how we help these first-time homebuyers because if they buy a lot for seven hundred thousand dollars (\$700,000), it will be about four thousand five hundred dollars (\$4,500) in taxes each year? If you divide that by twelve (12), that is almost four hundred dollars (\$400) a month. We just talked yesterday about the simple one-thousand-two-hundred-square-foot house at three hundred eighty dollars (\$380) per square foot costing about four hundred fifty thousand dollars (\$450,000). It is not like before where we could start slow, self-build, or whatever. Now, the materials are just out of control. How are we helping first-time homebuyers who buy the lot but do not have enough money to build the home?

Mr. Hunt: This particular budget does not include that, and we have certified the role, so we cannot do anything for them this year. In future consideration, I guess we could work together a vacant land category or something like that.

Councilmember Kagawa: In your experience, does Hawai'i Island have anything like that?

Mr. Hunt: Maui has a long-term rental category.

Councilmember Kagawa: Is there no category for vacant land, first-time homebuyers?

Mr. Hunt: I do not think they have one for vacant land.

Councilmember Kagawa: Thank you. Thank you, Chair.

Council Chair Rapozo: Do you have a count of vacant land?

Mr. Hunt: I do not have that.

Council Chair Rapozo: Is it possible? Can we extract that data?

Mr. Hunt: We would probably run a job based on the...there is a "V" at the end of neighborhood code that tells it whether it is vacant or not, so we could probably do a "like V neighborhood" and run a job to see what the count is, but it is not something that is handy.

Council Chair Rapozo: Councilmember Kuali'i, followed by Councilmember Cowden.

Councilmember Kuali'i: Jenelle, can you put up slide 9 again? On the breakdown of the tiers, on how you showed us the seventy-seven percent (77%), eleven percent (11%), and eleven percent (11%), what was the policy value reasoning for determining the distribution of parcels across these different tiers? Was it just about the dollar amount?

Mr. Hunt: It was not necessarily about the dollar amount. I think there were two (2) factors. One, in our prior discussions, we all talked about a sixty-five percent (65%), twenty-five percent (25%), ten percent (10%) breakdown. I think we wanted to be aggressive and put more into tier one, so we ended up with seventy-seven point two percent (77.2%), and previously, we had also already established a one-million-three-hundred-thousand-dollar and two-million-dollar threshold, in terms of where the Residential Investor breaks were. I think we also had more problems lowering it to the one million three hundred thousand dollars (\$1,300,000) than we did above two million dollars (\$2,000,000), in terms of managing that program, so I thought we wanted to sort of give a break in that second tier, but keep the third tier where it was. That sixty-five percent (65%), twenty-five percent (25%), ten percent (10%) breakdown was sort of from our prior discussions when we were working through some of these. I think we left the scenarios and even though we did not tier them with rates, we left those values in the worksheet that we provided, so if you ever wanted to tier other categories and find out how it would work based on that model, it was there.

Councilmember Kualii: The same question for the actual rates because tier one is five point forty-five percent (5.45%), and tier two is six point zero five percent (6.05%). Those are based on other prior rates, right?

Mr. Hunt: Traditionally, for the last seven (7) or eight (8) years, the six point zero five percent (6.05%) had been our Residential rate, and only last year did we lower it to the five point forty-five percent (5.45%). The nine point forty percent (9.40%) had been our Residential Investor, but it had been a cliff whereas now we wanted to really only separate the ones that were way far away from that last year that had significantly higher value.

Councilmember Kualii: The nine point forty percent (9.40%) is a big jump, right, from the six point zero five percent (6.05%), and that is sort of equal count, nine hundred fifty (950), and nine hundred fifty-five (955). Where did you get nine point forty percent (9.40%)? Were there comparables from other counties?

Mr. Hunt: For the rate?

Councilmember Kualii: Yes. It is rather arbitrary, right? It could be even higher.

Mr. Hunt: It could be.

Councilmember Kualii: If it was a policy call, it could be drastically higher, especially if the group count got smaller.

Mr. Hunt: If you increase the threshold, then yes, you would likely want to have an offsetting increase to the rate to compensate for that.

Councilmember Kualii: That is the beauty of this new tiered tool, right, which, obviously, we all as individuals need to start playing with especially if we are thinking of proposals?

Mr. Hunt: All of these rates that are proposed here are rates that we have historically had. We had the five point forty-five percent (5.45%) from last year, six point zero five percent (6.05%) for Residential Investor for many years prior, and the nine point forty percent (9.40%) had been our Residential Investor rate. They are not unfamiliar rates, but now we are feathering them as opposed to having that stark cliff if you happen to cross the threshold.

Councilmember Kualii: In essence, it is not like a rate increase, especially because you are doing the incremental thing. The first part, the next part, and only the value over that amount pays the higher amount. That sort of lowers the amount that is increasing.

Mr. Hunt: The burden.

Councilmember Kualii: The burden, as you call it.

Council Chair Rapozo: Councilmember Cowden. This will be the last question before we break for lunch and come back.

Councilmember Cowden: These are two (2) very short questions.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: I am looking on page 2 of the Mayor's letter. It is basically like page 3. The G.E.T. has gone up eleven percent (11%). Is that due to inflation or are we anticipating an increased volume in sales?

Mr. Shimonishi: I know you folks do not want to look at this detailed sheet, but if you do look at page 4 of 7 of the legal-sized worksheet, midway down, the first column that starts with two zero two (202), that is the fund number. If you look across that two zero two (202) and see where it says "State" and "G.E.T.", the first column has FY 2021, the actual collections were almost twenty-one million four hundred thousand dollars (\$21,400,000), and in FY 2022 the actual collections were about thirty-two million four hundred thousand dollars (\$32,400,000), and then the most actual fiscal year, FY 2023, you see twenty-five million one hundred thousand dollars (\$25,100,000). The next column over was last year's or the current year's budget of thirty-two million four hundred thousand dollars (\$32,400,000), so in this year's budget, we have actually budgeted closer to last year's actual collection.

Councilmember Cowden: Okay.

Mr. Shimonishi: Whether or not that was because of inflation or just...

Councilmember Cowden: It is just reality.

Mr. Shimonishi: That is correct.

Councilmember Cowden: It is a reflection of last year's reality. The T.A.T. went up thirty-two point six percent (32.6%), so I am just wondering why we are anticipating that growth. Is that a reflection of inflation on the room prices or is it an increase of visitors?

Mr. Shimonishi: That would also be driven on the reality of whether or not it is room and occupancy, but on page 1, about one-third (1/3) of the way down from the top, in the General Fund, you see County T.A.T. if you go across. The first year, FY 2021, we did not actually have that, but in FY 2022, the collections were sixteen million dollars (\$16,000,000). That was because it was half (½) a year.

Councilmember Cowden: Yes.

Mr. Shimonishi: In FY 2023, the collections were twenty-nine million dollars (\$29,000,000). Again, we just try to bring that budget closer to what the actual was.

Councilmember Cowden: That is one of the best reasons. It is not speculative. It is based on reality. I just could not see what was so different from this year to last year. The difference is we underestimated last year?

Mr. Shimonishi: That is right.

Councilmember Cowden: We have more based on accuracy from last year, so if we stay with the same level of business this year in both visitors and in spending, these numbers are likely to hold?

Mr. Shimonishi: That is correct.

Councilmember Cowden: Okay. That was my question.

Council Chair Rapozo: With that, we will take a break and we will be back at 1:30 p.m.

There being no objections, the meeting recessed at 12:33 p.m.

The meeting reconvened at 1:29 p.m., and proceeded as follows:

(Councilmember DeCosta and Councilmember Kagawa were noted as not present.)

Council Chair Rapozo: Welcome back. We left off with the Revenue Forecast. Are there any other questions for the Administration? Can we have you folks back up, please? Councilmember Kualii.

Councilmember Kualii: My question is on the narrative where you talk about the Owner-Occupied tax rate. "While we are not proposing any reduction to our Owner-Occupied tax rate, we acknowledge the addition sixty-thousand-dollar exemption that will reduce individual tax burdens to most of our Owner-Occupied properties." Then you explain the offset, the three percent (3%) assessment, and the two million dollars (\$2,000,000) in value lender.

(Councilmember DeCosta was noted as present)

Councilmember Kualii: What is the total revenue cost in loss revenue for this? Have you estimated that? When I pulled the tax rate Resolution that was passed yesterday, at the bottom of it you put less Home Preservation limit differential eleven thousand seven hundred ninety-one dollars (\$11,791) and Very Low-Income Tax Credit, three hundred thirty-three thousand nine hundred seventy-two dollars (\$333,972). Would you also

account for what was mentioned in the narrative about the new sixty thousand dollars (\$60,000) in additional exemption for...no?

There being no objections, the rules were suspended.

Mr. Hunt: That is actually reflected in the net-taxable values. It comes off of your capped assessment. For instance, if your property were assessed at five hundred thousand dollars (\$500,000) and was allowed to go up three percent, it goes up to five hundred fifteen thousand dollars (\$515,000), they would have a fifteen-thousand-dollar increase in value allowed by the cap, but then the additional sixty thousand dollars (\$60,000) would have actually taken off another forty-five thousand dollars (\$45,000) from their net-taxable relative to the prior year, so they actually would have a taxable value that was less than they would have.

Councilmember Kualii: Yes.

Mr. Hunt: I think in totality, we were looking at for people who had been in the cap for a number of years, it essentially rolled back their tax levels about eight years. The combination of the rate decrease from the prior year and this new exemption. The combination of those sort of reset their taxes to what they had been paying about eight (8) years prior. Those are for people who had been in the program the longest. Obviously, someone who is coming in new and purchases at a higher price has more of the benefit from that additional exemption.

Councilmember Kualii: Do you have a dollar figure for that?

Mr. Hunt: No. I think when we discussed what the fiscal impact would be of that...I do not have that handy...I want to say it was in the neighborhood of two million something, giving that sixty-thousand-dollar additional exemption to each of our existing homeowners.

Councilmember Kualii: Two point...can you follow up on that number?

Mr. Hunt: I want to say between two million dollars (\$2,000,000) and two million four hundred thousand dollars (\$2,400,000).

Councilmember Kualii: Basically, then, that is being paid someplace else, right?

Mr. Hunt: It is not reflected in the budget because we are only dealing in absolutes.

Councilmember Kualii: It is less revenue.

