

**BUDGET, FINANCE, AND ECONOMIC  
DEVELOPMENT COMMITTEE**  
Council of the County of Maui

**MINUTES**

**April 1, 2024**

**Online Only via Teams**

**CONVENE:** 9:12 a.m.

**PRESENT:** Councilmember Yuki Lei K. Sugimura, Chair  
Councilmember Tasha Kama, Vice-Chair (in 11:05 a.m.)  
Councilmember Tom Cook, Member  
Councilmember Gabe Johnson, Member  
Councilmember Alice L. Lee, Member  
Councilmember Tamara Paltin, Member  
Councilmember Keani N.W. Rawlins-Fernandez, Member  
Councilmember Shane M. Sinenci, Member  
Councilmember Nohelani U'u-Hodgins, Member

**STAFF:** James Krueger, Senior Committee Analyst  
Kasie Apo Takayama, Senior Committee Analyst  
Carla Nakata, Legislative Attorney  
Yvette Bouthillier, Senior Committee Secretary  
Jean Pokipala, Council Services Assistant Clerk

**Additional staff**

Executive Assistants for Councilmember Tom Cook:

Jared Agtunong  
Stacy Takahashi

Executive Assistants for Councilmember Gabe Johnson:

Kate Griffiths  
Axel Beers

Executive Assistant for Councilmember Tasha Kama:

Davideane Kama-Sickels

Executive Assistant for Councilmember Tamara Paltin:

Angela Lucero

Executive Assistants for Councilmember Keani N.W. Rawlins-Fernandez:

Sarah Sexton  
Haunani Madela

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Executive Assistants for Councilmember Shane M. Sinenci:

Dawn Lono  
Gina Young

Executive Assistants for Councilmember Yuki Lei K. Sugimura:

Michele Yoshimura  
Jordan Helle  
Jocelyn Moniz

Executive Assistant for Councilmember Nohelani U'u-Hodgins:

Laura McDowell

Residency Area Office (RAO):

Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office  
Zhantell Lindo, Council Aide, Moloka'i Residency Area Office  
Christian Balagso, Council Aide, West Maui Residency Area Office  
Jade Rojas-Letisi, Council Aide, Makawao-Haiku-Paia Residency Area Office

**ADMIN.:**

Lesley Milner, Acting Budget Director, Office of the Mayor  
Maria Zielinski, Acting Director, Department of Finance  
Steve Tesoro, Deputy Director, Department of Finance  
Marcy Martin, County Real Property Tax Administrator, Department of Finance  
Marc Sato, Accounting System Administrator, Department of Finance  
Dulce Butay, Administrative Officer, Department of Finance  
Nicole Ricks, Revenue Manager, Department of Finance  
Mark Pigao, Assistant Accounting System Administrator, Department of Finance  
Jared Masuda, Central Purchasing Agent, Department of Finance  
Carmelito Vila, Motor Vehicle and Licensing Administrator, Department of Finance  
Susan Perreira, Assistant Motor Vehicle and Licensing Administrator, Department of Finance  
Kari Stockwell, Assistant County Real Property Tax Administrator, Department of Finance  
Jack Kulp, Treasurer, Department of Finance  
Kristina Toshikiyo, Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:** Others (10)

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*Resource Personnel*

Michael Melzer, Katten Muchin Rosenman LLP  
Brian Gallucci, PFM Financial Advisors LLC

**PRESS:** Akaku: Maui Community Television, Inc.

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**ITEM 1: PROPOSED FISCAL YEAR 2025 BUDGET FOR THE  
COUNTY OF MAUI** (BILL 60 (2024), BILL 61 (2024), BILL 62  
(2024), BILL 63 (2024), BILL 64 (2024), and RESOLUTION 24-66)

CHAIR SUGIMURA: . . .*(gavel)*. . . Good morning, everybody. Welcome to our first meeting for our deliberations and questioning and curiosity about the Mayor...Mayor's proposed budget. So, we are now...it's now in our hands and today is our first meeting. So, rightfully so, our first committee [*sic*] that we're going to talk is Finance as well as Budget because this is about our...probably our largest responsibility which is using the budget to take for the values and the principles that we hold important as a community. My name is Yuki Lei Sugimura. I am the Budget Chair, and this meeting is being conducted in accordance with the Sunshine Law. As a reminder, when your name is called, if you're not in the Council Chambers, please identify by name who, if anyone, is in the room, vehicle, or workspace with you today. Minors do not need to be identified. We have Member Kama said she'll be a little late, but she will be here. Next, we have Chair Lee. Chair Lee, what is our greeting today?

COUNCILMEMBER LEE: Our greeting today is kumusta. Kumusta is from the Philippines. So, kumusta to my colleagues and everyone out there. Thank you. Oh, I'm home alone in my workspace and there's nobody here.

CHAIR SUGIMURA: Okay. Not even Koa, huh?

COUNCILMEMBER LEE: She's outside chasing the bugs.

CHAIR SUGIMURA: Okay. So, in the Chambers we have Member Tamara Paltin. You can tell us about school.

COUNCILMEMBER PALTIN: Aloha kakahiaka kākou and kumusta.

CHAIR SUGIMURA: Kumusta. Today, she took her children to the new King Kamehameha Elementary School so it was a very special day for Lāhainā Town. So...and...and for you, too, right, to say hello, goodbye to your school and the children. Next, we have Member Johnson.

COUNCILMEMBER JOHNSON: Aloha, Chair, Councilmembers, community members. There's no testifiers at the Lāna'i District Office. Kumusta. And I'm here and

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ready to work. Mahalo.

CHAIR SUGIMURA: Kumusta. Member Rawlins-Fernandez, is she here? I don't see her on my screen.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, Chair, mai Molokai Nui a Hina. I'm at the Molokai District Office alone on my side of the office. There are currently no testifiers here. My camera is not working so I'm going to restart after we do roll call. So, I'll restart now. Okay.

CHAIR SUGIMURA: Very good. So, glad you're here. I can't see you by the way which is...you explained why. Thank you. Next, we have Member Cook. Kumusta.

COUNCILMEMBER COOK: Aloha kakahiaka and kumusta.

CHAIR SUGIMURA: Good morning, Member U'u-Hodgins.

COUNCILMEMBER U'U HODGINS: Good morning, Chair. Good morning, everyone. Today is my son's birthday so I also want to say happy birthday to Ehukai.

CHAIR SUGIMURA: Oh, happy birthday. And then we have Member Sinenci. Kumusta.

COUNCILMEMBER SINENCI: Aloha kakahiaka and kumusta, Chair. Here at the Hāna District Office with Staff members Dawn Lono and Mavis Medeiros. We're awaiting your arrival this afternoon. And there's no testifiers, Chair.

CHAIR SUGIMURA: Look forward to seeing you. So, community will be there for 6 o'clock, our first budget meeting in the community, and it will be only in-person. So, thank you for helping us arrange everything, Member Sinenci. From the Office of the Mayor, we have Lesley Milner, Acting Budget Director. Nice to see you here, Ms. Milner. Director of Finance...Department of Finance, we have Maria Zielinski, Acting Finance Director. And I'm so welcome...nice to see you Steve Tesoro, our Deputy Director. And I didn't recognize you at first but we do have our...our...our RPT superstar, right, so thank you and welcome. From the Department of Corporation Counsel always online is Kristina Toshikiyo. Good morning. Committee Staff we have Yvette Bouthillier. Thank you very much for working hard over the weekend and...and all the hours. James Kruger, Kasie Apo Takayama, same to you. I think last night at about 6 o'clock James called me to say I think we've covered everything and it was Happy Easter. But thank you for everybody who worked hard which includes Jarret Pascual, Clarissa MacDonald, Carla Nakata, and Shelly was also working side by side all of you, so appreciate that. Megan Moniz, Legislative Attorney. Jean Pokipala our new Council Services Assistant Clerk who is now on full-time and she was on part-time, so thank you, Jean, for everything you do. The last page of the agenda for information on the meeting connectivity, you can see that there. Thank you,

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Members, for attending our first BFED Committee meeting to tackle the 2025 Budget for the County of Maui. And so, at this time what I'm going to do is, Members, as you all know, reviewing and adjusting and approving the budgets...County's budget is our biggest responsibility and we are asked...we are tasked with as Councilmembers with this serious responsibility, especially with what...what we have seen on August 8th. Our County continues to...continues on recovery from the wildfire. This year's Budget Session has taken on added importance. It is critical that we put ourselves in the best possible position for the short- and long-term as we continue on this lengthy road ahead. We can only move forward together. I look forward to working with you. And I think what we will be working with for our success is collaboration, input, and perspectives as we navigate this budget cycle as a team. We will undoubtedly prioritize the recovery needs of Lāhainā and Upcountry while addressing necessary services and projects throughout the County as well. Helping our communities recover from last year's devastation may be the most important work we do during our time as elected officials. I thank you and Mayor Bissen's Administration for all your hard work and we...as we take on this massive task. Fiscal Year 2025 will be a transformative period for Maui County with the establishment of the Department of Housing, the Department of Human Concerns which was bifurcated, the Department of 'Ōiwi Resources. The East Maui Regional Community Board continues to build out as well. With that, we know that our County operations will be expanded . . .(inaudible). . . what these new departments will...will achieve. With expanding operations and the reality of recovery that will require significant funding, this body will need to determine how to approach paying for services, for projects, for obligations, not just for this upcoming fiscal year but in future years as well. Our history of spending with our...within our means has allowed Maui County to be prepared for these times we are now in. Still, Mayor Bissen proposes to utilize a significant amount of outside funding from the State, local foundations, and other government grants. I...I believe it's important for us to make sure our spending is in order first to continue to be the example of fiscal responsibility. We will do well to show that we have put ourselves in solid position to receive outside funds by demonstrating that we...we prioritize using our available revenues in an efficient and...manner as possible. Oops. Part of...part of these efficiencies involves taking a realistic approach to spending. How much can the County expend in a single year? Can we fill all our vacancies? Can we complete every project? Are some of these proposed funds better used elsewhere? These are some of the tough questions and we will grapple with over the coming weeks. I trust we will tackle these questions together both as a body and in tandem with Mayor Bissen's Administration. Because of our teamwork, I know we will come through this stronger. Today marks the first day of the Council's deliberation on the Mayor's Proposed Fiscal Year '25 Budget. Before beginning today's presentation, I'd like to briefly thank...talk about our budget review process. For the first couple of weeks, we will hear from the departments regarding their respective budgets and have the opportunity to ask them questions. We will also send them follow-up

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questions the next day with any additional questions they may have...that may have arisen during the meeting. On days where we have residency area meetings, we will end the meeting hopefully early enough so that we can get to the 6 o'clock meeting. Today I hope to end our meeting at 1 so that many of us can drive to Hāna and be there for the 6 o'clock in-person residency district meeting. After we've heard from all the departments, we will move into decision making and at that time we will start to make our amendments to the Mayor's proposal. I have asked Acting Finance Director Maria Zielinski to present first as we begin our departments' review. Her presentations will include comments on our countywide costs and projected revenues. As we did last year, I believe it is helpful to begin this way to gain a better understanding of especially what our big hills and bills are as we move forward, and how will we pay for it. Finance will also give a presentation under department budget and we will receive a presentation from our Bond Counsel and/or municipal advisor, which is what we asked them to do as we have many CIP projects and the projects that are August 8th wildfire-related. We will have the Department provide their presentations followed by public testimony and then we will begin discussions. Members, as we go into our questions, I just want to say in advance I'm going to ask you to ask Bond Counsel questions first because he's on a short time period and then we can ask the other parts of the Department. As a reminder, we will adjourn today's meeting at 1 o'clock to allow for travel out to East Maui. Again, thank you Member Sinenci for hosting us and--as we begin our area residency area meetings this evening at 6 p.m. Please also remember to send BFED Staff your questions for the letters outgoing today to the departments we are reviewing next week by today at 4:30. At this time, I would like to invite Acting Finance Director Zielinski to provide her first presentation and introduce the members of your Department who has joined us today. You can also introduce those people who is your cheering squad in the Chambers. There's a lot of you here today.

MS. ZIELINSKI: Thank you, Chair. If...if it would be acceptable to the...the Committee, we understand that Bond Counsel is only available...they have a window from 9:30 to 10:30 so it may behoove us to have them...I believe they've signed on. To maybe have them do their presentation --

CHAIR SUGIMURA: Okay.

MS. ZIELINSKI: -- and do the Q&A first if that makes sense?

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: Thank you.

CHAIR SUGIMURA: One moment. Staff, so can you get Bond Counsel on? I'm sorry, I don't mean to call you Staff. James. Is he on? So, as he...as we're getting him online, I wanted to ask the Members' approval to designate as a resource person

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the Bond Counsel. You don't see them? Under Rule 18(A) of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR SUGIMURA: Thank you. Thank you.

**DEPARTMENT OF FINANCE**  
**Bond Counsel**

CHAIR SUGIMURA: Did we get them? Oh, okay. They're...they're efficient. Okay. No? Oh, is there somebody raising their hand? Is that the Bond Counsel? I don't...oh, right here. Oh, no.

UNIDENTIFIED SPEAKER: Hold on.

CHAIR SUGIMURA: There. Did you hear somebody?

MR. KRUEGER: Chair, we see Michael...

MR. MELZER: Hi. Can you hear me?

CHAIR SUGIMURA: Okay. We can hear you. Can you identify your...your...introduce yourself?

MR. MELZER: Yes. Hi. This is Mike Melzer. I'm with Katten Muchin Rosenman. We've been Bond Counsel to the County for a few years, including the most recent two general obligation bonds. We've been assisting with some of the, you know, recent wildfire measures and, you know, public disclosures and things of that nature. And I believe I was going to be assisted by the municipal advisors. I'm not sure if they were able to be unmuted as well. But I'm glad to just dive in --

MS. APO TAKAYAMA: Provide their names please --

MR. MELZER: --if that's easiest.

MS. APO TAKAYAMA: -- so that we can unmute them.

MR. MELZER: Yeah. It's...one moment. Christine Choi and Brian Gallucci. And I think...I think they might have been joining . . .*(inaudible)*. . . Yeah, they...they might still be . . .*(inaudible)*. . . So, if it's helpful I'll kind of...you know, I have a...I'll...I'll kind of, I guess, open it up to you. Do you want me to...there's a couple sentences here, do you want me to just address those . . .*(inaudible)*. . .