Mr. Hunt: We were giving revenue away relative to last year's budget in this year, and obviously, if you have value increases, some of that is offset, so it is hard to put an actual number on it, but we can say what the impact of that was...the number of exemptions awarded at sixty thousand dollars (\$60,000) times the tax rate would basically give you that number, but I want to say it was between two million two hundred thousand dollars (\$2,200,000) and two million four hundred thousand dollars (\$2,400,000), just from my recollection of when we were discussing that.

Councilmember Kualiti: I have a different question. Does someone have follow-up, Chair?

Councilmember Cowden: I have one on the Owner-Occupant rates.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: If you were to consider tiering that, because I have heard this from people who have extraordinarily high-valued houses...they feel they do not pay an appropriate amount of tax. They suggested that they have a tier. Have you looked at that? If you tiered the Owner-Occupants and get those high-end, multi-million-dollar houses to bring the tax rate up, is there enough of them? Have you experimented if it would make a difference if you got an extra two dollars (\$2) or three dollars (\$3) per thousand?

Mr. Hunt: We have not explored that.

Councilmember Cowden: Would that be something worth holding onto, because some of those houses can afford to pay? Is there a problem with it that you see?

Mr. Hunt: It is not necessarily a problem. One of the philosophic concepts we have has been protecting the homeowner. We do not want to tax people out of their homes.

Councilmember Cowden: It is someone with a seventy-million-dollar or forty-million-dollar home.

Mr. Hunt: It also depends on when they got in. It could be a forty-million-dollar home now, but they may have owned it when it was a three-million-dollar or a two-million-dollar home, and they have been protected and isolated from that market value, so they are only paying taxes on their assessed value as opposed to the market value.

Councilmember Cowden: Okay. I would like to have a list of the houses that are in that high-end range. I am just curious.

Mr. Hunt: You have the list. We gave you the tiers worksheet. It is there.

Councilmember Cowden: I am trying to separate it out, so we will just have to work on how to get them clustered together so I can look at them. I was having trouble clustering them. We did it once on the phone together. I would like to do it again.

Mr. Hunt: Okay.

Council Chair Rapozo: Go ahead.

Councilmember DeCosta: I have a follow-up. Steve, when we have those homes that are high level...let us say a thirty-million-dollar home, and we start doing a tiered tax for the homeowners who now own a higher-value home. They have been on the island for thirty (30) years, are now retired, and cannot pay the higher tax. Would you think a better buyer would come from an outside state to be that local resident of Kaua'i who could beat the *kupuna* who has been here for thirty (30) years? If we do something like that, could you see this happening?

Mr. Hunt: I think that is one of the concepts of why we try to protect and cap the values so that it does not happen, that the taxes do not force them to sell. Obviously, it is a loss of lifestyle, it is a loss of maybe where they want to live in compensation for a very big windfall of money that is likely coming from an off-island source when they do sell. Choices...for some people there is a certain amount that triggers that. I cannot not sell at that price, so you have seen people, longtime residents, let go of property that have been legacy properties or in their families for generations, but if it is a resident, we definitely do not want to be forcing people to move based on a tax decision for their primary residence. If it is an investment, that is a different story.

Councilmember DeCosta: Thank you for that, Steve.

Council Chair Rapozo: Are there any other questions? Councilmember Kuali'i.

Councilmember Kuali'i: Along the same lines of my last question, when we are looking at the forecasted revenue and breaking it all down by the different categories and now with the tiers, for the Home Preservation Tax Limitation differential and the Very Low-Income Tax Credit, are those actual credits that are different from the exemptions?

Mr. Hunt: Yes, that is correct.

Councilmember Kuali'i: The exemptions affect the net-taxable value. How do the credits show up as negative amounts here for the revenue?

Mr. Hunt: First, they have to be owner-occupants, so both of these credits are for owner-occupants or someone who has a recorded fifteen-year lease. They are eligible for that exemption. In terms of how it is applied, if the value of the property minus the exemption still results in a tax bill that the owner cannot afford and they qualified...so

they are submitting an application for this Low-Income Tax Credit, they pay an in-lieu-of tax and it is based on, I believe, three percent (3%) of their income. You still have a minimum tax. You cannot go below that. Assuming they have ten thousand dollars (\$10,000) worth of income, then three percent (3%) of that results in a three-hundred-dollar tax bill. If their calculated tax bill, which is their cap value less the tax exemptions, when you apply the tax rate, if it comes out to three thousand dollars (\$3,000) instead of three hundred dollars (\$300), then they are getting a twenty-seven-hundred-dollar credit. What is reflected in these counts is the twenty-seven-hundred-dollar credit, which is the in-lieu-of.

Councilmember Kualii: These seem very low. Are a lot of people not taking advantage of this or need to? Do they need to provide their tax...

Mr. Hunt: They do. They have to qualify. I believe the very low...and the Real Property Assessment Division should be here, because it has been a while, but I believe it is fifty percent (50%) of the area median income (AMI) as the threshold, so to qualify for this you have to be making a low income to pay the in-lieu-of. In many cases, they run an analysis, so you will actually see on the certified income it said there were nine hundred thirty-five (935) that actually qualified for the Low-Income Tax Credit, but only two hundred fifty-four (254) benefited, because between the cap value, exemptions, and maybe disability, they actually might have already been a minimum tax, there was no benefit, or they made a bit little more than what that calculated amount of taxes were, so they were inverted, wherein they paid less than three percent (3%) of their income as taxes anyway. We run both, we give them the credit, and they still get the exemption amount, but they do not get the tax credit because their actual calculated taxes were lower than three percent (3%) of their income.

Councilmember Kualii: Clearly, early on, if anyone is having difficulty, can they come in and can you help them figure that out?

Mr. Hunt: Absolutely.

Councilmember Kualii: Thank you.

Council Chair Rapozo: Councilmember DeCosta.

Councilmember DeCosta: I have a question. The idea was proposed early, before we left for lunch, and it just sort of resonated with me. It is on vacant land and how we can help our younger couples who buy vacant land, pay the seven-year, because they cannot afford to get a mortgage, and they can use the land as collateral if they get the mortgage. Is there an unintended consequence that can happen from that, because the area I live in, in the Southside...that *moku*. Kukui'ula has many lots that are vacant. Can you help me to understand? If we do something with a vacant lot, do the wealthy people also benefit from this?

Mr. Hunt: If there is no tiering system based on value, that is definitely a potential consequence. You could be giving incentive to land bank or breaks to people who otherwise had been paying higher, and could afford to be paying higher. If you were looking at creating a vacant land class, then you would definitely want to potentially consider tiering and maybe make those thresholds that were lots that are under a certain threshold that are considered more affordable or low-market and moderate-market, at a certain rate, and anything above that at higher rates, and then maybe a super rate for tier three to account for some of those luxury properties.

Councilmember DeCosta: I am just afraid that sometimes when we try to help a small group, we end up benefiting a larger group who do not need the help.

Mr. Hunt: That is true, too. I did receive a text message earlier today, but I will give you that count, because someone asked how many vacant parcels are in that Non-Owner Occupied Residential. I think it was Councilmember Kualii. It is one thousand eight hundred ninety-six (1,896) out of eight thousand three hundred sixty-three (8,363).

Councilmember DeCosta: Thank you for that.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: I have a follow-up on that. I am trying to look right here for those properties that he is talking about. He mentioned Kukui'ula. I know a few years back I noticed that the vacant lots were Ag. That is how they were taxed. I am trying to check if they were still taxed that way or if they are Residential. Would a vacant lot...because I was surprised that they were at a low...they were not being taxed on their potential. They were being taxed friendly.

Mr. Hunt: The difference on tax on use is we currently assess and class properties as zoned, until they have built an established use. You could have a parcel that started and remained vacant in Ag that migrated into formerly Residential Investor, now Non-Owner Occupied Residential, because they are now using it as a long-term rental or leaving it vacant, or it could migrate into the Owner-Occupied class if it is their primary residence. As a vacant parcel, that property started because it was zoned Ag. It started and remained as vacant in that Ag class. The same is true for Conservation, but properties are zoned Residential, Urban Open...ones that are actually in the Residential area are in that Non-Owner Occupied Residential class as vacant land.

Councilmember Cowden: In the upper east, northeast side, there are plenty of CPRed, large Ag properties that are not developed and I noticed most of those parcels are one hundred fifty dollars (\$150) a piece a year.

Mr. Hunt: If they are in Ag Dedication and actively Ag farming. It is probably not one hundred fifty dollars (\$150) anymore, because we no longer

establish based on diversified and ranching. Ranching used to have the lowest rate, so they would put it in ranching, fence it, run cattle on it, and rotate them, but now that we have gone to a percent of market value...it is five percent (5%) of market value...you are essentially in exemption of ninety-five percent (95%) for those properties, so now it is reflective of the market value, but they are still getting a large discount if they are doing Ag activities.

Councilmember Cowden: If they were still on some of their twenty-year Ag Dedication, is that why they would still be at one hundred fifty dollars (\$150)?

Mr. Hunt: Yes. I believe migrating them to the new system only comes up upon their renewals.

Councilmember Cowden: Okay. I just noticed that. When we are looking at what should be seemingly the tax rate, you know? Some things that I expect to be higher are very low, and some things that I would expect to be low are really high, so I am just trying to work on understanding what makes that be the case.

Council Chair Rapozo: Councilmember Kualii, did you have a question?

Councilmember Kualii: Yes. By any chance, would you have data from when Residential Investor went away and properties went to Non-Owner Occupied Residential or Owner-Occupied? For those that went to Non-Owner Occupied Residential, do you have any data on how many of them then did the affordable rental program in order to keep the taxes low?

Mr. Hunt: I do not have information on that other than saying the counts went from one thousand six hundred fifty-two (1,652) to one thousand one hundred forty (1,140), so there are one thousand one hundred forty (1,140) properties in the Non-Owner Occupied Residential class that were in Residential Investor in the year prior. Some might have been reclassified as Commercial, because you might have had Commercial and Residential use on the same property, and because the Residential Investor rate was higher, they were classified as that because it takes the highest use. Some may have migrated. I would say a handful. It is not a lot, but some might have migrated back into Commercial.

Councilmember Kualii: This is my last question on this for you, Steve. At one point I thought I heard you saying, and I wrote it down really quickly, that if you have a fifteen-year lease, it allows residents to be treated as a homeowner.