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CHAIR SUGIMURA: Please do your presentation.

MR. MELZER: Sure. Okay. So, the...the first question just to provide kind of a general introduction to...to bond financing including bond issuance, ratings, and the determination of using bonds to finance projects and some of the advantages and disadvantages of using bond financing compared to cash. So, to introduce bonds more broadly, the...the County has delegated authority under the State Constitution to issue a number of different types of bonds, you know, as expanded on by legislation including, you know, primarily general obligation bonds which are the highest level of security, general speaking the lowest level of borrowing costs. They are often eligible for tax exemption on the Federal level, which means that your borrowing costs are a little bit lower. They're subsidized by that Federal tax exemption. And the types of projects that can be enabled there are...are generally for public purposes and public improvement. There is...you know--it's broader than just that but that's...that's the broad strokes. There are certain limitations including most notably a debt limit, which is 15 percent of the assessed valuation of the property within the County. And then there are certain exclusions for the debt limit for types of bonds. The other types of bonds that the County can issue include but are not limited to revenue bonds, special facilities and community facilities district bonds, and special assessment bonds. There are also tax increment financing bonds, but those are generally not utilized as there's some fusion regarding the authorization. In terms of the bond issuance process that is effectively almost across the board, it's...it's treated as a legislative action so it would be adoption by the County, Council, and approval in accordance with that process. If you do have the reallocation of...of proceeds in the future, there's a higher bar for that, but otherwise it's generally majority could, you know, voting through and then...the...the approval process. When you get into...the next question was bond ratings. So, bond ratings are a broad measure of third-parties as to the likelihood of repayment of a certain bond. The County's general obligation bond rating is very high, which translates to a very low borrowing cost. You know, it's...it's a shorthand way for investors to evaluate the security of the credit and the County's got a very strong credit. When you move away from the general obligation credit into some of the other credits you generally see a deterioration and maybe not material but at some level in the credit rating and credit quality which would result in slightly higher borrowing costs. It's also a case where the...the County's general obligation bonds are payable from what's called a tax of general applicability, which makes it easy for them to be tax exempt depending on the uses. But sometimes some of these other more area-specific-type debt can be restricted in a...in a way that's not easy for purposes of Federal tax requirements. When you're making a determination as to the use of, you know, bond financing projects, that's...it's a bit...there's an assumption that, you know, there's competing uses for money and if you have things that are qualified and eligible for tax-exempt financing which is generally speaking capital costs and, you know, long-term capital costs are preferable. That...that is kind of your low (*audio interference*) So, if you're trying to pick what



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you want to use bond financing for versus cash, you know, whenever you can use tax-exempt bond proceeds, that's...that's a pretty low cost of capital compared to other options. So, if you're going to have to use cash for something, using things that would cost more to borrow for as opposed to when you use your general obligation bond credit or when you use one of these other credits that would be available is...is part of the balancing act. In terms of the...some of the advantages and disadvantages of using bond financing, you know, the major disadvantages it's viewed under Federal law and then Federal perspective as...as a subsidy, so they do put a lot of guiderails on it. It's not as...as free to use, as fungible as cash for example, and even within the states there are . . .*(inaudible)*. . . restrictions. For example, you know, the appropriation process and the reappropriation process you . . .*(inaudible)*. . . and change these proceeds and you've authorized and issued bonds. So, there's some guiderails, generally speaking, that make it a little bit...you know, it's obviously it's...it's harder to use than just General Fund available money, but it's...nonetheless, it's as mentioned to the extent possible it's possible to be a little more efficient to use these...these proceeds when available when you need more money than you have at the current moment. And one other way to think about is you're...you're kind of borrowing against future receipts. So, you know, in times of need such as, you know, you...in response to these wildfires obviously it's going to be a little bit more likely that you'll have higher needs than average and, you know, this might sense even outside of the ordinary course to look at, you know, additional borrowings to the extent needed.

CHAIR SUGIMURA: Okay. So, are you done, Mike?

MR. MELZER: Yeah. Unless anybody has questions or anybody wants anything expanded on.

CHAIR SUGIMURA: So, our process is that...James and Kasie, what I would like to then is open up testimony just for this section and then go to the rest of the departments just because he's a time...is that possible?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Oh, and Brian is available. Okay. Good.

MR. KRUEGER: Chair, the challenge that we run into is that the Committee has agendaized this one item so it would have to take testimony on...on the item itself before it can enter into deliberations.

CHAIR SUGIMURA: Okay. So, we have to hear all the presentations. Oh, okay. All right. I was trying to see...figure out how to utilize Bond Counsel and their time. So, proceed. So, Brian Gallucci is...is here? Brian?

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MR. GALLUCCI: Good morning. Yes.

CHAIR SUGIMURA: Good morning.

MR. GALLUCCI: Thank you. I...I think that Mike covered all of that very well. There's a couple other points I...I might touch on quickly here, and this is Brian Gallucci from PFM, the financial advisor to the County. You know, he covered a lot of the rationale behind bonds, especially from sort of a legal and authorization and...and Federal perspective well. We...he did mention the County's ratings, which are very high, but one of the...one of the factors that has been noted by the rating agencies as a potential negative is the...is the current leverage that the County has, and so from the rating agencies' perspective, you know, as the County continues to lever, that could put pressure on those ratings, which in turn would result in...in higher borrowing costs. So, we...we always need to be mindful that while there are kind of strict limitations on what you can borrow, there are also more implicit ones in what the market is kind of willing for you to take on. Another...another thing I'd mention in that regard as well is that the borrowing process requires disclosure. You need to tell the market everything that is material to them in a very public forum. And so, although this is generally this is not a concern, it does mean that...that you have to address in a very kind of public manner, you know, everything that is happening with the County, especially from a financial standpoint. And not only is that sometimes a bit of an arduous process but...but also, you know, could require you to sort of address the issues that are occurring at the present and...and...and really have to be thoughtful about how that all is done. Finally, from a...kind of a market perspective, the...you know, maybe not a complete secret to folks, interest rates are...are high. They are, in fact, sort of higher than they were when...when we last took County bonds to market. You know, I think that there's a lot of news out there around that. As...as you may know, the FOMC met last week and the market was following not just their action, which was no action, but...but what they said very, very carefully. There were expectations earlier in the year and the end of last year that by now the Fed would have lowered rates and not only are they not doing that, but there's now doubt as to whether they will even do that in their July meetings. So, the economy still continues to do very well in a lot of respects despite the fact that we're in this high-interest-rate environment, and...and there's now doubt as to...as to just what the Fed is going to do over the course of the year. Some of their...their public comments are that they are comfortable keeping rates where they are for...for the time being. They don't feel the need to lower them. The municipal market, the market that we all participate in is a little insulated from that. We benefit from some favorable supply/demand dynamics whereas we don't...we don't feel all of what the sort of taxable treasury or corporate market is feeling, but our...our rates are still elevated and those supply/demand dynamics could change as...as expectations are that there will be more municipal bond issuance this year than potentially the last couple of years. And so, as more bonds come into the market, you know, there could be

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pressure on rates because there's only so much demand to soak those bonds up and sometimes you have to move rates a little bit accordingly even relative to...to what other securities are doing. So, you know, the rates are...are what they are. They're still low by...by a lot of, you know, what we would consider...you know, they're still reasonably low. You know, we're not talking about the...some periods in history where they were kind of extremely high, but they are higher than they were certainly during the kind of, you know, 2017 to 2020 period and even through the...the pandemic as...as the Fed really kept interest rates low through that and...and higher than...that what you've been able to achieve historically. But you know, the...the index that we look at is a AAA index so you...you would be a little higher than that, but...but for instance, the 30-year rate today is at 3.67 so it still starts with a 3, you know, not...not major heartburn but, you know, there was a time...point in history where that started with a 1.

CHAIR SUGIMURA: So, Brian, are you done?

MR. GALLUCCI: Sure. I mean...thank...and happy to when appropriate answer any questions.

CHAIR SUGIMURA: Yeah, thank you. So, is there...is there...let's see, also Christine Choi? Is she also...

MR. GALLUCCI: I think I am covering for her today.

CHAIR SUGIMURA: Oh, okay. Oh, okay. So...

MR. GALLUCCI: Yeah. She's...she's my colleague, so.

CHAIR SUGIMURA: All right. All right. Thank you. So, Brian and Mike, just so you understand our processes, because of Sunshine and our requirements that we'll have a presentation from the Department and then we'll open it up for public testimony and then the Members can ask questions of you after we go through this process. So, if you could standby, we could appreciate it. So, at this time then, I would like to hear from the departments.

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**DEPARTMENT OF FINANCE**  
**Proposed Estimated Revenues**

CHAIR SUGIMURA: So again, Ms. Zielinski, would you like to introduce who is with you as well as we go...so we can go over revenues, countywide costs, and then your Department.

MS. ZIELINSKI: Thank you, Chair. I'm with Deputy Director Steve Tesoro and I have

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Marcy Martin here at as well. She's the Administrator for Real Property Tax. I'm going to let Steve introduce the rest of the Staff. He can see better than I can.

MR. TESORO: Thank you, Chair. Today, we have with us a great group of folks, our leaders...program leaders for the Department of Finance. Dulce Butay and Nicole Ricks are here from the Administration Program. Nicole heads up our TAT operation. Dulce is our Administrative Officer. We also have Marci Sato and Mark Pigao from Accounts Program here as well. All of these folks being willing...happy and willing to answer questions. I'm putting them on the spot now. Our Purchasing Program led by Jared Masuda. Jared is here with us. Lito Vila...is Susan here? Susan...Susan is here for DMV. Marcy Martin obviously was introduced. Kari Stockwell as well for Real Property Tax, and Jack Kulp is here for the Treasury Program. I think I got everybody.

CHAIR SUGIMURA: Thank you.

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**DEPARTMENT OF FINANCE**  
**Proposed Countywide**

MS. ZIELINSKI: Chair, do you want me to start the --

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: -- the Countywide then?

CHAIR SUGIMURA: Yeah. So, if you could...

MS. ZIELINSKI: I mean I'm sorry, revenue.

CHAIR SUGIMURA: You already have a presentation, right? So...

MS. ZIELINSKI: Yeah. It'll be on the revenue.

CHAIR SUGIMURA: So, Ms. Apo Takayama, shall we start with that? Is it...is it online? Okay.

MS. ZIELINSKI: So, the first presentation is going to be on the estimated revenue relative to the budget. So, if you can go to the next slide. So, this is reflecting our estimated revenue. We're showing County sources so that's the County revenue that we're anticipating, 1,254,708,912. You can see from the...the...the pie chart that the lion's share is the General Fund, which is 851 million and that, of course, is including the real property tax, your TAT--oh, okay, thank you--GET, Carryover/Savings are the largest ones. Second largest would be Water Fund

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and that's 170 million as you can see in the pie chart as well. Third largest is actually the Highway Fund and that'll have your weight tax, your fuel tax, franchise tax as well. And then the next would be sewer and that's 63 million. That's going to have your sewer...your sewer services, and there's also some SRF loans in there which is your State Revolving Funds. It's not working . . . *(inaudible)*. . . I'm sorry? . . . *(inaudible)*. . . Oh, over here? No? Okay. Okay. The next is going to show your General Fund revenue, which is 851,762,151. So, this actually is--comprises as...as you know the largest...the highest the number...the highest numbers, the taxes. That's the large piece of pie chart. Second would be a Hawaii Community Foundation bridge loan that we're showing for \$54.5 million . . . *(inaudible)*. . .

UNIDENTIFIED SPEAKER: Other revenue.

MS. ZIELINSKI: Yeah, other revenue. Thank you. And then Carryover is the next largest, which is 49 million. Those would be the large...and then Interfund Transfers is...is the next largest. The next slide shows Real Property Tax and this is where we have our proposed changes to the...the tax rates. And the ones that we are specifically...that the Administration is looking at to making and, in this case, they are all increases would be your non-Owner-Occupied, so it's all three tiers from less than a million...1 million to 4-1/2 and then greater than 4-1/2. The next tier...the next area that we're looking at is the transit...transient vacation rentals or the short-term rentals. Those increased, all three tiers. *(audio interference)* And then under Owner-Occupied, those increased as well in the three tiers, less than a million, 1, 2, 3, and then greater than 3. And the very last item that was increased or recommended to be...proposed to be changed is the Commercial Residential, was also looking to change that, increase that as well, and you can see the...the changes are on that chart. Oh, and I should mention that as a result of those increases, I believe the...those...those increases impact...impacted revenue...from the increased rates, I should say, about \$51 million. So, that was kind of the impact or the revenue that we anticipated from those changes. It's probably a rough estimate, but just give you an idea. TAT is the next one. We're showing proposed about \$60 million for 2025. You may recall that with this year as well we showed 60 million and we're keeping it at 60 million for 2025. In 2023, we actually had a very, very large increase. You can see it was 85.4 million for TAT revenue, but it has actually--I just looked at it--it's...it's tracking not significantly lower but it's in the 60s, it's in the...when I say in the 60s, it's not in the 60s. I extrapolated what we had as of 2-29 and it looks like it would run about in the low 60s. Again, there's no way to know. Every month is different. But it is significantly less than what we enjoyed in 2023. So, we feel that the 2025 is a conservative estimate. We don't want to overestimate what we believe the revenue might be. So, we think that's kind of, you know, what...what we might expect. PSC, Public Service Company Tax, this we pretty much kept the same. We're looking at \$7 million for 2025, comparable to 2024. In 2023, we actually had a spike, but it looks like right now it's...it's tracking