Mr. Hunt: That is correct. If you create a fifteen-year residential lease for your property to someone who lives there...you cannot do it to a realty company or something like that, it has to be an owner-occupant by way of tenancy, but if you do a fifteen-year lease and record that lease at the Bureau of Conveyances, then that person who you have leased to can come in and apply for a Homeowners Exemption and be treated as though they were actually the owner of the property for tax purposes.

Councilmember Kualii: Along those lines, I think yesterday or maybe last week, there was a statement about State leases and how the State...even though the residents living on these State properties have lived there for thirty (30) years and may live there for the next thirty (30) years, the State is unwilling to give them a long-term lease, so they cannot take advantage of this tax benefit. These are longtime, local families. If that is the case...because I see you shaking your head...what can be done about that? Does it require some type of change to State law?

Mr. Hunt: You could get the State to give them leases.

Councilmember Kualii: I am sorry. What was that?

Mr. Hunt: You get the State to give them leases, but assuming they are not going to do that, then it would be some sort of an ordinance change to make that happen. The only thing that we...

Councilmember Kualii: Us saying, "If you are in this State lease, where you will stay there for a while..."

Mr. Hunt: Also, maybe to the extent that says what type of lease it is and when that happens. For instance, we have revocable permits that the State issues and we cannot tax them...and this is in ordinance language as well...we cannot tax them as tenants on that property. This is for Commercial and Industrial as well. The State cuts, they will lease it. The airport...it is not a lease, but they will do a revocable permit and they do it. We cannot tax them for one (1) year. Once they have reached a year, then essentially, they become considered taxable to the tenant, but until that time, it is just a revocable permit. There was a period of time when Kōke'e leases were coming up like that. Instead of giving new leases, they renewed on revocable permits, and they become untaxable for that one-year period as well.

Councilmember Kualii: Does that help with the long-term year after year?

Mr. Hunt: That is correct, because they are basically on almost on a month-to-month type of lease or a year-to-year lease that they may or may not renew.

Councilmember Kualii: Do you have any idea if this is just a small group of people who are affected?

Mr. Hunt: I believe so. We have a lot of leases with the State, but primarily they are not for residential uses. They are for Ag and other types of uses. The ones that are actually specifically crafted for residential are few and far between. There are not that many.

Councilmember Kualii: Okay. Thank you, Chair.

Council Chair Rapozo: I will be introducing a bill that should be on the next Council agenda that will try to fix that, because these people are owner-occupants. They have been owner-occupants for decades and because of the interpretation of the statute, they are not eligible for the Homeowner Exemption, or Owner-Occupant exemption. We have the mechanism in place. Hopefully, we can get that passed, and we can make sure those folks get the benefit that they deserve. That will be up at the next Council meeting. Are there any other questions?

Councilmember Kualii'i: My last question for revenue is back to Ken. From the very beginning slides...you had slide 3, Revenues by Fund Summary, and slide 4, General Fund Summaries by Activity. It is a really basic, general question. In the pie chart, you show the General Fund as seventy-seven percent (77%) or two hundred sixty-five million three hundred thirty-four thousand two hundred sixty-two dollars (\$265,334,262). In the next pie chart, the General Fund Revenues, again, the biggest piece is the revenue from our real property taxes. It is two hundred twenty-seven million seventy-eight thousand seven hundred ninety-eight dollars (\$227,078,798), eighty-six percent (86%). The difference between those two (2) numbers is thirty-eight million dollars (\$38,000,000). What is that difference? This is all in the budget for 2025, right? Do our General Fund revenues not all come from real property taxes? Where does the other thirty-eight million dollars (\$38,000,000) come from?

Mr. Shimonishi: If I understood you correctly, it is two hundred twenty-seven million dollars (\$227,000,000) in real property taxes and then we have twenty-nine million two hundred thousand dollars (\$29,200,000) in T.A.T.

Councilmember Kualii'i: Is it all the pieces of the pie?

Mr. Shimonishi: Yes. That is the next biggest piece of the General Fund pie, followed by another three million five hundred thousand dollars (\$3,500,000) in...

Councilmember Kualii'i: Will that all add up to the two hundred sixty-five million dollars (\$265,000,000) on the first page?

Mr. Shimonishi: That is correct.

Councilmember Kualii'i: Thank you.

Council Chair Rapozo: Are there any other questions? Okay. Thank you. Next is the Department of Human Resources. Whenever you folks are ready.

Department of Human Resources and Human Resources Reports:

(Councilmember Kagawa was noted as present.)

ANNETTE L. ANDERSON, Director of Human Resources: Good afternoon, Chair, Vice Chair, and Councilmembers. Annette Anderson, Director of Human Resources. I

will just briefly go over our narrative and then address any questions that you may have. The operations budget is what has been increased by sixty-two thousand two hundred twenty dollars (\$62,220) and there is primarily one (1) major account that the vast majority of that money is going towards. That is Account Number 512.32.00—Consultant Services. There is an increase in that account of thirty-seven thousand eight hundred nineteen dollars (\$37,819). That will support a vendor that we intend to hire to conduct a fire validity study for our firefighter testing. As I note in the narrative, that has not been done in decades and is something that needs to occur to make sure that we are testing our firefighters for the proper things, so it is critical. The increase will also be used to enhance the Employee Assistance Program (EAP). This program will be enhanced so that we can cover all first responders that would be in need of EAP services, because of the nature of their duties as first responders and the trauma that they may face in their duties. I would characterize the rest of the items—items 2, 3, and 4—of the account as minimal. I can address any questions, but it is one thousand one hundred fifty dollars (\$1,150) for R&M Computers for the Recruitment Division for scoring of written exams; a mere five-hundred-dollar increase in travel because we will be going to O'ahu for collective bargaining and arbitrations; and the last account number, other commodities, is twenty-two thousand seven hundred fifty-one dollars (\$22,751) due to the increase cost of promotional exams. Previously, we had budgeted that in a different account—Office Supplies. It was a portion of it. It was not all of it. Also, a minimal amount of three thousand dollars (\$3,000) is for background checks which HR will now do as a centralized process rather than having the various departments handle it. With respect to the Salaries Account, we do have a position moving to HR from another department. We think that will serve a lot of purposes for the needs of HR to increase our capacity to conduct employment-related investigations and provide support to departments in various areas, whether it be personnel questions or Workday issues, and also the continued centralization of our Payroll Division. Operational Challenges. Throughout the past year, we have had numerous personnel who have dedicated many hours working on our Workday and we continue to do that work. We will continue into the next fiscal year. We are going to be implementing new Workday Recruitment and Talent modules in the coming year and that will require more training of these new modules, but ultimately, our goal is to have one (1) system that will provide the necessary functions as opposed to multiple different types of systems. Finally, our three (3) top operational highlights from this past year. Workday. We always reference Workday, because it has been one of the largest projects of the County and we have successfully implemented it. We are also very proud of expanding our training program with an emphasis on leadership training. We can speak to that a little bit later, if need be, but because of Council providing us with additional funding this FY 2024, we have been able to already begin this enhanced leadership training. Of course, again thanks to the Council, we have an expansion of our intern program. That has allowed us to increase the number of interns as well as the hourly compensation. With that, I am open to any questions that you may have.

Council Chair Rapozo:
DeCosta.

Are there any questions for HR? Councilmember

Councilmember DeCosta: I have a comment. I am very impressed at how you folks moved around a position. Thank you so much for that and making use of people who we already have. We really appreciate that. Thank you.

Ms. Anderson: Thank you to the Administration for doing that as well.

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: On the Operational Highlights at the very end, you talk about training. One that seems to keep coming up in our claims is accidents. What type of training are we providing or requiring for employees who are using County vehicles and getting into accidents? For some of them, it is more than once.

Ms. Anderson: I will let Jill speak to that in more detail in just a moment. Just for your information, I am aware because when there are disciplinary actions imposed, warnings, or suspensions, a lot of them do come because of the accidents that have occurred by our employees and there is generally a notation by the department that there will be additional training to make sure we can prevent accidents from happening. Jill can speak to that in more detail.

JILL H. NIITANI, Human Resources Manager III: For the record, Jill Niitani, HR Manager. We have a safety officer. He takes a look at all of the injuries that come in because some of them come in because of worker's compensation. A lot of time, that is the first notice to us that something happened. There is also the accident report that might come in where an incident had occurred with a vehicle or whatever it may have been. We take a look at that to determine if there were any...to me, any accidents are preventable. That is what we have been telling the departments. A lot of times we see some of the reports come in where assessments are done by the department and we work with them to recommend the training, if it is not already there. We have an equipment operator trainer who takes these individuals who have been in accidents with County vehicles. We have this individual assess that person. We also take a look at the disciplinary actions that are given. If we do not see anything being done to mitigate those accidents, we will recommend them. A lot of times it is retraining, retraining, retraining, but at some point, the retraining is obviously not working or that person is not willing to make a change in what they are doing and continues to get into accidents. We do not like to resort to discipline. That is not something that I would recommend automatically, however if that is the only way to get through to someone so that these accidents do not reoccur, that is something that we will push for.

Council Chair Rapozo: I have follow-up. I have been on the Council for many years, and I have never seen the amount of accidents that I have seen in the last year. It is very similar. It is either the Kaua'i Bus or the trash pickup. I am not sure if it is an initial training issue. I do not know. It is hard to explain why...and we only see the ones that are filed in claims. I would assume that some of these accidents do not result in a claim, but from what we have seen over the last year, it is happening way too often. I am not sure if we

are training our people when they are hired, or if there is recurring training. In the military, you need to have training every year, especially if you are operating equipment. I am not sure of the types of programs we have, but whatever we have is not working, because we are having a lot of accidents that are costing the County money. I do not know if it is HR who is ultimately responsible for requiring training or if it is a department head issue.

Ms. Anderson: I think that is a good point. I think that we, in connection with the department, can do an analysis of the amount of accidents that have happened over the past few years, and if you are correct, I assume you are, that it has gone up, then we can explore what can be done with the departments heads, whether it be, like you said, an initial training, more periodic training, or whatever it may be, but when I see those things, I think I will maybe not ride the bus. There are quite a few.

Council Chair Rapozo: It is as Jill said. Every accident is avoidable. It is. Some of the things we see make you question if they were sending a text message while they were driving or something. I do not know.

Ms. Anderson: Not to make light of it, but what I see is the discipline and that is because it was the employee's fault. I am sure there are plenty of accidents that are happening that are the other person's fault, too.