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lower, so right now we're showing no change on PSC tax. The next one is the GET, the proposed. Keep in mind for 2024, we didn't budget anything because we didn't...it had not been approved yet, the GET was...came into...into, I should say, into effect as of January 1st, 2024. We have not seen anything yet. We won't see anything probably until April of this year. We are in April now but we haven't seen anything. I've checked with DOTAX, there's been...at the State level. There's been no information relative to the different counties. They do actually...they have the total but they don't show it by County. There's always kind of a lag. I think the most recent...the most updated number they have is from November so that doesn't really help us. But for purposes of 2025, we only estimated 45 million. You may recall that when we talked about GET early on last year, we were anticipating about \$80 million in...in revenue for the year, for an entire year. With the wildfires and the uncertainty of knowing how, you know, the visitor spending and...and, you know, the economy in general, we very conservatively knocked it down to 45 million. As I say, we really don't know. We have not seen anything for 2024 yet so we don't what that's going to look like. We should...hopefully, we'll know soon but nothing yet. Highway funds. We're looking at 88,484,404 for the highway funds. The lion's share of that is...well, not really the lion's share but the largest amount is weight tax and that's followed by fuel and franchise tax and then interfund transfers and Carryover/Savings. Under Fuel Tax we're looking at \$15-1/2 million, comparable to this current year as far as we what estimate and what we budgeted for. So, we don't really see a lot of change. We don't anticipate a lot change in...in Fuel Tax. It...we...I should mention in 2023 it was higher and that's kind of the reason why, well, we're estimated 15-1/2 for this year, so we wanted to, again, be very conservative relative to revenues and, you know, what we'd be getting there. Public transit bus fares, as you can see...and...and this is not surprising at all. We're estimating only 500,000 for revenue for 2025. You may recall as of January of this year, we changed the...the structure for, you know, billing the...the passengers where there's...there's basically for...for a pass that would be for seniors, disabled, and those with financial needs that would be actually free. So, we're...we've significantly reduced that amount, and you can see our estimated actual for 2024 is 800,000 and we believe that as more and more individuals take advantage of the...the fee structure, it will even be less in 2025. Franchise Tax we're looking at 9 million. Less...somewhat less than 2024. 2024, we're looking at, we...we were...I believe our...our budget...our estimate actually was...is 11 million, but we believe that that will be somewhat less. So we're looking at 9 million. That's what we've budgeted for 2025. Weight Tax, we're looking at comparable to this year, 26-1/2 million. We're looking at 26-1/2 million. In 2023 we were higher. We were about 28.1, but again, hard to say, but we are thinking is we'd rather be a little more conservative. We just don't know what kind of slowdown we're going to see. So, again we're...we're...we've been very conservative to the 2024 levels. Sewer Fund we're looking at 84,003,992. Primarily, this is all for charges for current services and then we also have the SRF, which is the State Revolving Fund. It's a low...very low interest rate

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that...loan that we get through the...through the State. Sewer, cesspool, septic, and reclaimed fees, we're looking at a little over 63 million. We actually are a little...about 300,000 less than what we are anticipated...what we adopted...what our budget was for this year. Again, you know, you do have some Impact from...from the fires, so we did reduce it by that. And keep in mind sewer, is actually we did have a...we are projecting or rather proposing a 2 percent rate in sewer fees. So, that's...despite that we're still looking at some...somewhat of a decrease due to the impact from the fires. Solid Waste, we're looking at 40,000,555. Lion's share is just charges for current services and that's followed by interfund transfers and Carryover/Savings. Landfill tipping and permit fees are a little...almost 14 million. We're looking at that, that's a little less than what we had for this year. This year was 14.1. We're looking at 13 point...well, you can see 13...a little over 13 million. In 2023, it was actually almost 15 million. Again, very conservative and not really knowing yet what that impact might be, so we've...we've kept it pretty close to what we have this current year. Refuse collection fees, less than the current year, at...at the 10.46. The...the budgeted amount was 11.1. And then Water Supply, 107 million and we're looking at mostly it's for, you know, current services. There is...keep in mind, there's a tiered rate increase here that's being proposed by Water. And the other piece of this is Carryover/Savings and...and interfund transfers. This just shows the water fees and you can see here a little bit of the impact. So, we're looking at 74.49. This current year, we were looking at 76.6 both in estimated, actual, and budget. Previous year was less. Keep in mind again we've got those tier increases but given the fact that we have impacted properties and water, you know, services are impacted, we did reduce it somewhat from current year. That...that concludes the revenue piece of it. Chair, should I do Countywide next? Okay. Thank you.

CHAIR SUGIMURA: So, Members, Staff passed out the printed Countywide for your information. No? Oh, only for . . .(inaudible). . .

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

CHAIR SUGIMURA: Oh, sorry. It's in Granicus. Is it number 6? The presentation's in 6?

UNIDENTIFIED SPEAKER: You're looking for last one.

CHAIR SUGIMURA: Yeah, must be the last one, yeah.

UNIDENTIFIED SPEAKER: That's the last . . .(inaudible). . .

CHAIR SUGIMURA: Because number 6 was the initial one.

MR. KRUEGER: Chair?

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CHAIR SUGIMURA: Yes.

MR. KRUEGER: Yes, Staff is working to upload all three of Finance's presentations right now. The Countywide Cost presentation they're about to give, that one is 59.

CHAIR SUGIMURA: Fifty-nine. Okay. Thank you.

MS. ZIELINSKI: Okay to start, Chair?

CHAIR SUGIMURA: Yes, please.

MS. ZIELINSKI: Okay. Thank you. So, this top sheet is just the summary of all the Countywide Costs. You can see that the increase is about 38 million, an increase of 12.4 percent. A lot of this is statutorily required. I'll...I'm going to go through some of them now, but just to...just so you can see kind of the...an overview, but we can go through them now. First is Fringe Benefits. So, first is the ERS. That's our pension plan, and that's typically about 24 percent of employees' salaries, 41 percent for Fire and Police, and you have FICA, that's 7.65 percent of matching. And let's see, EUTF is...is...is our health plan, and then unemployment compensation, terminal pay and salary adjustment. Monthly annual required payment, now that's actually the OPEB, but that's the required the payments. So, every month we were...this...the County is required to pay this...we...we pay it to the State, and this is for the OPEB, so this is the, you know, post-employment requirement that we have to pay. So, this is...this is a requirement that we need to pay. This is...and I'll talk about it, but this is in addition to the...or I should say this is the absolute required amount. There's another amount for OPEB that you've seen or heard about. Like last year we put additional money to pay our liability off faster. We're actually not going to do that this year for obvious years, but that's where you'll see, it'll be zero. And then Section 8 fringes. So, under ERS you can see the proposed for 2025. It's 73 million. It went up from 71.4. Typically, this is a function of...well, it's an actuarial function but it also of the staffing as well, although I suspect our...well, the staffing might have gone up a bit from the previous year, but it's...it's really the actuaries that...that look at all of that and the environment. FICA. Also, FICA of course being a percentage of salary, so you know, with the bargaining unit increases this, you would expect to go up. Last year...we're looking at 14.3 for this coming year. Last year, we were...we budgeted or this year, I should say, the Fiscal Year '24 13 million. Previous year was--actually, in 2023, was 9.1, just to give you an idea. EUTF is our health plan, various health plans, I should say. So, on this for Fiscal Year '25, we're proposing 24 million; for '24, for this current year, it's...we're looking at 21.6; and the prior year, it was 20.4. Again, you'd expect this one to go up. Again, it's also a function of experience, you know, was far as, you know, how...how...how employees are using the benefits. Next is terminal pay salary adjustment. We...last year, 20...or I should say this year,



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2024, we had...kind of had a spike. It was 5 million. We've...we don't anticipate as high as that so we've reduced it to 3 million. In 2023, it was 2.1, so it's still higher than that year. We feel this is a conservative estimate. This is the one I was mentioning on the OPEB, this is the ARC. So, this is the one we absolutely have to pay. So, we're looking at 38.1 million for 2025. For 2024, it was 38.4 and for 2023, it was 38.3. So you can see it kind of stays the same or...or pretty comparable. And again, this is a function of the actuary, so...and I know that the actuaries did come meet with Council about a month ago or so, so...and this is what they discussed. This just gives you a...the fringe benefit and overhead cost reimbursement. So, this is what you would have...there's kind of this inter...this stuff goes on between all the different special funds. So, you've got, you know, contributions for pensions, for...for health, for OPEB, and that'll go...it'll kind of do the full gamut of Environmental Management and Solid Waste and Sewer Fund and...and so on, so forth. This is...this is kind of showing you where...what the...what the...how the activity is. For Fiscal '25, we're...we're proposing a bond floatation cost of 400,000. That's just...really just kind of getting it, you know, getting it working with Bond Counsel and doing all the necessary due diligence and disclosure. Debt Service payments for this...for Fiscal Year '25 is at actually 58.8, so that's the principal and interest in total. When we have a recommendation for using...issuing debt for this year, the principal and the interest does not...is not reflected in the budget, for the current budget. It'll go into next year's budget. This is just talking about supplemental transfers. So, you've got some transfers to Solid Waste, to EP&S, and for Highway Fund. Insurance and Self-Insurance, these are estimates we do receive from Corp. Counsel who--Risk...Risk Management is under Corp. Counsel. So, we're looking at workers' comp of 4 million, no change from the current year. Insurance Program, 6.6, this is higher. It was 4.7 for this year, an increase of 1.9. Risk Management feels that there may be some additional activity. They felt it was...it was prudent to increase that budget amount. And then under Self-Insurance it'll be 10 million. This is also an increase. It was 5.8 for Fiscal '24. Now we're looking at an increase for 4.2. And it's just a function of the additional lawsuits. Again, you know, just an estimate, just to be prepared for whatever, you know, what comes this current...coming year. Open Space is from a statutory...statutorily required...we're statutorily...I can't say it, statutorily required to put in 1 percent of real property Tax. So, this is...we are recommending proposing doing 1 percent for Open Space. So, that...for Fiscal Year '25, it would be 5.9; for Fiscal '24, it was 5.4; and Fiscal '23, it was 12.6. Obviously, that was more than 1 percent. Affordable housing we're proposing the same percentage as last year, which was 8 percent. From a statutory standpoint, we need to put in at least 3 percent of real property tax. We are looking at 8 percent. That would bring us to 46.9 for Fiscal '25. That compares to 43 million for the current year, and the previous year was 32.7. I think in '23 it might have been at 6 percent if I'm not mistaken. General Costs, telephone system, no change there, 351,000. Rentals and facilities, this actually got reduced by a million dollars, and the reduction is actually--there was electricity

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was reduced by 500,000. It looks like--I'm just trying to read my own notes. I think they just...it just was an overstatement, it was...so they reduced it to...by 500. And the other 500 was for professional services and they reduced that, and that was apparently a contingency for title reports. There was some discussion that they might do that in Fiscal '24 so that's been taken out as well. So, that's...that's down a million dollars. Postage is no change. Copy machine expense lease no change. Grant matching, new employee cost, no change on either one. And broadband team is staying the same at 150,000. That was similar to this year, and this current year was the first year we had that at all. I don't believe we had it before that. For Emergency Fund we're looking at 20 million. We're basically looking to restore what we...what was...was taken out this...this fiscal year for the...as a result of the emergency proclamation. So, that's our recommendation is to add...put back 20. Right now, the Emergency Fund is at 57-1/2 million so it would...it would bring it back to 77-1/2. And just as an FYI, I think one of the Councilmembers did ask the question about the...what GFOA, which is the kind of the, you know, they...they're the advisors for governments. They say it should be 20 percent of your operating expenses and that would bring us to about 215,000. So, you can see we...we have a ways to go. So, yeah, if we...if we put this 20 in...I'm sorry? Oh, I'm sorry. Thank you. That would be nice, 215 million. I did actually write K for thousand, so thank you. Yeah, 215 million. What I was mentioning before about OPEB. So, you see here zero. So, we're looking at...we're not putting anything over and above what we absolutely have to put in. Again, because we want to...we want to kind of hold on to our...our...our resources for whatever uncertainties we have and for, you know, obviously infrastructure needs. The Managed Retreat Fund we kept at 20 percent of TAT. We...and as you know TAT we're...we're estimating 60 million, so this is 12 million, same amount we put in for Fiscal '24. One Main Plaza, no change there. The lease at 500,000. And this houses I guess OED, Department of Housing, Department of Human Concerns, of course now two different departments since the bifurcation will come, you know, come into play. Lastly, General Excise Tax. We are--as I mentioned before, we're looking at 45 million. Very conservative but we really don't know what we're going to...we don't know what to expect, so we want to be very careful about it. So, we're looking at a transfer to General Excise...this is out of Countywide, a general...a transfer to General Excise Tax Fund of 36 million, and then 20 percent of the 45 million that would go to...of 9 million, that would go to DHHL. So, that would be the...the 9 million there. That concludes the Countywide.

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**DEPARTMENT OF FINANCE**  
**Administration Program**  
**Accounts Program**  
**Real Property Assessment Program**  
**Motor Vehicle and Licensing Program**  
**Purchasing Program**  
**Treasury Program**

MR. TESORO: All right, Chair. We could we start with Finance?

CHAIR SUGIMURA: Yes.

MR. TESORO: Thank you. My apologies in advance if I seem to rush through this. I know our partners, the municipal advisor and the Bond Counsel, are on a short timeframe so I want to leave some time for questions, if at all possible, for Councilmembers. So, apologies in advanced if I seem rushed through this. Department of Finance...Department of Finance has five divisions: The Real Property Assessment Division, Purchasing, DMV and Licensing, Accounts, and Treasury as you're all aware. Also, within the Department of Finance there are six programs. The five that I just mentioned including the Administration Program makes that six. Currently, there are 194 employees all in for the Finance Department. That does include 17.3 positions that are grant funded. Overall, the Finance Department is seeing a 5.3 percent increase or 776,000 over the FY '24 approved budget. Of that 776, 627,000 is a result of collecting...collective bargaining unit increases and well...as well as reinstatement of positions that were defunded in FY '24. Currently, there are 35 vacancies for the Department of Finance. Two of those are pending start, so we're crossing our fingers that they do come in and...and start with us. If you just take the calculation for vacancies on the regular employees, that's just under 20 percent vacancy rate. I'll get into the specific programs here. In Administration, there are 23 employees. We have 11 vacancies, almost 50 percent vacancy rate there. TAT Program has 5 of 8 positions vacant. We do have, again, some pending folks there hoping to start this month, so crossing our fingers there. Just some stats there. FY '22, we did collect \$40 million for TAT and in '23, we collected approximately 85.8 million. We do deal with over 10,000-plus taxpayers, so a lot of work is being done there by the few employees that we have in...in that office. And...and we did look at Q2 '24, just the number of transactions that we're dealing with, again close to 10,000 transactions are being dealt with. The Director's Office had an A budget increase of 5.6 percent. That is for collective bargaining increases as well as refunding of positions. The operating expenses remain virtually flat. You will see a C budget there for some cubes, some additional cubes for employees for long vacant positions. Again, we fully expect to hire the positions that we need to, even those that have been outstanding for quite some time. If the...if the folks that start with TAT do start, again crossing fingers, that would...that would put our vacancy rate at 38 percent, not the...the 63 percent that you see there.

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Within Accounts, there are 22 employees, 4 vacancies, just under 20 percent there. The Accounts A budget is...has a continued expansion request so it's not an expansion request for '25, it's continued from previous for Countywide Federal Grant Manager. This is needed to address audit findings and mitigate future audit findings, so we are hoping for full funding there. And this...the A budget also includes the collective bargaining increases that I've mentioned previously. Accounts was able to reduce its operating expenses by 5 percent or \$11,000, though there are no operation expansion requests for the Accounts Program at this time. Real Property Division, 44 employees there, 5 vacancies. Down significantly from last year, but we're still at 11 percent, and Marcy is working hard to fill those positions. There is...you will see C budget there as well for additional cubes again for longstanding vacancies that we expect and hope to hire in this coming year. RPT has assisted with wildfire efforts, has...has been a huge part of that effort. RPT waivers, long-term rental exemptions, showing maps and providing data, all that provided by Marcy and her team. So, lots of effort being made by the RPT team. A couple more stats. RPAD has processed just under 1,900 wildfire long-term rental exemptions of which almost 1,200 were TVR properties and almost 1,200 were located in Lāhainā itself. RPAD's A budget will need to be increased 6 percent due to collective bargaining unit...or collective bargaining unit increases as well as filling those defunded positions from FY '24. There is one particular position that has been filled, so I just want to make note of that. Position 25568 has been filled, so we'll need to make sure that is funded. 95,000 was cut from their operations. They have moved off of some software and completed an upgrade...software update so this has allowed this...these monies to be saved. Again, I've mentioned the C budget so please be aware of that. DMV has 80 employees. As I mentioned before, 17.3 percent or 17.3 positions are grant-funded. They currently have 12 vacancies for 15 percent. You can see where those vacancies are...are lining up in terms of the various districts. So, that's there for your information. Their A budget does have an increase for collective bargaining of 4 percent. Operating expenses, virtually flat. And let's see what else we got. We do want to make some note, yeah. We do want to make some note of where the kiosks are located. That's been a big help for traffic into the DMV offices. There's the Safeway stores, County Building, Foodland, as well as the Service Center has kiosks to mitigate the traffic into the service centers. A little bit of data around the self-service terminals. You can see that there's an increase year over year over year. FY '23 increased almost 14 percent over '22 and increased 33-1/2 percent over '21. This has diverted almost 50,000 customer transactions from walking into the DMV...DMV offices, thereby allowing more customers...better customer service for those that come into the offices. Purchasing has 7 employees, no vacancies there. Collective bargaining unit increases for A budget, about 5 percent. Small increase in premium pay. That's simply a result of we do expect that Purchasing may have more RFPs to look at in the coming months, year, simply with the wildfire and...and, you know, everything that's going to be...need to be responded to. So, we just wanted to put that in there as a contingency to be sure that they were...they could do that work.

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Otherwise, operating expenses remain flat at this time. For Treasury, some highlights. Treasury accepts the water, sewer, and refuse payments in addition to Real Property Tax, so it's not only Real Property Tax. They did complete implementation of EMV card readers. Over the last year, 87 readers installed in 24 offices. The EMV readers are those that are the tap and insert. They...they accept the chip cards. Much more secure cards, so it protects the County and the consumer as well. In order to increase satisfaction, we're...we're looking at an EBPP solution. This solution is electronic bill presentment and payment solution. So, we have just completed the RFP process, made a selection. You will see some funds in the budget for the purpose of implementing this. This will allow consumers to make payments via their computers, via their cell phones. Those methods, again, creating a better experience for those folks out there, and hopefully we can get the money in faster if they're...if they can pay easier. Yeah. They have 18 employees, at this time 3 vacancies, 17 percent. Again, I rushed through that. I hope I left 15 minutes or so for our partners. And that's it for me, Chair.

CHAIR SUGIMURA: Thank you. Does Marcy Martin want to say anything?

MS. MARTIN: No.

CHAIR SUGIMURA: She's said a lot to us over the months. Okay. So, Members, at this time then, I'm going to open public testimony. Do we have anybody signed up for testimony? I didn't see. No? Okay. So, Members, with...you want to call last call?

MR. KRUEGER: Chair, we do not have any individuals signed up for testimony at this time so we'll do a last call. If there's anybody who would like to sign up for testimony, please identify yourself now. You can identify yourself in Teams by using the raise-hand function. We'll do a countdown. Three...two...one. Chair, no one has identified themselves as wishing to testify.

CHAIR SUGIMURA: Thank you very much. So, I'm going to close public testimony with your permission and then of course we always receive written. So, thank you, Members. So...

COUNCILMEMBERS: No objections.

**. . .CLOSE PUBLIC TESTIMONY. . .**

CHAIR SUGIMURA: Thank you. So, now we'll go into deliberations. And I wanted to ask if the Members would...we'll do questions to Bond Counsel first, two minutes each in case any of you have questions, and then...it's almost 10:30 and then we'll go into a short recess and then continue on with the rest of the departments,

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Members. Okay. So, at this time then, anybody have questions for Bond Counsel? Thank you very much for Mike Milner [sic] and Brian Gallucci for being with us. Member Paltin, question. Two minutes.

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COUNCILMEMBER PALTIN: Oh, thank you, Chair. I don't know if you were transmitting the change in Section 18 about the 55 million to 10 percent.

CHAIR SUGIMURA: Oh, that's the bill.

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: That's not...

COUNCILMEMBER PALTIN: Is that not for right now?

CHAIR SUGIMURA: We're not talking about that today.

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: But that is a bill that we'll be taking up.

COUNCILMEMBER PALTIN: Oh, I thought you wanted to know about the bond rating --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: -- with...

CHAIR SUGIMURA: So, we're taking questions...you can talk about it.

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: But we're not taking up the bill. Go ahead. Sorry if I misunderstood you.

COUNCILMEMBER PALTIN: I guess the question is if we change that 55 million to 10 percent of the...the budget, do we anticipate if that will affect our...our bond rating in Section 18 of Bill 60?

CHAIR SUGIMURA: Thank you very much. So, either Mr. Gallucci or Ms. Milner [sic] from Bond Counsel, anybody want to answer that? Do you know about it? Mr. Tesoro? . . .(inaudible). . . Okay. Okay. Go ahead.

MR. GALLUCCI: Yeah, I...I mean I'll...I'll start. I think that it is...and this is always one

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of the troubles when it comes to the ratings that it...you know, it's rare that there's one thing that...that kind of triggers a decrease in the bond rating and so we often get asked this question. You know, and...and...and the best we can kind of say is...is that it's put in the hopper with everything else that they look at and...and...and can, you know, be in the consideration. You know suffice it to say that it's...it's unlikely that the data on its own would lead to a decrease or...or a change in the rating. You know, I will say that they are...they're very focused on what...you know, on sort of what you just presented, your budget after the wildfire. . . .*(timer sounds)*. . . Very focused on your ability to continue to generate sufficient revenues. And then as I mentioned, very focused on...on leverage and...and how much you're...you're bonding. So, I...I don't think that that's going to have on its own a material impact, but it...you know, we have to sort of always be mindful of the collective impact that these things have.

COUNCILMEMBER PALTIN: Thank you. I heard the timer. In my next round, I would ask if that combined with the large number of interfund transfers year after year would...would affect it, and what you mean by County leverage. But my time is up, so thank you.

CHAIR SUGIMURA: Thank you very much. Any other Members have questions? Member Sinenci then Chair Lee.

COUNCILMEMBER SINENCI: Mahalo, Chair. I just got a general question for Bond Counsel. Can Maui County *(audio interference)* by trading in higher rate bonds for lower ones if the rates go down significantly?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

MR. MELZER: Yeah. So, you...you...you can. I'm sorry, was someone...I didn't mean to cut anybody off. There's something called call protect or...or you might know it if you look...read your documents it's referred to as optional redemption. And that's a negotiated provision as part of the bond offering. It's...it's standard to have a ten-year period, and in high-end . . .*(inaudible)*. . . environments there's some give and take. But often, you know, clients and issuers such as yourself find an event advantageous to reduce that call protection barrier. So, you might have, you know, for example a seven-year period. And if...you are able to affect that or even go lower than too sometimes with a bit of a premium redemption or...or, you know, Brian can speak to some of the . . .*(inaudible)*. . . implications. But if you do that, yes, you do have...anything you negotiate on the frontend you have that flexibility. And then even outside that flexibility you always have the optionality to try and buy things in from the marketplace if...if it makes, you know, financial sense, even if you don't have that, you know, contract provision that allows for redemption.

MR. GALLUCCI: Yep. That all is correct. We tried very hard in the past to maintain as

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much of that flexibility for the County as possible. There were times especially when interest rates were very low where we...you know, we weren't quite as...we did structures that gave up a little bit of that flexibility in order to really lock in those super low interest rates, you know, and get the best of that market which...which is advantageous. But as you can imagine when...when rates are extremely low there's sort of less of a chance to be able to refinance it anyway. But particularly in the last few years we've been very focused on maintaining as much of that . . .*(timer sounds)*. . . ability as possible.

COUNCILMEMBER SINENCI: Okay. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Sinenci. Chair Lee? Chair Lee, we can't hear you.

COUNCILMEMBER LEE: Sorry. Okay. The debt limit is 15 percent of the County's revenue? Is that what somebody said earlier?

MR. MELZER: No. Hi, it's Mike Melzer, Bond Counsel. The...the debt limit is 15 percent of your assessed valuation. *(audio interference)*

COUNCILMEMBER LEE: Assessed valuations. Okay. So, can you tell...tell us where we are in terms of the debt limit right now? How much more can we borrow?

MR. MELZER: I can...I can work on pulling that up now, but I don't have that in front of me, but I can look it up.

COUNCILMEMBER LEE: And while you're working on that, can somebody else answer what are the trends...do you expect interest rates to go up or down or stay the same in the six months to one year?

MR. GALLUCCI: I cannot answer the question perfectly. I wish that I could. I always wish that I could be able to tell you exactly what's going to happen. I will say that the market expectation for some time now is that that rates will go...go down and that is still being built into a lot of the economic forecasts that are provided by various economists including the biggest banks, --

COUNCILMEMBER LEE: Okay.

MR. GALLUCCI: --investment banks and...

COUNCILMEMBER LEE: Thank you. And then one other question would be how much do you charge to assist us with floating bonds?

MR. GALLUCCI: There is no, you know, no fee differential from our standpoint for a floating rate versus fixed-rate bonds.



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COUNCILMEMBER LEE: Well, assisting us with bonds period, how much do you charge?

MR. GALLUCCI: I would have to check. I don't know if Steve has that at his fingertips but I can...

MR. TESORO: I don't have that available. There's an hourly rate that's...that we pay the municipal advisors. So, it...it would vary, you know, depending on how much time they're spending with us, obviously.

COUNCILMEMBER LEE: Oh, okay. So, my question next would be . . . *(timer sounds)* . . . for the Director. I can wait.

CHAIR SUGIMURA: Okay. And we'll go back to Member Paltin and Chair Lee also in the second round.

COUNCILMEMBER JOHNSON: Thank you, Chair. This is for the Bond Counsel. So...just for everyone's...everyone's information, on page 62 of the Program Budget. Our ratio of annual debt service to operational expenditures can...cannot exceed 10 percent and as of right now June...or as of June 30th we were at 6.5 percent. The ratio of net bond debt to assessed property value should not exceed 15 percent, and...and in June 30th, 2023, we're significantly below the legal debt limit at 4.8 percent. So, it seems like we're...we're well under where we can go. And I guess for the Bond Counsel, how does not using bonds affect our bond rating?

MR. MELZER: So, this is...you know, I don't know, Brian, if you want to weigh in first. But...Mike Melzer from Bond Counsel. The...the...conceptually the...the less debt you have outstanding on a certain credit, the...the stronger that credit appears. It's...it's less levered so to speak. So, you have certain, you know, debt collections, your budgeted revenues that are available in the General Fund that pays the amount without any supplemental real estate taxes. So, that number as it compares to the bond number, I mean the more...the more you have to pay the...the worse it looks for the . . . *(inaudible)* . . . That said, you know, you're in a...as mentioned earlier, a very highly rated credit and for good reason and that's, you know, as you mentioned it's because you have that low ratio of funded debt to assessed valuation.

MR. GALLUCCI. So...yeah.

COUNCILMEMBER JOHNSON: Oh, go ahead.

MR. GALLUCCI: I might add, whether we agree with it or not, the rating agencies, one of the things that they do is...is comparative analysis versus other counties. So,

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no matter what your limits are, whether they are strict limits in, you know, legal limits or policy limits...and it's very good to have those, the rating agencies appreciate those policy limits, but you know, part of what they're going to do is...is look to how you compare to counties around the country. You know, we push back sometimes . . .(timer sounds). . . on that because you're different, but...but that is a little bit of what they do.

COUNCILMEMBER JOHNSON: Okay. Wow, the timer's fast. Is it two minutes or three minutes?

CHAIR SUGIMURA: Two.

COUNCILMEMBER JOHNSON: Okay. That's...thank you. Thank you, Chair.

CHAIR SUGIMURA: Sorry. Okay. So, next we have Member Cook.

COUNCILMEMBER COOK: Thank you, Chair. My question is for Bond Counsel. Relating to supplemental transfers, will supplemental transfers affect the County's bond rating? Last Budget Session no clear answer was provided since the Budget Director and the Finance Director had differences of opinion.

MR. MELZER: Yeah. I think I would just refer back to Brian's response previously. He's kind of the finance guy. But...but generally speaking, I think the...the ratings, you know, it's...it's a big amalgam of...of data to take into account, and you know, they...everything...or not everything, but the vast majority of everything is taken into consideration. And you know, that...that would just be one more factor that they would weigh in on. I don't think anybody is going to be able to tell you with certainty whether or not, you know, that'll be the...the straw that breaks the back so to speak . . .(inaudible). . .

COUNCILMEMBER COOK: Thank you.

MR. GALLUCCI: Yeah, I...I can really quickly try to answer maybe the last two questions in a way. One of the...in their published report one of the rating agencies mentioned that an upgrade could occur if there's a substantial decrease in leverage and fixed costs and that a downgrade could occur if there's a material deterioration of reserves. So, that's not exactly clear but there's...there's definitely an instance in which, you know, significant transfers out could...could have a negative impact.