Council Chair Rapozo: We usually only see the ones that are our fault.

Ms. Anderson: I am just saying I think when we look at the number of accidents that have happened per year, we would have to distinguish whether it was the fault of the County employee or someone else.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: I notice that you have four (4) vacancies in here. Some are for the better part of the year.

Ms. Anderson: I can speak to all of those. The third one down which is entitled the Equal Employment Opportunity/Americans with Disabilities Act (EEO/ADA) Compliance Officer Administrator has been quite a challenge, but I am happy to say that I have extended an offer today, so we are keeping our fingers crossed. Unfortunately, it is a very difficult position to fill. We had to try multiple ways of recruiting for it, but...knock on wood...that we will have an accepted offer. The other ones, again, are Jill's shop with one (1) in Janine's. They have been recruiting and we intend to...we are very hopeful that we will be able to fill them by July 1st. One of them that we were going to extend an offer to did not pan out in the reference check, so we could not do the offer because of the reference check. Do you want to say anything more on that?

Ms. Niitani: I think for that same position that has been out the longest, we extended an offer a second time and that individual was not able to accept the offer due to lack of ability to live here.

Councilmember Cowden: When I look at some of these areas that are difficult to fill, like I mentioned earlier today, how much of the recruitment effort lands on HR and how much of the recruitment effort is centered with the department?

Ms. Anderson: I will have Janine speak to it in detail, but basically, as you know, when we are recruiting, our function is to post, take the candidates information and applications, make sure they meet the minimum qualifications, and then a list is established and it moves out to the department. Sometimes, the departments take some time to fill the positions and they have various reasons for that. Am I answering your question?

Councilmember Cowden: I think you are answering the question. I know that the Department of Water is not necessarily us, but when you see some positions at eight thousand (8,000) days...some of the shortages are so profound, but there are a lot of them. I go to the Board of Water Supply meetings and they are constantly saying how difficult it is with the shortage and I know we had a terrible loss with the pipefitter recently. Where is that bottleneck happening? Are they not reaching out hard enough or is it that it does not come through HR? How do we get people into those positions, because they seem to be chronically understaffed?

Ms. Anderson: I will let Janine speak to it.

Councilmember Cowden: This could apply to any other department, too.

Ms. Rapozo: When a vacancy occurs, it is at the department level and HR does not get involved until the department notifies us that they want to start recruiting for it. It can be on that list for however long they decide to keep it vacant or whatever they are doing. Sometimes they will fill it with a short-term hire of eighty-nine (89) days. They know they have to use that money for that. They may have to pay off their vacation pay out, so they have to hold it for a little while. There are all these different reasons as to why a department may hold it for a while. Once it reaches us, then we put it out. For civil service positions, it is out for at least ten (10) days. It goes online on our recruitment forum, which is on governmentjobs.gov, I think. It is also on the County's Facebook page and wherever else we can put it. We put it wherever we can. We accept all the applications, then the recruitment staff goes ahead and looks through the minimum qualifications. If they meet the qualifications, they will put them on an eligible list. From there, the department will let us know they are ready for the list and we refer the list to them. They will have two (2) months at that point, where the referred list will be fresh or not expired, and they can do their interview at that point. They will come back to us saying, "We have made a selection," then we go ahead and extend the offer.

Councilmember Cowden: Thank you for the work that you folks do. When I am looking through the budget, I see that it is dollar-funded for travel and things like that. I am just wondering. Do we go to the University of Hawai'i (UH)?

Councilmember Kualii: She is jumping all over.

Councilmember Cowden: How do we grab far?

Ms. Anderson: We have been doing some recruiting efforts that Janine can speak to, but I just wanted to add one thing. As she explained, the departments get a referred list, but just the other day, as an example, I got one from one of the departments you mentioned. He really wanted to have an extension for whatever reason. They did not have time or...there are various reasons. Generally, I approve of it, but I think the last one I got was for six (6) weeks, six (6) months, or whatever it was. It was quite a while, but they have their reasons. I am not going to say no.

Councilmember Cowden: When you say extend, do they extend the outreach?

Ms. Anderson: They want more time to try to interview and look at the people we have given them on the referred list.

Councilmember Cowden: Okay.

Ms. Anderson: I am just saying that is sometimes another way that the detail occurs.

Ms. Rapozo: As far as the recruitment side of the house, we are on the Kaua'i Community College (KCC) board. Basically, all of our recruitment is posted there. We have posted through the Society for Human Resource Management (SHRM). We have gone through the UH board, or whatever their posting is called. We have done different job fairs. We even had a presence this year at the Waimea Town Celebration. We are going to do one at Kalena Park this Saturday. We are just trying all types of different ways to try to get to people who would maybe be interested in coming to work for the County.

Councilmember Cowden: Is there an incentivization with mechanics training? I am sure all that goes to the different departments, but when we just do not have enough people, maybe we have to recruit and train sometimes, and that might be a way to get people, because then they will, essentially, get a free education.

Ms. Rapozo: That is something we have been trying to work with the department on, because a lot of the departments want to have someone ready to go at the higher level, but a lot of times, when you lose someone, they may be at a really high level, but when you have to recruit, you have to bring the position down and start training again. We have a lot of training positions now where they can come in, and of course, the

department will have to work with training them. Some of the departments are a little hesitant because they want to have someone ready to go. It does take more work to train. Unfortunately, those are some of the ways we are going to bring these people in.

Ms. Anderson: That reminded me that I thought recruitment had a really good idea. They reached out to Macy's employees because of the closure. I thought it was good to reach out to people who are potentially going to lose their jobs and see if they would be interested in coming to the County.

Council Chair Rapozo: Councilmember Kualifi.

Councilmember Kualifi: Can I ask a process question? We started with the narrative. They gave the report. We are asking questions on the narrative. If we start jumping all over the place, it is hard for us to follow and it is hard for us to know what we completed and what we need to still do.

Councilmember Cowden: I thought I was on the narrative.

Councilmember Kualifi: Can we also try again to ask one (1) question and stop, in case people have follow-ups to that particular item? If we start going all over the place, that is not good. That is sort of selfish.

Councilmember Cowden: I will be quiet. Is that what you are asking for?

Council Chair Rapozo: Go ahead.

Councilmember Kualifi: No, I am just asking for structure, so seven (7) members can participate in an organized way so that it is less frustrating. Stay with the pages we are working on. Give everyone a chance. Process-wise, that is all we need.

Council Chair Rapozo: Go ahead, Councilmember Kualifi.

Councilmember Kualifi: Who was next.

Council Chair Rapozo: That would be you.

Councilmember Kualifi: On the narrative, which you just did your presentation on, page 2, Salaries Account Adjustments, talks about this new position #9224 coming from the Office of Economic Development. It is for Human Resources Specialist 1. When I asked a question to the top of the Administration about new positions, I pointed out the seven (7) new positions in their narrative and I also said we will want the justifications for any new positions. That is anything that is newly funded. The position number may have come from somewhere else, but it did not come with any money, right? It just came as a number. I also asked for any positions that are created by the reallocation of vacant and underutilized positions. I am assuming this is an underutilized position. This is your first

shot, and we can hear it from the higher ups as well, but this is your first shot to justify the Human Resources Specialist I position. I know you said something in your narrative about it helping you meet the goal of fully centralizing the Payroll Division. Can you say a little more about that?

Ms. Anderson: Yes, and if I may, I will say a little bit more in general. We are looking at this position as multifaceted. That is why you will see there are different areas in the narrative. Since early 2000's, the goal has been to have a centralized payroll unit, and we are accomplishing that. We have taken on handling the payroll of a couple of new departments and we have two (2) or (3) large departments left to do, but we are planning on taking those over in, hopefully, the near future. By doing so, especially with the new Workday system, we believe that it will assist everyone, including our employees, by making sure that things are accurate, we do not have mistakes, we do not have people who are underpaid or overpaid, and there are no missed payments because there are so many different types of compensation that comes with our bargaining union folks who have collective bargaining agreements that provide for different types of compensation. It is very complicated, and we are very happy that we have Workday because it is an electronic system rather than manual. We have errors when it is manual. We have made the step to go to a digital, electronic format where things are programmed into the Workday system. Unfortunately, a human element is still involved, so what we are finding is you have people in departments that are not yet centralized, who are either not aware or ignorant of something and it is not being processed right, or they have just made a mistake and it has not gone through the accounting process before it gets over to payroll. We really believe that element of this new position will assist in preventing future errors on the payroll side. I do want to emphasize that one of my first comments about what this position would also assist with is our investigations. I know you are concerned about the cost of new positions. I will just say that I believe the cost of the new position, if you look at Countywide, it will save the County money, because when HR, for whatever reason, cannot conduct investigations for departments, departments oftentimes have to hire an outside investigator or they have to internally investigate with folks who are not fully trained or have not done many investigations, and at the end of the day, we lose an arbitration and have to do backpay. The cost of outside investigators is significant, especially when you have complicated investigations. When you look at the amount of investigations that happen over all of the departments in the County, our goal is to relieve the burden so that their employees do not have to do it and to also save them and the County money, so they do not have to spend it on an outside investigator. With that said, I cannot promise that HR will forevermore do every single investigation. We might have conflicts or what have you, but I think that this will very much help and be appreciated by the departments.

Councilmember Kualiti: That is excellent. Thank you.

Council Chair Rapozo: When do you anticipate hiring this person?

Ms. Anderson: As soon as we have the budget finalized and are allowed to do that, we will recruit for it.

Council Chair Rapozo: How long is that process?

Ms. Anderson: To actually hire? We could do it quickly if we had a candidate. I just do not know what...

Council Chair Rapozo: The reason we ask is because a lot of the positions that are in here are fully funded and we know that it is not going to be ready for funding for quite some time.

Ms. Anderson: I think we have a better shot with an investigator position than the other one that I said I have extended an offer to today. I think there are potentially more candidates for investigator positions, therefore I would hope that we would be able to do it rather quickly.

Council Chair Rapozo: Which position are you talking about?

Councilmember Kualifi: 9224, HR Specialist I.

Council Chair Rapozo: Yes, it is an HR Specialist I, but is that what this position is going to be? What are you talking about regarding the investigator?

Ms. Niitani: Yes, it is an HR Specialist I. Right now, we actually have continuous recruitment for that.

Council Chair Rapozo: It seems like every vacant position has been vacant for hundreds of days or on continuous recruitment, which equates to a lot of money.

Ms. Anderson: Even though it is the same class of work, I am just saying there are different duties that would be handled. HR Specialist I in her shop might be a little bit different than what we are talking about right here, even though it falls under the same classification.

Council Chair Rapozo: Is there going to be a desire to change or reclassify this position?

Ms. Anderson: No, I do not think so.

Council Chair Rapozo: The HR Specialist I will be able to do investigations. Is that what you are saying?

Ms. Anderson: Yes.

Council Chair Rapozo: Is that within that class?

Ms. Niitani: It is within that HR Specialist I level.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: Thank you. Thank you, Chair. Thank you for your presentation. I am looking at the increase for the fire validity study. What was the reason for wanting to add that?

Ms. Anderson: We want to make sure that the type of testing that we do for the firefighters is still current and number one, it is the type of testing that should occur, and also that the results of the test are accurate. Am I saying it correctly?

Councilmember Kagawa: We just had the Fire Chief and Deputy Fire Chief on the Council floor recently. They were asked how recruitment was going and they said it was going great. They have maybe seventeen (17) applicants being interviewed. Coming up with the study to try and improve the process makes it seems like the current process is flawed, or what have you.

(Councilmember Bulosan was noted as not present.)

Councilmember Kagawa: From our standpoint, when I came in years ago, we say maybe seventy-five percent (75%) of firefighters being from the Mainland U.S. They were passing the test and succeeding on the interviews. We have seen a flip in that. We see a lot of our local... a lot of them are engineers and school teachers. They said that they were not particularly with fire school graduation certificates, but I have not heard anything negative about people who may not have the fire validity experience that this test may be looking at. I am wondering what it is we are trying to accomplish with the fire validity test.

Ms. Anderson: I will let her speak and I will chime in.

Ms. Rapozo: The fire validation study is really going to be trying to validate what we are testing for. It is not the written exam, but for the performance side of the house. Right now, there are four (4) days that they have to go through. There is a run, a swim, an obstacle course, and going upstairs. We want to validate to make sure we are testing them for the correct things. There are competencies to become a firefighter. The last validation study was done in 1979.

Councilmember Kagawa: Are we just affirming that our test is right?

Ms. Rapozo: Yes. If not, then what is it that we are supposed to be testing for now. We were going to do this validation study right before the COVID-19 pandemic. The COVID-19 pandemic happened and there were no vendors who would come and do it. We will work with the Fire Department to get this done and to be sure that what we are doing is testing for the right things. I am hoping that we are doing it correctly.

(Councilmember Bulosan was noted as present.)

Councilmember Kagawa: My fear was that we were saying the current process was not good. As far as my experience, I have seen a good job of hiring good candidates. They all seem to be doing well as a whole. I just wanted to make sure we go in the direction where we do not have to hire people from the Mainland U.S. who can pass a test that a local individual cannot pass. Do you understand what I am saying?

Ms. Anderson: The other thing that I think is important, besides what Janine said, is a candidate can challenge that they did not pass or that they were not selected. There is a process that they can use to challenge for whatever reason. I think to have this as proof that we are doing it accurately and correctly would help with any type of potential claim that would come our way.

Councilmember Kagawa: I went through the test and I thought it was a fair one, even though I did not make it. I thought it was a fair test and that is the test that is still in place. Thank you. I validated it.

Council Chair Rapozo: Councilmember Carvalho.

Councilmember Carvalho: I wanted to ask a question on the expansion of the intern program. How is that going? What is the intent?

Ms. Anderson: It has been going well. We have more and we are paying more. Again, I will turn to Janine for the details.

Ms. Rapozo: Before the increase in funding, we had fifteen (15) interns in 2022. Last year, we had eighteen (18). I am sorry. We had twelve (12) the year before and now we have eighteen (18), so it is an increase of six (6). What we are doing on the intern program is slightly different. It is not just summer. If someone comes back for winter or whenever it is that they are back, we hire them and the department will take them in. If they came for the summer and they are going to come back for their winter break, we bring them back. We pay them at varying ranges now. Before, it was all minimum range and we always felt that...minimum wage because they are also getting the experience, so it is not just pay. We do have three (3) levels of interns now, so that they can get hired at higher levels, so as they work longer for us...and hopefully, they come and become our employees.

Councilmember Carvalho: There are three (3) levels, right?

Ms. Rapozo: Yes, there are three (3) tiers.

Ms. Anderson: The other thing that is helpful is they are not just an intern to file papers or shred papers. We are really trying to have them do some substantive work for whatever particular department they are working in to learn the craft of that department.

Councilmember Carvalho: Thank you.

Council Chair Rapozo: Councilmember DeCosta.

Councilmember DeCosta: Thank you, Annette. Thank you, Ms. Rapozo. I was very intrigued when I heard you say you are doing this test so in case there was a performance evaluation based on one of the candidates who could not pass the test or wanted to challenge the test, then you folks would have some validity to prove that the test is correct. Is that right?

Ms. Anderson: Yes.

Councilmember DeCosta: I heard that the test can be very difficult. I took it three (3) times. I know pulling that hose is very difficult. I passed it three (3) times, too. I noticed that hose is very difficult to drag on the ground and quite a bit of athletes, male and female, cannot pass it. Was the struggle with the performance with the dragging of the hose?

Ms. Rapozo: We lose a lot in the swim. We lose a lot in the dragging of the hose as well. It is mostly that the female candidates can make it all the way to the hose, and that is when they usually fail. We just want to be sure that the amount of time we are giving them and everything is still up to standard. Let us say it rains and now they are going to have to pull that hose on a wet surface. Are we supposed to make adjustments? It is things like that. Those are all considerations that we want to get into this study.

Councilmember DeCosta: I appreciate that. I just know that during the burning of a building, we cannot make exceptions for the person who is saving that person. Thank you for that.

Council Chair Rapozo: Do you have follow-up?

Councilmember Kagawa: Yes, it is follow-up.

Council Chair Rapozo: Go ahead.

Councilmember Kagawa: Full disclosure. I was forty-one (41) years old when I took it. I passed everything on the test. It is just that my score on the test was seventeen (17) and I think they only took the top ten (10). I passed it, but I did not pass high enough on the written. It was fair, but I was forty-one (41). I did not want to make it seem like I was a crippled person. Thank you.

Council Chair Rapozo: I did not pass the written test. That is why I became a police officer. I passed that one. Councilmember Bulosan.

Councilmember Bulosan: I did not take the test. Circling back to the interns. On average, is it mostly students who are interning? Are there any who are returning from college?

Ms. Rapozo: Yes. We actually hire only college people, so they have to return from college. If they come back for winter break or anything like that, we will hire them back. We fund it for the six-week period and if the department has funding that they can spare to keep them on longer, they go ahead and do that. A lot of them do that because a lot of times our program is not something that some of the interns look at, because when they come back for the summer, they want to work the whole time and get the maximum. Some may not want to do that, but a lot of them want to get the maximum amount of income during the time that they are out of school.

Council Chair Rapozo: Are there any other questions? Councilmember Kagawa.

Councilmember Kagawa: I know you have a description on it, but on the IT arrangement, Subscription Based Information Technology Assessment (SBITA). I know Councilmember Cowden just loves those acronyms. Can you give a brief description of what that is?

BRANDON L. RAINES, HMRS Administrator: It is the Subscription Based Information Technology Assessment. I am sorry. Brandon Raines, HR Systems Manager, for the record

Councilmember Kagawa: Can you give a brief description of what it does and how important it is for the County?

Mr. Raines: Both of those line items are Cloud-based systems, meaning subscription based. One is the Human Resources Management System (HRMS), which is Workday, and other things. As you know, it is completely critical for us. We have been talking about that for a while. I believe the other one is NeoGov...if I am recalling that correctly from the budget. That is currently our recruiting system which Annette talked about implementing Workday recruiting earlier, so our plan is to transition away from that separate system which is sort of bolted on at this point and feeding Workday to have it all controlled, consolidated, and flowing a little bit more efficiently.

Councilmember Kagawa: That sounds good. I think Workday has been tremendous.

Council Chair Rapozo: Are there any other questions for HR? Councilmember Cowden.

Councilmember Cowden: It is one of curiosity. I see that we pay for drug testing. What job positions get drug tested? Is it for anything with driving? Is that what it would be? I would think it is not every week, right? Is it random or is it if someone has made a mistake?

Ms. Niitani: These are positions that are safety sensitive and are sometimes required.

Councilmember Cowden: Would that be for like a bus driver?

Ms. Niitani: It is for a bus driver, fire, ocean safety, (inaudible), CDL.

Councilmember Cowden: How often does that typically happen?

Ms. Niitani: For drug testing? Drug testing for CDL drivers, for example, there are Federal law requirements which require doing certain percentages of the amount of CDL drivers we have. The most I have seen it is fifty percent (50%). They will be randomly tested throughout the year and we need to meet that threshold, if not...I am not sure what will happen. We have not gotten to that point.

Councilmember Cowden: I was just curious. Thank you.

Council Chair Rapozo: How much does a drug test cost? I am trying to figure out how many tests we run every year.

Councilmember Kualii: This is master page 73.

Council Chair Rapozo: We are allocating...and apparently, this does not...does the Police Department have their own? Is that why the Police Department is not in here?

Ms. Niitani: That is correct.

Council Chair Rapozo: It is for twenty-nine thousand dollars (\$29,000). I do not know how much a drug test costs.

Ms. Niitani: A drug test costs about forty-five dollars (\$45), maybe a little more. Alcohol tests cost about twenty-two dollars (\$22) or twenty-three dollars (\$23). A lot of times there are also requirements for alcohol testing by the Federal government.

Council Chair Rapozo: If I do the math, that is quite a bit of tests. I am curious. How many tests do we perform every year?

Ms. Niitani: We calculated around four hundred (400). There are a lot. Unfortunately, there are follow-up testing that needs to be done for those who have tested positive. It is really dependent upon the substance abuse professional who does the assessment, who then determines the follow-up testing schedule. I have seen varying

amounts, but for the most part it is a few times a month that we might need to follow-up test these individuals. Then it slowly weans off as they are clean.

Council Chair Rapozo: Yes.

Ms. Niitani: Unfortunately, it fluctuates, but we have the new hires. Half (½) of them probably require drug testing. Of course, the random that are required by the different...

Council Chair Rapozo: Does this include the employment drug test as well?