CHAIR SUGIMURA: Member Cook, you're done? Yeah? Okay. Thank you very much. Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: No questions.

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CHAIR SUGIMURA: Okay. Thank you. Member U'u-Hodgins? Thank you. Member Kama is not here yet. So, at this time then we want to go back to Member Paltin. You had another question, did you? And Member Johnson, yeah.

COUNCILMEMBER PALTIN: Thank you, Chair. Last year when we were discussing the impact of large supplemental transfers, they...I think that we came to the...the understanding that as long as we informed the Bond Counsel that those funds were not be self-sufficient like the Highway Fund, that we did expect interfund transfers, that it would be better. And so, did that occur, did they say that those funds that required the interfund transfers like Highway Fund or whatever were not required to be self-sufficient? And then what do you mean by County leverage and fixed costs? I don't...I don't...I didn't understand that. Those would be my two follow-up questions.

MR. MELZER: I...I could probably address the latter. I don't know, Steve, you're better to do the former, but...

MR. TESORO: Chair?

MR. GALLUCCI: Yeah, so I guess on the former I'm not personally familiar with it, but I know one of the common exceptions under the law is, you know, when you have undertaking specific authorizations for...for revenue producing enterprises. You...you...you do want self-sufficiency, for example, to exclude it from the debt limit if you were to do bonding for that. But I'm...I'm not familiar with, you know, just factually what happened last year . . .*(inaudible)*. . .

MR. TESORO: Chair, yes. So, I believe the...the question around the supplemental transfers really goes back to disclosure, and...and not disclosure to Bond Counsel but disclosure that the County makes as it relates to its bonds. I know Jack in Treasury works with Bond Counsel and another firm to ensure that...that we make the proper disclosures should anything change around our bonds, right. I cannot tell you for certain whether those were disclosed or not. . . *(timer sounds)*. . . There may have been some conversations, but I would have to check with Jack. I'm not sure if...if you're aware if that was disclosed. And if...if not, I would defer then to Bond Counsel. Is that something that we are required to disclose as it relates to our bonds?

MR. MELZER: On the second, that...that final point, I do not believe so. . . *(inaudible)*. . . in connection with each year bond issuances you enter into an agreement that assists your broker dealers in complying Federal securities law. In that agreement you set forth a number of things which you, you know, effectively are agreeing in advance to...to disclose to the marketplace upon their occurrence. And I...I wouldn't expect interfund transfers or supplemental transfers of that nature to be something that would rise to that level. But it, you know, it...it could be a more nuanced answer but I think that's probably the answer.

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UNIDENTIFIED SPEAKER: Thank you.

MR. GALLUCCI: I might add, I'm not sure if this addresses the question, but certainly one of the things that rating agencies and investors will look at is whether transfers are being made that are kind of on a one-time basis versus whether they're recurring and whether they're truly needed to, you know, to...to prop something up. In...in which case, that can...they could view that...they could start to view that negatively if it's okay, now there's, you know, significant funds sort of leaving the door that, you know, that aren't going to be available for the payment of debt service. The...the question of leverage, the...is really just amount. It's a question of how much liabilities the County is undertaking relative to your size, be that either...you know, there's a variety of ways of looking at that. Your...your AV, your population, your revenues. But they...they look at the liabilities and included in that is not just debt but it includes pension and OPEB as well. And...and when they...the rating agencies view that, they view the County as being on the higher end relative to your peers at your...at your rating level. Now, we've got them comfortable with that, but it is certainly something that they...they note.

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Oh, Member Johnson. Sorry. Then Member Sinenci.

COUNCILMEMBER JOHNSON: Thank you, Chair. These next questions are for Bond Counsel. If I can get through to the Department, I'll go there. But basically, when you said you...the folks who are doing our...our rating for bond ratings, they look at holistically overall. Would you...and...and comparables. Do you consider Maui County a wealthy county?

MR. GALLUCCI: Well, it...it depends on...on how you view that. I mean, one of the things that we tout with them is the...the median income which is above US median. You know certainly and...and, you know, speaking a little bit pre-wildfire here but it is...you know, the State in general I think does well in...in a lot of those metrics.

COUNCILMEMBER JOHNSON: Yeah.

MR. GALLUCCI: You know we don't...we don't go too far down the road. I mean, I think that there's many different ways of looking at that. One of the things that we certainly do talk to them about are a lot of the social initiatives that are underway

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as well. But...but whether it is the, you know, the population income or...or some of what you enjoy from tourism, you know, we...there are some kinds of positive demographic factors --

COUNCILMEMBER JOHNSON: Yeah.

MR. GALLUCCI: -- that --

COUNCILMEMBER JOHNSON: Thank you.

MR. GALLUCCI: -- that we mention.

COUNCILMEMBER JOHNSON: So, you know, HUD guidelines, you know, our area median income keeps telling me I'm making 3 to \$7,000 more every year, our community keeps making 3 to \$7,000 more every year, but we're not doing it. It's basically wealthy people are moving to Maui County and increasing our...our area median income. So, I don't want us to act like from a...a position of scarcity, that we...we do have the monies here, it's just the fire kind of...of course, was tragic. I...I know my time's so short on this question but I...I'd like to ask the Department, you know, with...what's the Department's stance on increasing County debt ratio to fund more projects . . .*(timer sounds)*. . . with bond so that...let me just get my question out and maybe they can come back or...so that more cash is available for operating expenses or transfers to highly demanding revolving fund such as Affordable Housing and Open Space? I don't know if the Department would be able to comment on that this time or next time, but that's my question, Chair.

CHAIR SUGIMURA: So, you know, actually we're taking Bond Counsel questions --

COUNCILMEMBER JOHNSON: Okay.

CHAIR SUGIMURA: -- only and then --

COUNCILMEMBER JOHNSON: All right. Great.

CHAIR SUGIMURA: -- we'll get to the Department --

COUNCILMEMBER JOHNSON: Then that's perfect timing.

CHAIR SUGIMURA: -- if...if you don't mind. So, Members...Sinenci, Member Sinenci, you have another question or you have a question?

COUNCILMEMBER SINENCI: My second question was answered.

CHAIR SUGIMURA: Oh, okay.

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COUNCILMEMBER SINENCI: Thank you.

CHAIR SUGIMURA: Okay. So, you're fine. Okay. So, I was just curious, for my question...Members, I don't see any hands up. So, I'm curious if the interfund transfers that we're doing if the County can sustain that kind of financing as it relates to the bond? Oh, does...does the County have the...oh, bond. Or is that...should it be...if not, I'll just wait for it when you can speak.

COUNCILMEMBER LEE: For Finance, yeah?

CHAIR SUGIMURA: Is it more Finance? Okay. All right. Members, so I'll ask Finance that. Anybody else have any more questions for Bond Counsel? Then I'm going to take a ten-minute recess. Oh, sorry. Member Cook, I didn't see you. Go ahead.

COUNCILMEMBER COOK: Thank you, Chair. My question is last year for OPEB we bumped up the payment for the \$20,000,000 and this year we are reducing it to zero and does that have any effect on our bonding? Last year, I felt that that was...I heard and understood that the interest that we would be saving by not having that debt was beneficial on our bonds. Just you have an answer to that?

CHAIR SUGIMURA: So, Bond Counsel, impact of that to...

MR. MELZER: Yeah. So, I don't know, Brian, you want to...it's another kind of credit...it's just one...one more credit factor but it's not in a silo. Certainly, they would, you know, take into consideration . . .*(inaudible)*. . . and the actuarial change in...in exposure. So, you know, it...supplemental funding of that nature is...is obviously beneficial from a credit review perspective, but you know, it's not...it's not uniform year over year in terms of, you know, what would be necessary.

MR. GALLUCCI: In...in 2022 when...when they last did their real full review of the credit, you know, they...they did a bit of an update I think last year after the fire given...after they gave the County some time. But it was...it was more kind of around that. But when they last did their full kind of review of the credit, they mentioned that the County's ability to contribute above your required amounts for OPEB was...was favorable. And so, you know, certainly moving away from that, especially with good rationale, is not on its own going to be, you know, a significant impact, but it...it will be of note and...and they, you know, they certainly viewed it favorably when...when you...we were able to meet your contributions or exceed . . .*(timer sounds)*. . . them and really reduce that liability.

COUNCILMEMBER COOK: Thank you, Chair. Time's up. Thank you.

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CHAIR SUGIMURA: Okay. It's like your personal charge card and your...your rating. Okay. Members, at this time then if there's no other questions, I'm going to take a ten-minute recess until...we'll just go 10...10:51 and we'll come back and we'll take the rest...oh, sorry, Member Paltin, you have a question?

COUNCILMEMBER PALTIN: Sorry. I...I just had a quick clarification. I thought that we had heard in the presentation that we're not contributing zero to OPEB, we're just not contributing above what the...the minimum requirement is, right?

CHAIR SUGIMURA: Right.

COUNCILMEMBER PALTIN: Okay.

CHAIR SUGIMURA: Right.

COUNCILMEMBER PALTIN: Okay. Just double-checking that.

CHAIR SUGIMURA: But we contributed extra, right, last year.

COUNCILMEMBER PALTIN: Yeah.

CHAIR SUGIMURA: Yeah. Which was viewed upon favorably. Okay. So, at this time then we'll come back at 10:51. Members, we'll take a short recess. . . .(gavel). . .

RECESS: 10:42 a.m.  
RECONVENE: 11:02 a.m.

CHAIR SUGIMURA: . . .(gavel). . . Welcome back to the Budget, Finance, Economic Development Committee. It is now 11:02. And thank you, Members. I just wanted to explain...somebody asked me why was the Bond Counsel questions two minutes, so fast. And I wanted to tell you honestly because we're paying them hourly, I wanted to...I wanted to have questions as fast as possible. But everything they said was important, so I don't mean to be rude. They're listening to this message...they're still on the call. But that was my objective. And everything that they shared with us is important because it'll take us to the rest of the...the departments' budgets when talk about CIP and other things that involves cash. And...okay. So, now to go forward, Members, what I wanted to do is take three-minute questions. And just for your information, in the Department of Finance, initial letters that was sent out to all the departments, number 6 in Granicus. And then the follow-up letters is number 15 that was sent to the departments. And then letter informing them about meetings which is today and inviting the Bond Counsel is number 28 and 32 in Granicus. Department questions that were sent out is number 47. And as you heard, the presentations that were just done is probably last on the Granicus, I forgot the number, but those presentations are also available for you to look at after as well as the...the

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public. And so next we're going...

COUNCILMEMBER LEE: Could you repeat those numbers --

CHAIR SUGIMURA: Oh, yeah. So...

COUNCILMEMBER LEE: -- Chair?

CHAIR SUGIMURA: Sure. It's number 6, the initial question that everybody got. Follow-up letter is number 15 in Granicus and it has their responses. Letter informing them about the meetings today as well as inviting Budget as well as Finance is in 28 and 32 where we invited formerly the Bond Counsel. And in Granicus Department questions is number 47 in Granicus. And we did send it to the Department and it...which was over the weekend and they're expecting to respond back to us in the next couple of days because it was a lot of questions. And so, thank you very much for...Bond Counsel, for being with us. You can listen in. It was very encouraging just to hear that, you know, our bond rating is strong. Of course, the Lāhainā wildfires is going to play a big impact and what we do as a...as a body for our future bond rating. So, I wanted that discussion to happen. And you know, we appreciate the Department of Finance as we work in tandem to make sure that we become...we...we maintain our bond rating strength. And so now we've had our recess and we're going to go back to...I wanted to do it with...if you don't mind, if we could just talk about revenues and Countywide separately or did you want to talk about it together? Give you a choice. And do three minutes. Okay. So, at this time then I'm going to ask for questions on revenues. Anybody have any questions for the Department on revenues?

VICE-CHAIR KAMA: Chair? . . .*(bumps mic)*. . . Oh, I'm sorry.

CHAIR SUGIMURA: Oh, okay. Oh.

VICE-CHAIR KAMA: I can't see you and I don't think you --

CHAIR SUGIMURA: Hi. Yeah, I can't see you.

VICE-CHAIR KAMA: -- can see me.

CHAIR SUGIMURA: So, my Vice-Chair.

VICE-CHAIR KAMA: So, I just wanted to let you know I was here.

CHAIR SUGIMURA: Thank you very much. She said she was going to be a little late, so good morning.



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VICE-CHAIR KAMA: Good morning.

CHAIR SUGIMURA: Welcome to the meeting.

VICE-CHAIR KAMA: I'm glad to be here.

CHAIR SUGIMURA: Yes. So, Members, at this time anybody have any questions they want to talk about? Oh, here's Chair Lee with revenues. Go ahead, Chair Lee. Three minutes.

COUNCILMEMBER LEE: This would be for...yeah. This would be for the Director. So, what are the anticipated revenue losses? We've been asking this question, Ms. Zielinski, for quite some time and we haven't gotten any answers. So, it's great to know that, you know, the revenues...the increases, but we have no idea how that relates to the losses. Can you tell us?

MS. ZIELINSKI: Thank you, Chair. Thank you, Chair. I did see your...your question. Just I can give you some basic numbers of what I...what I'm aware of. For example, for real property tax from the burn zone and the waived taxes, I believe we lost, from the burn zone, it was about \$20 million in real property tax revenue and about 7 million from the waived taxes relative to those that were...you know, went from short-term to long-term. When I'm done, I can have Ms. Martin clarify if she needs to. As far as on GET, of course, you know, that we're looking at a loss of 35 million but that's, you know, that's just a projection, not really...I think you want hard numbers. As far as TAT, you know, we're...we're also...again, we don't...you know, because we're in '24 and we don't have final numbers yet but we think we probably lost...even though we budgeted 60 million, we've...we probably would have gone above that had we...you know, had the disaster not occurred. But in other areas, for example, you know, for example public service company we lost about a million dollars. Now these are not...these are not hard and fast numbers I'm getting from departments. I'm just looking at what our estimates are and what we've...and how we've...you...we...we put together our budget for 2025. We also...just trying to see here. Highway Fund, Franchise Tax we looked at also a loss. Tipping fees 200,000, refuse...

COUNCILMEMBER LEE: Okay. Good.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER LEE: Maria, could you just stop right there before --

MS. ZIELINSKI: Sure.

COUNCILMEMBER LEE: -- you continue on? What did you say is lost from all the people who are...the 7 million includes all the short-term rentals that converted

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to long-term rentals?