Ms. Niitani: Yes.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: On the next line on master page 74, the hepatitis B vaccines. I would assume that is for the protection of our Wastewater and our Solid Waste?

Ms. Niitani: Yes, we have a listing of all of the positions that have a higher proximity of...

Councilmember Cowden: To make them sick.

Ms. Niitani: Yes, infectious materials. A firefighter is an example.

Council Chair Rapozo: I think the police officers, too, right? Do the police officers take those?

Ms. Niitani: Yes. Unfortunately, it is a three-shot series. That is why it is a little more pricey. It is because it takes a while.

Councilmember Cowden: Would that also be Wastewater?

Ms. Niitani: Yes.

Councilmember Cowden: Yes, I would think Wastewater would probably be the highest exposure job.

Ms. Niitani: There are firefighters who actually have to perform cardiopulmonary resuscitation (CPR), as an example, or police officers as well.

Council Chair Rapozo: Are there any other questions?

Councilmember Kualiti: Yes.

Council Chair Rapozo: Councilmember Kualiti.

Councilmember Kualiti: I want to go back to master page 70, the starting of the section where the positions are all listed. The first position, 9150, EEO/ADA Compliance Officer Investigator. Note it has been vacant since August 5th, so two hundred twenty-three (223) days vacant. It shows as continuous on the Recruitment Status. The budget is showing an amount of seventy-six thousand seven hundred eighty-eight dollars (\$76,788). On the vacancy report, it says the range is seventy-four thousand one hundred twenty-four dollars (\$74,124) to one hundred five thousand five hundred sixteen dollars (\$105,516). How are you picking that amount that is not necessarily the start of the range?

Ms. Rapozo: The budget is for FY 2025, so there are raises scheduled July 1st. The vacancy report is for FY 2024, so all of the starting pay will probably not be in the same range.

Councilmember Kualiti: Okay. To just say "continuous", what does that mean? Do you anticipate going through all the steps of recruitment, getting this person hired, and having them be in place by July 1st?

Ms. Rapozo: I think Annette mentioned earlier that we already made an offer today.

Councilmember Kualiti: Was the offer made today?

Ms. Rapozo: Yes.

Councilmember Kualiti: It was hard to follow then, because we were all over the place. You made a comment about "all the other positions." Can you repeat that so I do not ask about each position?

Ms. Anderson: Yes. For all the other HR positions, we fully intend to hire by July 1st.

Councilmember Kualiti: Okay. Thank you. Chair, my last question, which I can wait on, is on the vacancy report in general. I can also follow up with some of that in writing.

Council Chair Rapozo: Are there any other questions as it relates to the position versus the vacancy report? When you say you expect these hires to be made by July 1, 2024, do you already have the candidates? Have they been interviewed and all of that?

Ms. Anderson: I have the one (1) who I extended an offer to today.

Council Chair Rapozo: What about the others?

Ms. Anderson: I will let Jill and Janine speak to the other ones.

Ms. Rapozo: It is on continuous recruitment, so as applications come in, they get referred to either Jill's or my shop, depending on whatever position. We schedule the interviews and if the candidate is successful, we will make the offer.

Council Chair Rapozo: Right, but is there anyone in the pipeline right now? If you are expecting to hire July 1, 2024, that means you need to have someone already or at least have some applications. I am looking at the one that has been vacant for three hundred twenty-three (323) days.

Ms. Rapozo: I know Jill has done some interviews, but I will let her speak to it.

Council Chair Rapozo: I am sorry, I am looking at the wrong line. It is actually three hundred nineteen (319) days.

Ms. Niitani: We have had candidates apply for that particular position. We were unsuccessful the first time with the reference check, as Annette mentioned. We were about to extend the offer until that happened.

(Councilmember Kagawa was noted as not present.)

Ms. Niitani: The second time around...a month or so ago, we extended another offer. Unfortunately, that one declined. We are still actively going through that. With continuous recruitments, like Janine mentioned...

Council Chair Rapozo: Are those two (2) HR Specialist I positions? You are also getting a new one. That will be three (3). If you cannot hire for two (2), how do you expect to hire three (3) by July 1, 2024? That is the question.

Ms. Niitani: That is something we are trying to do.

Council Chair Rapozo: Yes, I know. It has been over three hundred (300) days, and again, as Councilmember Kualii scrutinizes the vacancy reports every budget, when I look at the last page of the vacancy report, just in General Funds alone, two million eight hundred thousand dollars (\$2,800,000) are locked in there that could be used for something else.

Ms. Anderson: I think I had a conversation with Jill some time ago. As I mentioned, this one that we are hopefully going to be hiring right now, the EEO/ADA, we reached out and recruited for that through the State SHRM bulletin board, or whatever you want to call it, where they blast all the HR membership throughout the State.

I would suggest to them that we do that for this as well to try to reach out, because we tried to do it on our normal recruitment methods, so I think we should do it a little bit differently to get a wider scope of potential candidates.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: I have a follow-up. When you say SHRM, is that the State of Hawai'i?

Ms. Anderson: No, it is a national organization that has a local Hawai'i Chapter. It is the Society for Human Resource Management and they do certifications. Generally, you are a member and are certified. A lot of them are certified to be an HR professional. Do you know what I mean?

Councilmember Cowden: Okay, so you are looking at other HR professionals. I just wondered how much internal movement you have. It seems like you will fill a position, but it will be pulled out of another department. We had accounting move over to the Department of Water. That has got to be a little bit of a challenge, right, when we are basically prospecting our own team. How much does that happen? Although, it might keep people happy. How often are you basically filling by shifting from somewhere else?

Ms. Rapozo: For the blue-collar, unit I positions, they are going to be promoted, so they will be moving from one position. That is why it takes a while to hire those positions sometimes, because if the top-level equipment operator is vacant, then this one will move here, this one will move here, and this one will move here, right? That all takes the ten (10) days and whatever, but we do have a lot of people moving all the time. I think the Police Department will tell you their dispatchers have moved even internally at KPD, to KEMA, or they have moved out. There are accountants moving here and there. You will see faces all the time, right? Brandon used to be at the Department of Finance. It happens and we do not want to discourage people from moving, but it does happen quite a lot.

Councilmember Cowden: Succession planning is natural and good. When people are going up, we would expect that. When I was thinking about where you broadcast it out to, if we mostly circulate it amongst ourselves...I am always happy to see the recruitment notices, but if we are mostly broadcasting to ourselves, then we want to be broadcasting outside, too, to not be just a moving problem...moving the solution and creating a new opening.

Council Chair Rapozo: What is the average processing time from the date you receive an application until someone is hired?

Ms. Anderson: I will let Janine speak to that as I always say, but I asked her that question one time. She said, and you can correct me if I am wrong and my memory is wrong, "In the best-case scenario, we can do it in thirty (30) days."

Council Chair Rapozo: Is that the interview and everything?

Ms. Rapozo: Yes.

Council Chair Rapozo: That is the best-case scenario, but what is the average?

Ms. Rapozo: It depends on the department a lot of times, because once we refer the name, it is in their court. Like Annette says, we give them a referred list for two (2) months and they ask for an extension. That means they did not move on it.

Council Chair Rapozo: Which is quite common, right?

Ms. Rapozo: I am sorry. Yes.

Council Chair Rapozo: That is quite common. That is what I am hearing. That is my point. Ten (10) days might be for something at the Office of the Mayor or maybe at HR. Maybe you could do it in ten (10) days, but for the traditional departments, it takes a while.

Ms. Rapozo: It can be. It is the will do it, right, with them. It is to schedule the interviews and get going on it.

Ms. Anderson: You can speak on this. HR has encouraged departments to get "their ducks in order", to pick a date so that they have it all lined up, but for whatever reason, that does not happen.

Council Chair Rapozo: The reason why I ask is it will take...I am not comfortable with keeping these line items or positions filled with salaries that are not going to be used. That is number one, because we could do a money bill. In other words, when HR or the department knows they have someone that they will bring on in the next month or two (2) months, we can do a money bill to get the money to put it in that position, rather than let two million eight hundred thousand dollars (\$2,800,000) sit in an account. I am just talking about the General Fund. I am not talking about the positions funded by different revenue funds. I hope you can appreciate that because that is a lot of money that sits in there and when you look at the days of vacancy, it is significant. Councilmember DeCosta.

Councilmember DeCosta: I want to ask you a question, so help me to understand. I think I am listening to the position that you could not fill and there are other departments that have positions that they did not fill. It is not that they could not fill, but that they did not fill. We dollar-funded them. When I listen to you folks talk, you want to fill these positions. How difficult is it for you to offer the job if the money is not there? Would you first have to come to us to get our approval for the short funding or for us to fund the position before you offer it if you have it dollar-funded, or could you offer them the position that is dollar-funded and you come to us and right way we can do a money bill to fund that position?

I am just trying to understand to help you folks out. It seems like you three (3) really want to hire these three (3) positions, our job is to make sure we do not tie up money that can be used somewhere else, but I do not want you folks to not be able to offer a job if at the time and point you have that candidate, you say, "Wait. We need to go to the Council. It takes two (2) weeks or something." I do not know the process. Tell me what you need so we can understand.

Ms. Janine: As long as there is a dollar in the position, we would be able to hire, but the caveat is that we would have to have unexpended money somewhere else in your budget to carry you over until that money bill gets passed. If you are at the end of your year, you may not have it. It all depends. There are a lot of factors that go into that. The first point is that position has to have at least one dollar (\$1) in it, then you can move some General Funds to it.

Councilmember DeCosta: Do you know the exact time it takes us? Maybe I can ask the Chair. How long does it take us to get them that funding if they have a position that they would like to hire for? Does it take two (2) weeks?

Council Chair Rapozo: It takes about six (6) weeks.

Councilmember DeCosta: You would need about one and a half (1½) months of salary in that position.

Ms. Rapozo: Salary and benefits.

Councilmember DeCosta: Salary and benefits.

Councilmember Cowden: I have follow-up on that.

Council Chair Rapozo: Are you finished?

Councilmember DeCosta: Yes, sir.

Council Chair Rapozo: Go ahead.

Councilmember Cowden: When you are trying to hire someone, if someone puts in an application...and in my mind, again, most of my history has been in the private sector...people apply, they want a job, and they want to know in a month. People put out a handful of applications. If it takes three (3) or four (4) months for them to get an interview, they have most likely already gotten a job somewhere else, because the employment market is so strong for these positions like mechanic, engineer, accountant, or whatever...even some of the most important things, like cleaning bathrooms, right? Do you track in any way if the process is so long that might be why we cannot recruit?

Ms. Anderson: I do not know if we track. I would tend to agree with you. It is certainly not like the private sector and I recognize what you just said.

Councilmember Cowden: I just wondered if that is why the County cannot hire anyone, because they are just going to get...what is typical? Do most people who apply to the County expect it to take four (4) to six (6) months?

Ms. Rapozo: It may not necessarily take four (4) to six (6) months. Again, it depends on the department, because we control it up to a certain point, and after that, those names go to that department. The department then controls how quickly or how slowly they actually interview that person. For whatever reason—things come up, they cannot get their panel together, someone is off—they cannot interview. Once they do interview everyone on that list, they can then just submit that interview form to us and it is very quick on our end.

Councilmember Cowden: Can you send it to three (3) different departments, then whomever is on it first gets the person?

Ms. Rapozo: If they ask for it. If it is an accountant and three (3) different departments ask for an accountant, that same list may go to different departments.

Councilmember Cowden: Okay. We are competing with each other.

Ms. Rapozo: Yes, we are.

Councilmember Cowden: Maybe we will figure out a way to get that interview to happen.

Council Chair Rapozo: Councilmember Bulosan.

Councilmember Bulosan: With the recent offer including benefits, do you folks feel that will potentially help in the new hires for those three (3) positions?

Ms. Rapozo: I am sorry. I did not hear the first part.

Councilmember Bulosan: Will the new benefits package help?

Councilmember Cowden: The health insurance.

Ms. Rapozo: The health insurance?

Councilmember Bulosan: Yes.

Ms. Rapozo: We are hoping we can advertise that way, so that we can attract. We have been doing a lot of the same things for a while. We have tried to make some changes, but we felt it was time that we have to try to offer something else if we want different results. I do have to say, though, that I did look at the vacancy report from last March to this March, and we actually have less vacancies which I was wondering why it happened. It looked like the Department of Water really went full-blown this last year and they got rid of ten (10) to twelve (12) of their positions on the vacancy list. They went down a lot. We have to remember, if you recall, we did create a lot of new positions last year, and they got filled. Twelve (12) Ocean Safety Officer positions are filled. It is not for every labor position that we cannot find people. We can find people for certain positions. They were able to fill all theirs. Hats off to them, because I did not think they would be able to fill it all that quickly, but they did.

Councilmember Bulosan: That is awesome.

Council Chair Rapozo: Is there anyone else? Councilmember Kualii, you had some general questions on the vacancy report.

Councilmember Kualii: Yes. Since Janine is here and she will not necessarily be here with all the departments' overview. No, you do not need to be. The vacancy report, the whole report. March 15, 2024. Is that a point-in-time report?

Ms. Rapozo: Yes.

Councilmember Kualii: Is it done at other points in time throughout the year?

Ms. Rapozo: I do submit another one to this body on May 1st, right before deliberations, I think.

Councilmember Kualii: Is this report...do you put it together?

Ms. Rapozo: Yes.

Councilmember Kualii: Do you take all the information from HR that they are working directly with the departments, right?

Ms. Rapozo: Actually, Workday has a cool report, so we are able to pull it from there.

Councilmember Kualii: For me, this report has come a long way since six (6) years ago, ten (10) years ago, or whatever. The Recruitment Status column, that is the most important column, right, because it can answer our questions before we ask them if the information is there. You can only fit so much. You put different things in there and some of them actually have dates. If there is a date, that makes it even more useful, right, because

now there is a point-in-time, and if something started, like testing from March 4th to March 7th, that gives us an idea. Now it is past March 15th, so we can assume that the testing was completed, right, so you are on your way, you are going to get that person hired before July 1st, but other descriptions do not really give us any information, like what the Chair was talking about when he said, "Continuous." There are probably different variations of what continuous means for different positions. Some may be well on their way, because there was a same position opened before and they remained continuous. There are some new ones that I just do not understand. There is one called "pending reorganization". When the Chair asked about the recruitment process, you inserted the best-case scenario as thirty (30) days. What is the best-case scenario if a position is vacant and the status is "pending reorganization"? If the reorganization is not completed, then really you do not even know what the title or position is, so you have not begun recruitment, right, or does it involve some type of internal moving around of existing positions?

Ms. Rapozo: For that particular one, I can defer to the Police Department, but I believe the reorganization is going to be complete on Monday.

Councilmember Kualii: I was not talking about the Police Department. On the first page, there is one in the Department of Finance. It is position number 205. I am just picking the last category to understand this. What is the best-case scenario for reorganization? It was thirty (30) days for recruitment. It is much longer than thirty (30) days, right?

Ms. Rapozo: There are various stages of the reorganization. In this case, for example, if they already sent the letter to the union and the union just has to respond, then they are done, right, with the reorganization. They can then go out for whatever classification of position that the reorganization structure called for. It all depends on what point in the reorganization it is.

Councilmember Kualii: Is it so varied that we should just ask the department?

Ms. Rapozo: Yes. If it is "continuous", that means they went out already and they could not find an applicant, so we went to "continuous", versus opening, closing, opening and closing. All the ones that say "continuous" means we went through recruitment already yet could not find anyone, so we are now on continuous recruitment. Now, as applications come in, they will be referred to the department as they come in. It is really hard to tell. You might have someone come in who is great, or you might not have anyone for months. I think it is hard for departments to answer that question. Whether or not we think we are going to get someone, we are trying to say, "Yes, we want someone to come in." We are actively trying to find someone. She has made two (2) offers, but they both declined or things happened. That is what makes it hard. As you folks said, some of these positions have been vacant for quite a while. That means they have gone through many different iterations of recruitment or maybe they changed the position. I think we downgraded some of ours to try to find a clerical position instead of a professional level

position. There are many different things that happen and the department would probably know how to best answer that, but this is how it is right now in this point in time.

Councilmember Kualii: If any of these descriptions, like the County Auditor, which we know about, says "No activity", does that just mean as of March 15th, there is no activity?

Ms. Rapozo: Yes.

Councilmember Kualii: And there will continue to be no activity. How about another description of just the word "promotional"? What does that mean?

Ms. Rapozo: That means they are going to have to go internal, and actually go through the steps that I sort of said. For example, they will have to look at all their senior clerks for that particular position, let us say, for DMV, and then they will have to put it out as intra-recruitment only to that department. Then they will have to fill that position, but that means there will possibly be another position that will open which is lower level.

Councilmember Kualii: Can we assume a promotional recruitment is faster than an outside one, because it is internal?

Ms. Rapozo: Yes. We still leave it open for ten (10) days per civil service rules, but then the department hopefully moves on it much quicker because it is their own employees who have applied. Then we can hire them pretty quickly, because we would not go through references and things like that.

Councilmember Kualii: There is another one that I think is in KEMA which says, "Filled with short-term hire." If it is filled with a short-term hire, the vacant position is still vacant, right? It is a temporary situation. Are you still going through recruitment?

Ms. Rapozo: In this vacancy report, I only put it down if it is filled permanently. In that case, if it is filled with an eighty-nine-day contract, I still leave it on the report. I could take it off, because technically, it is filled, but in my mind, it is not really filled, because that person will not stay there forever.

Councilmember Kualii: Yes.

Councilmember Cowden: But that person is a good one. He is excellent.

Councilmember Kualii: He is an eighty-nine-day hire.

Councilmember Cowden: He has been in there for years, though, right?

Ms. Rapozo: He moved. I think he was in the Fire Department, then...

Councilmember Cowden: And then he was in there.

Councilmember Kualii: I am not talking about personalities, just positions. The one that says, "Registration list established"...you sort of talk about different lists. You said, "list referred". What does "Registration list established" mean?

Ms. Rapozo: For the entry level labor positions, like a Laborer, Janitor, Park Caretaker, Landfill Laborer, or Landfill Groundskeeper, we establish what we call a "Registration list". In the past, we used to open that recruitment every six (6) months, then people had to get on that list. There would be two hundred two (202) people on that list, and the departments can select from that list. In the recent past, that list has shrunk. People have not been applying. There may be twenty (20) or thirty (30). Now, we have that list established, so they do not need to go out and recruit again. They have that list and they can fill it at any time, but it also stays open now and they do not have to wait six (6) months to apply. If someone wants to apply for one of those positions, they can put in their application, they are going to be put onto labor registration list, and the department will get that name immediately.

Councilmember Kualii: Is that the list you are talking about when it says "List referred"?

Ms. Rapozo: That one would say "Registration list". It is for those positions I mentioned. It would be the unit 1 type of positions.

Councilmember Kualii: Is the one that just says "List referred" a different list?

Ms. Rapozo: That would mean it is specific to that position.

Councilmember Kualii: That recruitment?

Ms. Rapozo: It is for, for example, Senior Clerk. It is that list.

Councilmember Kualii: You did say, too, that you provide a list to the departments, but do not control how long they take?

Ms. Rapozo: I did say that.

Councilmember Kualii: The other one says...this one, to me, sort of sounds like "pending reorganization", but it is "Consultation with union". There are a whole bunch in the Police Department. Police Sergeants, Detectives, Police Lieutenants...

Ms. Rapozo: It is all the higher level promotional positions. I believe Chief Raybuck is consulting with the union on a promotional policy, so until he gets that completed, which I believe he is close, he is holding off on promoting these positions.

Councilmember Kualii: Okay, we can ask the Chief. When you use a description as simple as "Moved position to Admin", the vacant may have moved, but it is still vacant. What actually is the recruitment status?

Ms. Rapozo: If it was not moved, it probably would have said "No activity".

Councilmember Kualii: Is it no activity in the place or perhaps it will get activity, because now it is 9048, Project Management Officer with the Department of Public Works.

Council Chair Rapozo: What does "Moved position to Admin" mean?

Ms. Rapozo: If you look in the budget, that particular position got moved from the Buildings Division, I believe, to Public Works Administration. They have not filled it, but they will move it to the Administration now as a...I do not remember if it is the same position that they moved it as or whether they are going to have another "Project Manager". I think that is a Project Manager, right? Yes.

Councilmember Kualii: I think this may be the last one. It says, "Request to recruit received". Is this along the lines of when you said earlier, "HR does not get involved until the department contacts us. They may hold for a while." Really, is it on hold with the department, but yet you learn of the vacancies whether or not they request?