MS. ZIELINSKI: Yes. And I'm going to actually...Ms. Martin is here and she is the expert . . .*(inaudible)*. . . but she probably has better numbers or at least more clarified numbers.

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Chair, thank you. So, as it stands right now, the...for this upcoming fiscal year '24/'25, the wildfire survivor long-term rental exemption program costs are at \$13.7 million. That's the Mayor's proposed tax rates. . . .*(timer sounds)*. . .

COUNCILMEMBER LEE: Okay. We'll come back to that later. Thank you.

CHAIR SUGIMURA: Anybody else have questions? Member...

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Oh, okay. Go ahead, Member Rawlins-Fernandez. I didn't see your hand.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, just a clarifying question for you first. Did you say that Bond Counsel is still listening in so they are still on the clock charging us by the hour even if we're not asking them questions?

CHAIR SUGIMURA: They're still...they're still on the call. So, I was told that they would have to leave by 10:30. So, they don't...

MR. GALLUCCI: Yeah. This is Brian. I will have to leave soon, and...and I...but I am not...I am not charging --

CHAIR SUGIMURA: Oh.

MR. GALLUCCI: -- for this anymore, so. You have me free for another few minutes. That's...but I will...I will have to drop off pretty shortly.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your pro bono work. I appreciate that. Okay. My...oh, and then I...Mokulele changed my flight so I'm going to have leave a little earlier than expected, but here are my questions. Okay. So, in the presentation, you explained the RPT categories. Can you explain why you folks chose to tier the rates for STR/TVR class?

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CHAIR SUGIMURA: Miss *(audio interference)*

MS. ZIELINSKI: When you...I believe...oh. As I recall, we had one number for that class and then we...we made it into tiers. Yeah. I think it was really just to recognize, you know, the value of, you know, recognizing the type of property...the type of property it is and...and increasing based on the...the value of the...the property, which is, you know, kind of consistent with the other tiers that we have, how we've...how we've structured real property tax rates. I don't know if Ms. Martin wants to clarify at all. I mean, that was of course an Administration decision, but she has...she has more knowledge relative to the, you know, rationale.

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you. As we all know, the...the tiers make for a more progressive tax in that class 3 category.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Martin. And Budget Director...Acting Finance Director, I don't...I don't know what your title is, Ms. Zielinski, right now. But...go ahead.

MS. ZIELINSKI: . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: What is it, Budget Director?

MS. ZIELINSKI: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay.

MS. ZIELINSKI: Finance...Acting Finance Director right now.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Acting Finance Director. Okay. So, when we initially made it possible for us to tier the TVR/STR rate, we...we discussed the...the purpose of tiering it and that was to provide relief to those who needed it in the tier 1 category or tier 1. And to, you know, not provide that relief in the other...the other two tiers. So, we had made it all one rate because the activity itself didn't warrant relief, and that's why we kept it all one rate instead of tiering it into different rates. In the presentation, and I don't know if it's uploaded yet, Acting Finance Director Zielinski, you mention that in the . . .*(timer sounds)*. . . Highway Fund, the Carryover/Savings made up a big chunk. Is the question for you or should I hold that question for when Public Works is before us?

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MS. ZIELINSKI: Yes, Councilmember, yes. You...you can...feel free to ask...ask the question. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then I heard the timer, so I'll just wait for my next --

CHAIR SUGIMURA: Second round.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- opportunity.

CHAIR SUGIMURA: Thank you, Member Rawlins-Fernandez. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. So, this question is in...is in regards to the...to the tax tiering. So, why did the Department choose not to tier all tax categories, especially the Agriculture tier that will encourage large owners to use their properties for active agriculture in light of the fallow land being a potential fire hazard during the dry season. The Council unanimously passed Bill 103 (2023) on December 15th, 2023, which is now Ordinance 5583.

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Yeah.

MS. ZIELINSKI: I'll just...candidly, I'll say that, you know, we had not looked at making any changes relative to the ag, but again I'm going to defer to Ms. Martin relative to any rationale that, you know, she might have...be able to provide.

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you, Chair. I think before we suggest tiers in other categories such as Agriculture, we'll need to kind of look at some of the unintended consequences. For our Agriculture, our zoning is very broad, the Agriculture zoning. Some of our Agriculture land really can't even be farmed due to topography or utilities or access. In areas such as Hāna, Moloka'i, Kula, we have generational property owners that may not be able to farm. You know also there's a tendency to condominiumize these larger parcels too, so you might find that they would condominiumize to, you know, lower the individual parcel value. So, there's a multitude of considerations.

COUNCILMEMBER JOHNSON: Okay.

MS. MARTIN: Again, with Commercial, that condominiumization, parting them out, the passing of the taxes to the...the tenants. In the Commercial and the Industrial, a lot of times it's not the property owner that pays but the occupants. So, you

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might have a very expensive property that would be in the highest tier but the tenants within those buildings don't necessarily occupy space that would...you would consider to be in the higher tier. So, there are just considerations and it's a policy decision, and ultimately, this body can make their own policy decisions regarding the tiers.

COUNCILMEMBER JOHNSON: I...thank you, Ms. Martin. I think it's important for this body and the Administration to work together. That bill passed unanimously. I...I look...I would hope that you would consider, you know, taking us up on that policy because we have to create a more resilient island. And you know, you give...you have the carrots and sticks for this, for...for that particular situation. But taxing all categories in...in...by using tiers for all categories would allow us to be, in your words just before this, a progressive tax policy. And I...I support that, that's why I introduced the bill and I was happy that we unanimously supported it as a body. There is little...there's folks who are struggling on...with small...you know, smaller value, lesser-valued units and then there's folks like Larry Ellison, the guy...guy that I...you know, I live on Lānaʻi, right, there's folks that have large tracts of land that certainly could ante up and kick in a little bit more, especially in times of crisis. We're coming on a summer and we had a wet winter and I see how tall the grass is, and that's my concern is we want to incentivize these...these big land...large landowners to start farming. And I understand where you're saying, you know, there's...there's some, you know, exemptions. . . .*(timer sounds)*. . . Of course, with any...any tax rate there's going to be some, you know, people who have unique situations. But my time's up, but I just want us to try to work together and...and in this time of crisis. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Johnson. Anybody else? So, Member Kama, do you have questions? Okay. No questions from Member Kama. Member Paltin? I'll just go straight down the...

COUNCILMEMBER PALTIN: Any update on the Land Management Administrator? We first authorized that, I think, in 2019. It wasn't on your list of vacancies, and we ask this every year.

CHAIR SUGIMURA: Go ahead, Department.

MR. TESORO: Chair?

CHAIR SUGIMURA: Go ahead.

MR. TESORO: Thank you, Member Paltin. I believe it is on the list of vacancies, Land Management Administrator.

COUNCILMEMBER PALTIN: Oh, sorry. I see it now. It...it didn't have a days vacant.

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MR. TESORO: Maybe that's because there's too many days. I don't know. I'm not sure. But in any case --

COUNCILMEMBER PALTIN: Five years.

MR. TESORO: -- it...it...it is still on the list. It is still something that the Department would like to put in place. I think...

COUNCILMEMBER PALTIN: Can you tell us where it is in the process, has it been described by DPS or...

MR. TESORO: That is where it's at. I think we're working...we're working with them continually to describe--I...

COUNCILMEMBER PALTIN: It's not been described yet?

MR. TESORO: It has not.

COUNCILMEMBER PALTIN: Okay.

MR. TESORO: And I think with what's happened in...in August, things kind of got pushed to the backburner. That doesn't excuse five years, but it is what's happening now, so.

COUNCILMEMBER PALTIN: Okay. And then there were a...I mean, I see just off the top six...six positions that have been vacant over a year. One Clerk III position that's been vacant for 1,600 days. And you know, I...I hear what you're saying and I hear about the percentage vacancies and I understand that that's very hard on the rest of the Staff, but if we keep appropriating these positions and providing the funds and they don't get filled, it's not...it's not helpful either. In fact, it's kind of harmful because now we're having to raise taxes to have these positions sit open. I guess I just was wondering, are you aware, like last year there were specific positions that you wanted us to fund because like how you said there's one position that's filled so we're going to need 48,000 or something. Are...are you aware that if we remove a chunk of funding for Category A that you can move that money around? So, if...if...like, if we didn't give you that 48,000 for that position that you're intending to fill, you can take money from other vacant positions. Is that not correct?

MR. TESORO: I'm aware, yes, and we'll...we'll...

COUNCILMEMBER PALTIN: Oh, okay.

MR. TESORO: Yeah.

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COUNCILMEMBER PALTIN: Okay. So, does it matter to you if we unfund any specific position if you can take that money from another unfunded position and...and fill it if there is a person that's qualified to fill the position?

MR. TESORO: I would defer to the leaders of the programs here. Much like we did last year, we took those back to the program...the leaders of those programs to ensure that they were comfortable that those positions that we were contemplating defunding or reduced funding worked for them. They didn't have somebody . . .(timer sounds). . . already in the pipeline somewhere that they thought was going to come in, you know, very quickly. So, I don't have any problem with...if there's some suggestions that we take back...take it back to the program leaders to say hey, you know, are these the ones that we're okay with or would you rather it be this...a different position in place of one that's being suggested by Council?

COUNCILMEMBER PALTIN: I heard the buzzer. I mean, I don't understand why that matters if you can move the money around.

MR. TESORO: I guess if the...if the dollars are the same then to your point, they can figure it out, sure.

COUNCILMEMBER PALTIN: Thanks. Thank you, Chair.

MS. ZIELINSKI: Chair, can I just add?

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: So, yeah, just to add to what Mr. Tesoro said and...and to Councilmembers, yeah, I think the way we ultimately had handled budget towards the tail end of the...the process was rather than pick and choose positions we just took a collective amount and it gave the departments much more flexibility because they could say, oh no, no, I really need that position, but this one. So, that did work quite frankly. It worked and it's...I think it's easier on everyone. Yeah.

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

CHAIR SUGIMURA: So, Members, I was kind of hoping to talk about revenue, Countywide expenses, and then go to the Department. But do you guys want to just put it all together? I know this happened last year too. So...well, anybody, any preferences? Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Member Rawlins-Fernandez?

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Are...I think letting us ask all the questions together would probably be more efficient. So...but I have to leave so I just wanted to ask all my questions. Okay. So, first, under the...the Code currently the Ag classification is not a classification we can tier. We would have to amend the Code in order to tier that. For the Clerk III position it's been vacant for 16...yeah, 1,600 days, 1,600 days and that's under Real Property. It...so do we...do we need this position or...because it hasn't been filled and I think it's --

CHAIR SUGIMURA: . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: -- it got posted on November 1st, 2019.

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Chair? So, this was an expansion position for the long-term rental exemption.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MS. MARTIN: And then we had...so it took a while just to get on the org chart, and then we have had problems recruiting in that section, given the...the low salary ratings. So, we had submitted a reorganization using that position, but the reorganization didn't go through all the way. So, we...at this point, we'll be trying to recruit for it's now called a Senior Clerk, but again, there aren't very many candidates. It is needed, these are our frontline employees that answer our phones and service the public, and that section works very hard and they've had to work overtime this past few years. So, thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Martin. Okay. So, next is regarding the question number 3 for the Real Property Appraiser I needing funding for \$49,860. Is that something that the Department is asking Council to...to add in the budget because it...it's not currently there?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you. I'm happy to report that that position has been filled.

CHAIR SUGIMURA: Yay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yay. So, is there funding or do you need funding?

MS. MARTIN: We are asking for funding.



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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, Council would need to add that funding because it's currently not in the budget?

MS. MARTIN: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. Okay. So, under Countywide for the COVID funds there's a negative \$16,538 for 2020...FY 2023. Can...will...will someone please explain that, how we ended up with a negative number?

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Go ahead.

MS. ZIELINSKI: Councilmember, I'd need to take a look at that because that looks like it is from Fiscal '23. I don't have an answer for you, but we can certainly get...get an answer for you. . . .*(timer sounds)*. . . Get clarification.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Acting Finance Director Zielinski. Mahalo, Chair. I heard the timer.

CHAIR SUGIMURA: Okay. Anybody else have questions? Member Sinenci, I don't see you on the screen.

COUNCILMEMBER SINENCI: Thank you, Chair. I just...my question was for Acting Director or maybe Ms. Martin. For the lower value TVRs and B&Bs, was there any way to...to consider increasing the tax to kind of incentivize for long-term housing? Was that something to consider?

CHAIR SUGIMURA: Ms. Martin? Hold on.

MS. MARTIN: Chair? So, the current rate on the first tier proposed is...was it \$12.50 which is an increase from the rate from the prior year.

COUNCILMEMBER SINENCI: Okay.

CHAIR SUGIMURA: Are you done, Member Sinenci?

COUNCILMEMBER SINENCI: Yeah. And...and that...Ms. Martin, that includes the...the B&Bs, yeah?

MS. MARTIN: Chair?

CHAIR SUGIMURA: Yes.

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MS. MARTIN: So, the B&Bs where the owner is an occupant of the unit, they are in the Commercial Residential classification.

COUNCILMEMBER SINENCI: And was that also increased? It looks like 6...60 cents. Okay. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Member Rawlins-Fernandez, since you have to leave, do you have another set of questions?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, I do. I just have --

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- a couple more questions and one...one correction to the record. That Ordinance 5583 as Member Johnson stated did delete all the classifications that were...that were enumerated in the Code and then replaced it with any real property classification that may be established. So, mahalo for that correction. Okay. Okay. For DMV, I have two questions. One, does the Department plan to install more kiosks? And then, two, when you were presenting, you know, it showed six vacancies in the Kahului location, but I'm sure there's more positions at that location than, like, the other locations and so it's...it's likely...like a...the...the percentage of vacancies is likely on par with the other locations but it just looks like it's more because there's just more positions. Is that a correct assumption? So, two questions.

MS. ZIELINSKI: Chair, Mr. Vila is...is approaching. He'll be responding.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Mr. Vila. Okay. And then while Mr. Vila is getting settled in, I'll just follow up on the question that I didn't get a response from...earlier in my round one and that's regarding the Carryover/Savings in the highway funds. Is that a result of projects not getting started or can you explain a little bit more about the Carryover/Savings?

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Go ahead, yes.

MS. ZIELINSKI: Thank you. Yeah, I would believe and that is probably something that Public Works would be able to give you, you know, more clarification, but it is...it is...the Carryover/Savings are...is that 17,365,000 and that would be a result of...of expenditures that weren't...that didn't occur. Again, I don't know the reason for that. It likely is CIP of some sort. The interesting thing is as you see there was interfund transfers of 19.6 million so almost kind of cancel out, which suggests that...and of course the Carryover is from the Fiscal...Fiscal '23, so

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that...that comes over. So, obviously there was monies that were going into the Highway Fund to...to, you know, cover the cost, but then the...the underspending basically offset that. But yeah, as far as your...your question itself, Councilmember, we certainly can ask Public Works, but I would suspect that, you know, they'll have the specific reasons, but we can...we can look into it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Acting Finance Director. Okay.

MS. ZIELINSKI: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, Mr. Vila...and mahalo for your help in trying to get a kiosk to Moloka'i. And I know that finding a location has been the challenge that has presented us from bringing a kiosk over. So, my first question is does...does DMV plan to install more kiosks on Maui?

MR. VILA: Thank you, Chair. I am...I...actually, during the break I asked Ms. Paltin if she could check with the Times Market at Lāhainā side. Perhaps we could do one more there. I think there is enough volume there because once we get that kiosk installed there's actually other things, we could probably look at . . .*(timer sounds)*. . . in trying to do things via the kiosk. And we are still continuing to look for space at Moloka'i. So if we can get that, it would...hopefully we can get a retail space.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Vila. And I...I heard the timer, but Mr. Vila was setting up. So, the...the second question I had for Mr. Vila regarding DMV is just in the presentation, there were six vacancies in Kahului and then like one or two in the other locations. But I'm guessing that those high number of...or it's not really high but higher number than the other locations is due to the number of positions at the Kahului location and that the percentage of vacancies is likely on par with the other locations. Is that a correct understanding or assumption?

MR. VILA: Thank you, Madam Chair. The vacation...the...the openings we have, we currently still have one at Moloka'i that you had graciously put forth. We're interviewing for that now. We still have two position vacancies on Lāhainā. Lāhainā has been very difficult to recruit for, which we are attempting to keep open by daily sending Staff over to cover. Kihei, Councilmember Cook, I'm happy to report we have a pretty good number of Staff there currently. Pukalani, we just hired the supervisor. Kahului, we continue to recruit. And if you come to our website, at the very top, we...we have a link to our recruitment pages. We're continually recruiting. So our goal is to continually...hopefully we're...we're able to fill those vacancies because touch every community. And you know, the biggest complaint I receive is...is actually the wait times. I mean...

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Vila. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Thank you very much. Any other Members have questions? Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Because we're on a limited time, if I get the answer, I'm just going to move right on, and pardon me if I sound rude. Please justify allocating \$120,297 for travel. Page 238 out of the Program Budget.

CHAIR SUGIMURA: Director? Acting Director?

MS. ZIELINSKI: Chair? Yeah. Councilmember, I didn't hear what your question was. I know the 120, but what was the...I'm sorry.

COUNCILMEMBER JOHNSON: So...that's a lot it seems. Are you guys traveling? Is there something going on? Is there a big event or is it just...that's just the cost of doing business these days?

MS. ZIELINSKI: I...yeah. I...I was looking, actually, because I saw the question yesterday. It looks like Admin has quite a bit, like 55,000, that seemed kind of high to me. But I'm going to actually defer to our...our Deputy, just he may be aware of something that...that's...

MR. TESORO: Chair?

CHAIR SUGIMURA: Mr. Tesoro?

MR. TESORO: Thank you for the question, Councilmember Johnson. Yeah, the majority of that 120 is 55 for Admin, the rest of it being covered all the rest of the programs, travel for training, conferences --

COUNCILMEMBER JOHNSON: Okay.

MR. TESORO: -- anything of that manner. The 55,000, the Director is part of a lot of committees, IAAO, NACo, AI Committee. So, there...there was quite a bit of travel for the...for those reasons.

COUNCILMEMBER JOHNSON: Okay. Thank you. Why did the Department...or wait, I'm sorry, next one. Why is the Department of Finance Administration...Administrative Program not proposing they will receive any grants in FY 2025? Are we not...are we not applying to any grants? And that's on page 246 of the Program Budget.

MR. TESORO: Chair?

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CHAIR SUGIMURA: Yes.

MR. TESORO: Yeah, the only grant for the Administration Program is the LATCF grant, which we have received over the past two years. It does not exist for Fiscal Year '25.

COUNCILMEMBER JOHNSON: It does not exist?

MR. TESORO: Yeah, it's not...it's not there for Fiscal Year '25.

COUNCILMEMBER JOHNSON: Okay. Okay. So, this is a question I'm going to ask to a lot of the departments. Well, why aren't we applying to other grants? Is it just there aren't any...I'm sure there's grants out there for your Department. Do you need a grant writer?

MS. ZIELINSKI: Chair? Chair? I know that in Finance, we were looking at having a grant...a person, a grant-type coordinator and that has not...they've been unable to fill that as I recall. I don't know if there's any...it has to be described or I'm...I'm not sure.

COUNCILMEMBER JOHNSON: A good grant writer is worth their weight in gold, right?

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: So, that's...I'm just trying to see if you guys are interested in that.

MR. TESORO: So...so there is a Countywide Grant Manager under the Accounts Division that has proposed over the last...at least the last year. I'm not sure if it goes back any further than that. It is still a request of ours. Most importantly, as a method to ensure we don't have audit findings as a result of the grants we are getting, whether this person could be a grant writer as well and search for additional grants, great question, something we could look at as --

COUNCILMEMBER JOHNSON: Okay.

MR. TESORO: -- the position --

COUNCILMEMBER JOHNSON: Right.

MR. TESORO: -- description is...

COUNCILMEMBER JOHNSON: All right. So, the...the question I asked to bond . . . *(timer sounds)*. . . bond was...if you could follow up on that because I turned it over to you. I asked the question already for the record, do you want me to

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repeat the question? Okay.

CHAIR SUGIMURA: Okay. Are you going to answer that question? This is going to be our last round of questions.

COUNCILMEMBER JOHNSON: So, you want me to ask it once again for the record?

MS. ZIELINSKI: No, no, no.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: We're fine. Yeah. What I was actually going to say is that I know in the Mayor's Office, they've just hired a Grant Coordinator and that might be something that we could...might be able to work with as far as with Finance. I'm not sure, but that would be something to consider, I think. I hope that helps.

COUNCILMEMBER JOHNSON: Okay. I...I was meaning to ask about why...why don't we use our...instead of...you know, why don't we use bonds more and then save cash for the Affordable Housing Fund and the Open Space Fund? That was my follow-up question.

MS. ZIELINSKI: Okay.

COUNCILMEMBER JOHNSON: And I asked the bond guys --

MS. ZIELINSKI: Yeah, yeah.

COUNCILMEMBER JOHNSON: -- I wanted to turn it over --

MS. ZIELINSKI: Okay.

COUNCILMEMBER JOHNSON: -- to you.

MS. ZIELINSKI: Okay. Yes. Thank you, Chair.

CHAIR SUGIMURA: Okay.

MS. ZIELINSKI: Yeah. Yeah, Councilmember, I think one of the concerns we had when crafting the budget was that, you know, we have some unknowns, if you will. I mean when I say unknowns, we have certain assumptions in our budget and one of them is that we're going to get something like \$150 million from the State. We don't know if that's going to be the case, we hope it is. But my concern is that, you know, we have...we have monies that we're using for...that we are going to bond fund. But my concern was that we don't want to increase that, you know, the bonds needs that much because if in fact the State fails to deliver, we're going

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to have that bond that money because we have to do what we have to do as far as infrastructure for, you know, for...for the...for the burn zone. So, that's my biggest concern is I..you know, I think--not just mine --

COUNCILMEMBER JOHNSON: Yeah.

MS. ZIELINSKI: -- and the Administration's is that we want to make sure that we...we temper that. There's so many unknowns. And I think I mentioned to you during break that it's sort of like we don't know what we don't know.

COUNCILMEMBER JOHNSON: Right.

MS. ZIELINSKI: We don't know if in Lāhainā somebody opens something up and finds something other that we were...we're not even aware of. So that's our biggest concern. But I hear you and...and we have the...as you know, we have the ability to...to increase but we want to be cautious.

COUNCILMEMBER JOHNSON: It...it sounded like you quoted Donald Rumsfeld there.

MS. ZIELINSKI: Oh, God.

COUNCILMEMBER JOHNSON: But I just wanted to say --

MS. ZIELINSKI: Oh, God.

COUNCILMEMBER JOHNSON: -- you know, if we've got...

MS. ZIELINSKI: Oh, I think I've been insulted.

COUNCILMEMBER JOHNSON: If we have an A+ rating it's like, you know, we should use it, we should flex our...our financial strength --

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: -- in time of emergency. That's kind of where I'm coming from, but --

MS. ZIELINSKI: I...I'm just...

COUNCILMEMBER JOHNSON: -- thank you for responding that.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: Thank...

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MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: Thanks for allowing me a little extra time --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: -- Chair.

CHAIR SUGIMURA: Thank you. Let's see, I think I saw Chair Lee's hand up.

COUNCILMEMBER LEE: Yeah. For the Administration Program, I guess this would be for Mr. Tesoro. Could you explain why \$75,000 is needed for this program, computer software, when your actual expense in FY '23 was \$11,000. So, you're going from 11,250 to 75. Although we don't have the actual for '24. Could you explain that please?

CHAIR SUGIMURA: Deputy Director Tesoro?

MS. ZIELINSKI: Chair? I'm...I'm going to give it to Mr. Tesoro to respond but I think I just wanted to clarify. That is on the TAT Office, I believe. Is that what you're looking at?

COUNCILMEMBER LEE: I'm looking at Budget Details page 8-27, and this is for the Administration Program, computer software. Okay.

MS. ZIELINSKI: Yes. It's under TAT Office, I believe, yeah. Yeah.

COUNCILMEMBER LEE: Okay. So, you're...you're expanding that...I mean, section so that's the reason why the...the computer software expenses are so different? Let me ask you then, Director Zielinski, there's a proposal of \$108,000 for the Real Property Assessment Program. The computer software for FY '23 was 43,000. Okay. You want to explain that difference?

MS. ZIELINSKI: I'll have Ms. Martin respond to that.

COUNCILMEMBER LEE: Okay. That's on Budget Details page 8 to 35.

MS. MARTIN: Chair, thank you. So, for the computer software, we were able to reduce the spending in that program due to us eliminating one software program, and we also just finished a GIS software conversion. So, we've been reducing costs in...in that area over the last few years.

COUNCILMEMBER LEE: Okay. This is for the Property Assessment Program. So, you're asking for over double what was spent in FY '23.



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MS. MARTIN: Oh. Oh, okay.

COUNCILMEMBER LEE: So, if it...if it's --

MS. MARTIN: Thank you.

COUNCILMEMBER LEE: -- not readily available...is it? Go ahead.

MS. MARTIN: Well...okay. So, normally we have budgeted for software modifications that we use if the Council or for some reason we need those modifications. So, if we don't need those modifications in a year, it doesn't get spent.

COUNCILMEMBER LEE: Okay. So, it wasn't needed in FY '23, is that what you're saying? But it...it's --

MS. MARTIN: Correct.

COUNCILMEMBER LEE: -- needed for FY '25?

MS. MARTIN: Correct.

COUNCILMEMBER LEE: Okay. All right. Thank you. And maybe you can explain the other discrepancy on the Admin...oh, yeah, you already did. That's for the expansion of the TAT Program, right? And...and, Director . . .*(timer sounds)*. . . did you hire all the people you needed?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Chair? Yes. I believe from the...the Revenue Manager that she has...ultimately, will have two positions vacant. She's actually got a list, I believe, that she has to do some interviewing, but they're...they're making a lot of progress. So, we're hopeful that all goes well. As...as Mr. Tesoro said before, you know, you don't know until everybody is...is in place, but it...it's looking very favorable right now.

COUNCILMEMBER LEE: Thank you.

CHAIR SUGIMURA: Very good.

COUNCILMEMBER LEE: Thank you, Chair.

CHAIR SUGIMURA: Thank you. Anybody else have any questions? Member Cook? Member U'u-Hodgins? No? You're fine? Okay. All right. So, Members...oh, I'm sorry. Member Paltin?

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COUNCILMEMBER PALTIN: Thank you, Chair. I was wondering about the Lāhainā parking lot concession, the lease I think it expired December of the other year and I know it's in the burn zone now. Is the lease been cancelled? And then, like, what is the plan for opening up? Like are we planning to open up with full-on Park Maui and like that or like what...what's going on with the Lāhainā parking lot?

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: The one that goes into the Hawaiian Cultural Fund.

MS. ZIELINSKI: Yes. I'm not certain at this point. I think Management may be involved in that. I'm actually going to punt to the Budget Director, if...if I may. She may have more knowledge of that.

CHAIR SUGIMURA: Ms. Milner?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. Yes, I think Management or Transportation can address that, but I do know that they're...they've reduced their funding for the Park Maui Program for this fiscal year anticipating that we will not be expanding as soon as anticipated. So, I don't believe Park Maui will be moving forward in Lāhainā at this time. I know for the leases, they're on hold right now for the Lāhainā area, but I don't believe any have been cancelled.

COUNCILMEMBER PALTIN: Oh, okay. And then the other question I had was regarding page 13, Appendix B. Can the County raise the out-of-state vehicle permit fee or is that something governed by HRS?

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: Chair, I think Mr. Vila probably can answer that. I'll...

MR. VILA: Thank you, Madam Chair.

MS. ZIELINSKI: Thank you.

MR. VILA: The out-of-state vehicle fee, we're actually the highest in the State now, and yes, this body can raise at any time. These are for the vehicles that come in that are opt not to get a... register in Hawai'i but, you know, will be taking it back.

COUNCILMEMBER PALTIN: I see choke out-of-state license all over the place driving in and out from West Maui, just saying.

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MR. VILA: That's true. But it's under the purview of this body.

COUNCILMEMBER PALTIN: Nice. Thank you. The other question I had was it...it looks like a 200 percent increase in rules of the road testing on the same page. I just was wondering like what...that seems like a large percentage increase even if it's just ten bucks more. Appendix B, page 13.

MR. VILA: Thank you, Madam Chair. Yeah, the rules of the road, I looked at the costing of that particular portion and I actually have it broken down. We...on the hourly rate based on 24.46 per hour, they spent...my Staff spend about 14 minutes issuing, prepping, collecting payment, and the manual correction of the...of the test or the computer updates. And I...