Ms. Rapozo: When it is at "Request to recruit received", that means HR got it in the NeoGov...we talked about the NeoGov software that we use. That means they put the requisition into us and it is in our court now, so we need to post it. That is where it is at. We probably just got it.

Councilmember Kualii: A lot of these were vacant for quite a while, right? This is for an Equipment Operator in Hanapēpē, and a Laborer, also for Hanapēpē. No, I am sorry. It is just the top three (3). Do you not learn of the vacancy until they request the recruitment? You said it can sit vacant for a while, but somehow you still learn of it, right?

Ms. Rapozo: Yes. We know of it.

Councilmember Kualii: Whether you are recruiting or not?

Ms. Rapozo: Right. We would not start recruiting until they inform us that they are ready to recruit. On those types of positions at Hanapēpē Base Yard like Equipment Operators, they have to ensure that everyone who wanted to be considered

for that position gets trained, so when that vacates, they might have to come to HR and tell our trainer, "I have three (3) people interested to get promoted." Now, you need to train them on that equipment before we even post. That could be one of the reasons why it gets delayed to request to recruit, because the training needs to happen. Like I said, there are different reasons.

Councilmember Kualii: There are no necessarily budget savings to look for there because they are doing it internally and are training.

Ms. Rapozo: It will be promotional and at some point, the last one will be the Laborer position that will be open, but that one can be filled right away because they have the registration list.

Councilmember Kualii: Okay. Thank you, and thank you for the report. It is amazing.

Council Chair Rapozo: Are there any other questions? Councilmember Cowden.

Councilmember Cowden: I have a simple question. When you put out an offer and it is declined, what are the top three (3) reasons people say, "No"?

Ms. Niitani: Most recently, it is because they could not afford to move here. That was one of the reasons that we were given. Unfortunately, they applied and we went through the whole process to come to that point where they should have known that to begin with, as far as what the cost of living is here, but they did not, and they waited until the offer came to then search for housing and all of that, which unfortunately, did not work out.

Councilmember Cowden: I am wondering if some of it is that they already took another job. Is that very common?

Ms. Niitani: No, because my understanding is that particular individual and another family member were both offered positions. It was not within our department, but with another department, and both were not able to come.

Councilmember Cowden: When I am asking that, I am also just meaning for all these job positions in other departments. Is it mostly cost of living? Are most of the people who are applying coming from somewhere else or are the majority local applicants? Are they existing residents applying for jobs?

Ms. Rapozo: I think it depends on the type of job. For more of the professional level ones, we are seeing more Mainland U.S. applicants. For people who need chemistry, like a Microbiologist, a Chemist, or a Criminalist, we are seeing more Mainland U.S. people. The blue-collar type of laborers, like the janitors, are all local. They

are going to start there. We do have some Mainland U.S. people who apply for the entry-level Senior Clerks and Account Clerks, but it is not our job to judge and figure out if they are going to be able to live here, but they are applying. A lot of times, they might have family and they are trying to move back, so that is the type we want to jump on and get them into the County.

Ms. Anderson: I also think what ultimately matters is where you come from, because there are certain places on the Mainland U.S. where if you were to move here, you would be shocked at the cost of living. Obviously, there are cities on the West and East Coast, like Chicago, where it will not be as dramatically different.

Council Chair Rapozo: Are there any other questions for HR? It is hard, because for some of the Police Department applicants, it may take months and months and months to get through the testing, background checks, and so forth. I think in that case, it is not uncommon for them to find other work or just fall out of the funnel because they found another job somewhere. I do not think that is as uncommon as maybe some of the other positions. As it relates to these vacant positions that are funded, after today's discussion, if we left three (3) months' worth of funding in there on those positions that have been vacant for over one hundred (100) days, that should be sufficient. In the event you do hire, you will have three (3) months' worth of salary and benefits, which would be enough time for this Council to do the money bill to transfer the rest of the funds. Is that correct?

Ms. Rapozo: That would seem like it is.

Council Chair Rapozo: It makes sense, right?

Ms. Rapozo: Yes, as long as the Council will approve it.

Council Chair Rapozo: If we did not, we would not approve of the position or we would just cut them, but being that there is funding in that position, I cannot imagine the Council not supporting it at the time.

Ms. Rapozo: I am just somewhat concerned that if we hire already, then we come here, and you folks do not fund it, then the department might have a problem, so as long as there is that understanding.

Council Chair Rapozo: They would have to transfer funds, right?

Ms. Rapozo: Yes, if they have. Some smaller departments may not.

Council Chair Rapozo: Again, I do not envision that happening. I just do not. To be honest, Janine, every single year it is the same thing: "Continuous", "continuous", "No, we really need that one," "No, we are close." I am not saying it is HR. It is the departments. "We have some good candidates," but when we come back in the next year,

another three hundred sixty-five (365) days have been added to that list because it is still vacant. I think it is not fiscally responsible for us to just keep fully funding those positions when they are not being filled, so I am thinking three (3) months funding would give the Administration an opportunity to tell the department to go ahead and hire and then give the Council time to move the money bill quickly to fund the rest of it. I do not know how else to do it.

Ms. Rapozo: We do not want to force the Council's hand and say, "Sorry, you are going to have to pass that bill, because the person is already past probation or whatever," so I guess there is that balance. We do not want to send a bill here when we know you folks have to pass it because we already hired. If that is the understanding, then we just want to make sure that you folks understand that.

Council Chair Rapozo: Of course. Of course we do. I am not talking about all the positions. Obviously, we would not touch the public safety positions, but with some of these other ones, frankly, I do not understand why it has been vacant for so long aside from the fact that there are no workers, like everywhere else in the community. I am hoping that with the medical benefit, that might spark a little bit of interest of people coming back to work for the County, but until then...that is a discussion that we will have. I am only speaking for myself, but it is the same thing every year, and as I look at the amount of money on the back page that are tied up in salaries...these are not benefits.

Ms. Rapozo: That is correct.

Council Chair Rapozo: This is only salaries. If you add the benefits...what is the percentage now? Is it forty percent (40%)?

Ms. Rapozo: I think it is sixty percent (60%).

Council Chair Rapozo: Is it sixty percent (60%) added to this? Take two million eight hundred thousand dollars (\$2,800,000), multiply that by sixty percent (60%), and add that on. That is a lot of money.

Ms. Rapozo: Yes.

Council Chair Rapozo: Councilmember Cowden.

Councilmember Cowden: I have a procedural question. I know that these come out of different departments, but is it possible for us to have, say, one million dollars (\$1,000,000) in an area that we would be pulling out of, so that you folks have confidence that if we need to do a money bill, that money is right there and we know it is being held for the job? Instead of holding all four million dollars (\$4,000,000) which is probably what it would be with the two million eight hundred thousand dollars (\$2,800,000) plus benefits, maybe a little more than that...actually, a lot more than that, but if we just

had a stash, so you would have that confidence that we are going to be able to move it from the stash into the department.

Ms. Rapozo: I think HR is more than willing to hold your stash.

Councilmember Cowden: We would put a stash in your place, but not stash four million dollars (\$4,000,000) or whatever it is.

Council Chair Rapozo: We would take it out of the fund balance. That is where it would come from. It is the same impact if you keep in in HR.

Councilmember Cowden: Yes.

Council Chair Rapozo: Maybe one hundred (100) days is too low of a threshold, but the chances of these positions with higher numbers getting filled are slim. Even if they do, it probably will not be for three (3) months, four (4) months, or five (5) months, so the funds that would need to be transferred would not be the full pot, it would be a portion. Councilmember DeCosta.

Councilmember DeCosta: I am trying to wrap my head around trying to solve our problem with being fiscally responsible for the taxpayers and help you, HR, to hire your recruits and help all the departments. What I am hearing is ninety (90) days' worth or three (3) months' worth of salary might put you in a bind if you have to depend on us to fill that position. What if every position that you cannot fill after x amount of days is funded for six (6) months? That way, in case you have a position you want to hire for, and you have three (3) positions with six (6) months' worth of funding, you can actually come to us and if cannot fulfill your money bill in time, you can take six (6) months' worth of funding from another position and cover that employee for the whole year. I am just trying to find a happy medium. By looking at you, I can tell you are a little uneasy about us being able to do that, and I fully respect you for that, because that means you have to come to us for a bill every time. That might be a lot of work on our staff. I do not know. I do not know what the process is, but I know the Chair wants to be fiscally responsible for our taxpayers. I am looking for a happy medium, right? How can we help you and how can you help us? Is six (6) months' worth of funding a good way to go and that way, if you have five (5) positions, you actually have two and a half ($2\frac{1}{2}$) full-time positions, but it is six (6) months for each of the five (5) positions? I cannot take credit for all of that knowledge. I had a friend help me with that knowledge. That is something that I want to throw out to you folks.

Ms. Rapozo: I think six (6) months will absolutely make us feel more comfortable than three (3) months.

Council Chair Rapozo: I honestly do not know what more to do to get our department heads out to recruit more. It is not HR. I understand that. How can we get our department heads to move the recruiting quicker? I think the only way is to motivate them with the threat of losing funding, because if I keep that position vacant, what happens is I

have free access to those funds for overtime, for training, or for funds that we are telling the public we are going to use for human hire, but are not. We are using it for other purposes. That is what frustrates me. If you need overtime, tell us you need overtime, but do not tell us you need a position that you will not hire...again, this is not directed to you, Janine, or HR. This is to the departments...that you are going to keep these vacant positions vacant so you can have access to those funds for overtime and other purposes. That is what I do not like.

Ms. Anderson: I think that is a good conversation to have through this budget process with the department heads. Like I mentioned before, I know some reasons the departments give for why they need extensions or whatever, but I am sure I do not know every situation. It would help educate all of us to hear from them as to what the reason is.

Council Chair Rapozo: Again, we hear it every year. Every year, we hear the same thing and every year we keep being told, "We are trying." I understand that and I know the job market or the hiring market is hard everywhere now, but that does not justify what I call the money banking of millions of dollars. Let us just be real with what we are trying to do. I do not think any Council is going to say no to funding for any position that has already been approved of when it is needed. It is basically...I do not want to call it a slush fund, but it is, because you can use those funds for overtime, you can use it for other purposes without coming back to the public and without coming back to the Council. That is all. I do not like that practice and I do not know how else to stop it. Are there any other questions? If not, thank you, folks. We will see you on Monday morning. Happy Easter, everyone.

There being no objections, the meeting recessed at 3:15 p.m.