COUNCILMEMBER PALTIN: So, basically making it --

MR. VILA: It's costing . . .*(inaudible)*. . .

COUNCILMEMBER PALTIN: -- aligned with the actual cost?

MR. VILA: Yeah. Just trying to . . .*(timer sounds)*. . . recoup. Not to make any more money, but just to...to recoup back to that. So, the components are the labor, the monitoring, and some 1.15 in supplies totals 14.95, so rounding it up to 15.

COUNCILMEMBER PALTIN: Okay. Thank you. I heard the bell.

CHAIR SUGIMURA: Okay. Thank you very much. Member Cook?

COUNCILMEMBER COOK: Thank you, Chair. My question's for Real Property. This year with all of the concessions because of the fire, property taxes being waived and property taxes being...property taxes being waived because of property being destroyed or not useable, property taxes being waived because of the people willing to rent long-term to wildfire survivors, do we have the software and the personnel to track that? What is the status of being able to manage all of these variances in our property tax collections?

MS. MARTIN: Chair?

CHAIR SUGIMURA: Yes.

MS. MARTIN: Thank you. So, our Staff has been working very hard. We are tracking all of that. And we...on April 19th, we will be providing our certification and the certification booklet, and I will be...or the division will be providing a breakdown of all of those numbers, but we are accounting for all of it. We are tracking it. And you know, we have some of the numbers today.

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COUNCILMEMBER COOK: Thank you. I wouldn't expect to have the numbers today. The question was more pertaining to...and actually a lot of compassion for the personnel, being understaffed, having a variable that probably doesn't fit into any of the computer modeling programs that you're currently using. So, it isn't so much of you ask...asking an answer for what the outcome is, as is there any way...what help do you need and is there any help that can be provided to manage this unprecedented task that you've been asked to perform?

MS. MARTIN: Well, thank you. Our...our Staff was honored to...to help out and, you know, we took it very seriously. And I...I can't appreciate them enough for the time that they sacrificed, you know, for the cause. But we're not asking for any expansions right now, and we've been working on software to improve our efficiencies. We've just rolled out our new long-term rental exemption application process, so trying to be as efficient as we can. Thank you.

COUNCILMEMBER COOK: Thank you, Chair. Thank you.

CHAIR SUGIMURA: Thank you very much. So, Members, anybody else have any more questions for the Department? Member Paltin then Member Johnson.

COUNCILMEMBER PALTIN: In the last budget session, I think there was about 27 million in ARPA funds that hadn't been allocated yet. Have these funds been spent and is the deadline to spend still the end of this year?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Chair? Thank you, Councilmember. My understanding from the Managing Director, I wasn't aware of it but I asked him yesterday--he responded thankfully on Easter--was he said there's only...there's less than a million dollars in...in the ARPA funds left. He said there's about, I think, it's 12...12 million. I have it written down on this piece of paper, I have to just look, but I believe he said it's all committed. Not encumbered yet but all committed.

COUNCILMEMBER PALTIN: And will we be getting a copy of that, what it's been committed towards?

MS. ZIELINSKI: Yes, you would. I'm going to have Mr. Tesoro respond to the...he can give you this...he has the detail.

MR. TESORO: Chair?

CHAIR SUGIMURA: Yes.

MR. TESORO: Thank you for the question, Member Paltin. As of the other day, I got a

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report, \$11.7 million is still left to be spent. Most of that has been committed to various projects at this point; however, the contracts have yet to be executed. So, they're committed but not executed. Of that 11.7 or \$11.6 million, there's approximately \$710,000 that do not have projects committed to it.

COUNCILMEMBER PALTIN: And...and we have until the end of this year?

MR. TESORO: Sorry, end of '26.

COUNCILMEMBER PALTIN: Oh, end of '26. Okay. That's nice. And then in the Affordable Housing Fund, I just wanted to clarify, 3, 4, and 5...numbers 3, 4, and 5, we've already spent because we passed those bills, right? So, that's not...that's coming off of the money that's as of 6-30-24, nothing anticipated revenues is going number toward 3, 4, and 5 for affordable housing?

CHAIR SUGIMURA: Oh, Ms. Milner?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. We included those in the FY '25 Budget as well as amending the FY '24 Budget just because we're close to the end of the year. So, if they couldn't be encumbered in time, we wanted to ensure they were in here. If they are encumbered by the F...the end of FY '24, we can delete those projects from the Fiscal Year '25 Budget and free up those funds.

COUNCILMEMBER PALTIN: Oh, nice. Okay. And then so if...if you don't encumber it by the end of the year, then it will...that 24 million that's as of the '24 will add on to the final?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. Yes, that's correct.

COUNCILMEMBER PALTIN: Okay, okay. And then has that Countywide Federal Grant Manager position been described?

MR. TESORO: Chair?

CHAIR SUGIMURA: Go ahead.

MR. TESORO: No, it has not. Accounts . . .(timer sounds). . . is still working with DPS to finalize that.

COUNCILMEMBER PALTIN: But we're kind of good because we have Tetra Tech, or no?

CHAIR SUGIMURA: Oh, Department? That's Management, right? Office of Recovery.

MS. MILNER: Tetra Tech is working with us on the FEMA funding and helping us find

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some other opportunities, but I think Marci Sato might have something to add to this, so I will defer to her.

CHAIR SUGIMURA: Oh, she's walking up. Thank you, Mr. Vila.

MS. SATO: Thank you, Councilmember Paltin. Our Countywide Federal Grant Manager position was in reorg this...for a lot of 2024. That's why it hasn't been hired yet. It is in DPS right now for description. It is a very necessary position for us. It differs from most of the other grant positions that are in the Department level and will be different from the one from the Office of Recovery. So, this position is for financial reporting. It doesn't have anything to do with grant administration. So, every year we're audited, our financial audit, but we're also audited on Federal funding. So, this position will essentially oversee and create a program for the compliance portion of all of these Federal grants. So, basically working with any of the grant managers in the County that give out Federal funding or use Federal funding. In the past...like however, that position first and foremost would be responsible for the financial reporting piece but could also be an option in the future for grant writing. And to your point, Mr. Johnson, Councilmember Johnson, for Finance, the Accounts Division and the Treasury Division typically don't get grant funding so we wouldn't need that. I couldn't speak for...the DMVL does some grant funding, but RPT not so much either. So, the need for a specific grant person in Finance for Federal grant opportunities are...is not so much as the operational departments. So, I hope that answers your question there.

COUNCILMEMBER PALTIN: Very thoroughly. Thank you.

MS. SATO: Thank you.

CHAIR SUGIMURA: Okay. Great.

COUNCILMEMBER PALTIN: I heard the bell. Thank you, Chair.

CHAIR SUGIMURA: You're done? Okay. Member Johnson, you had a question.

COUNCILMEMBER PALTIN: I'm not done, but I heard the bell.

COUNCILMEMBER JOHNSON: Thank you, Chair. So, why is it not expected that the Department will implement a reconciliation process to State data for the TAT by January 2025, which is page 240 in the Program Budget? Is this a funding need?

MS. ZIELINSKI: Chair? Yeah. We're still kind of in a...in a fact finding in that right now we have...we have software that does not have the reconciliation, even though that was something that we had...you know, we thought we had procured for. Having said that, just so you're aware, we're actually working with the other

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counties, Kauai and Big Island. Big Island has brought over someone who is actually...he's doing it, actually, independently. It's only costing us his travel to come over here. And he's developing an Access database and he's...and he's done it for Big Island and he's done it for Kauai. And basically, what he's done is he's setting it up so that the Staff, once the Revenue Manager is fully staffed and she's getting there and her people are being trained right now, they can start to do that reconciliation. And they're doing it already on a weekly --

COUNCILMEMBER JOHNSON: Right.

MS. ZIELINSKI: -- basis but they need to go back obviously for a lot of reasons to...you know what...what happened in the past. But...and then to look at our receivables, to look at --

COUNCILMEMBER JOHNSON: Right.

MS. ZIELINSKI: -- receivables. So, we really do believe...maybe we're being too...too optimistic but we really do believe that we can do it with the assistance from this...this individual from the Big Island. So, whether we have a reconciliation as of January 1st, I can't...I...I can't say but I believe we're making a lot of strides because, you know, first of all, you have to recall, they had two...they had two people. That was the total number of Staff. Now they...they have five and she will be getting more very shortly, we hope. So, I think with the staffing, the training, and --

COUNCILMEMBER JOHNSON: Great.

MS. ZIELINSKI: -- and with the assistance from the Big Island I think we...we should be able to, but I don't want to really make a promise until we know.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: Because we have to go back as well, right. We have --

COUNCILMEMBER JOHNSON: Yeah.

MS. ZIELINSKI: -- that's history. I just should say because I know it was a question, I just want to mention DOTAX has actually informed us that they feel that the number of 16.9, which the Auditor had said we were...you know, we were...it was delinquent is not that number at all. They don't agree with it. They said that they believe it's like 6 million instead.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: And the reason is because a lot of taxpayers were grandfathered during

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the TAT, meaning that if somebody booked a hotel and they booked it in January but it was for December and it was after it was implemented, they were grandfathered. They didn't have to pay the TAT. So, we believe there's a lot of that that's showing up as delinquent. So...but these are things we don't know yet. I mean, we can't pretend to know what we don't. But DOTAX is actually showing that they compared their own numbers with ours and the collections are identical but the liability is different. Anyway, I just wanted to add that --

COUNCILMEMBER JOHNSON: That's great.

MS. ZIELINSKI: -- because it is important message, I think.

COUNCILMEMBER JOHNSON: Yeah.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: It's great that you're working with the other counties because they seem to have figured it out.

MS. ZIELINSKI: Yeah, they're working together.

COUNCILMEMBER JOHNSON: Okay. I'm going to go the next question real.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: How did the Department select the numbers for success measurements for verifying agriculture use which is Goal 4.2? How many total agricultural dedicated and non-dedicated agricultural use parcels exist in the County? Does the success measurement ensure the Department stays on track to review agriculture use parcels at least once every six years? How often does the Department verify agriculture parcels that receive agricultural use? What Staff or E/P is...is required for the current success measurement? And that's on page 255 of...of the Budget, and I think Marcy Martin might have that.

MS. MARTIN: Chair?

CHAIR SUGIMURA: Yes.

MS. MARTIN: Okay. So, we have two programs. We have our Agriculture Dedication Program and our Agriculture Use Program. For 2023, we have 2,962 parcels getting agriculture use with a subsidy of just under 14 million. That program is by application, and we do our best to inspect those parcels once every six years. And that is the standard for physical inspections for assessors. However, there are a lot of items that would trigger an inspection. It might be a complaint, a sale, a permit, and just us doing the normal course of business discovering



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things. Right now, our aerial imagery plays a really important role in that. Now for dedications, we have 372 agriculture dedicated parcels, and we are required to inspect those annually and that is in our rules of procedure. And we currently...the agriculture program is assigned to our compliance unit. We have one vacancy there but we're...we're hoping we'll get that filled. So, we have three compliance officers and one tax clerk. So, right now we feel that our staffing is in line with the expectations of the program.

COUNCILMEMBER JOHNSON: Thank you, Ms. Marcy, for that data. It's really helpful. My last question is what is the basis for the 8 percent RPT revenue transfer to the Affordable Housing Fund? Page 8-61 of the Budget Details. Is this based on plan or practice? If you recall, the...the Comprehensive Affordable Housing Plan made a recommendation of \$58.5 million annually.

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Go ahead.

MS. ZIELINSKI: Thank you, Councilmember. You know from a statutory standpoint, as you know we're required to put in 3 percent. Mayor, the Administration put in 8 percent last year. Given the situation that...you know, with the disasters, with the wildfire and everything, the Mayor did want...was...you know, knows that, you know, housing is so critical, he wanted to stay with the 8 percent. Didn't want to tie anything more up because just didn't know...you know, there's so many unknowns. And that was really the answer, you know, or the reason for it. So...so it still came to almost, I think, 48 million or something like...

COUNCILMEMBER JOHNSON: Does the Mayor consider the Affordable Housing Fund tying up . . .(timer sounds). . . our funds?

MS. ZIELINSKI: No, that was my term more than...than anything else, but the point is it goes into a revolving fund so it's --

COUNCILMEMBER JOHNSON: Right.

MS. ZIELINSKI: -- you know, and so I guess I kind of viewed it that way. But no, I mean it's...it's an investment in housing and certainly he believes in that.

COUNCILMEMBER JOHNSON: Amen to that. Yeah.

MS. ZIELINSKI: But felt that he wanted to be, you know, just kind of cautious...cautious about, you know, not increasing it anymore because we have other, you know, we have other needs. And again, as I mentioned to you before, the uncertainty of, you know, we just don't know what the State is going to come up with and some of the other, you know, assumptions we've made in the budget.

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COUNCILMEMBER JOHNSON: It's...it's...

MS. ZIELINSKI: Yeah.

COUNCILMEMBER JOHNSON: My time's up. It's just hard for me to tell folks who survived the fire that we're being cautious, you know.

MS. ZIELINSKI: I...I under...

COUNCILMEMBER JOHNSON: We have to...we have to help them.

MS. ZIELINSKI: I understand.

COUNCILMEMBER JOHNSON: So, thank you so much. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Member Paltin, do you have another question?

COUNCILMEMBER PALTIN: Yeah. I just wanted to clarify Ms. Zielinski's answer to Member Johnson regarding the TAT on the 16 million amount. I briefly was able to speak to Mr. Isaac Choy this weekend and my understanding was that we had three years from the date that Maui County TAT ordinance was passed to be able to collect on those people that had made reservations in advance. I thought that the ordinance just said that they could not pass on the TAT to their clients, not that they were legacy exempted from the TAT, that they weren't...if...if people had made reservations prior to the ordinance passing, they weren't able to pass on that tax to the client. But we were still able to collect it and we had the date of three years; is that not correct?

MS. ZIELINSKI: Chair? Councilmember, I'm not familiar with the three years. I...I'm...I'm not really certain about that. I only know that, you know, as far as those taxpayers that were grandfathered in. What we believe to be the case is what was, you know, confirmed to us by DOTAX, by the DOTAX Director who, you know, called me a couple of times to...to go over it and he said the liability they're showing is...is based on, you know, the timing. And...and he felt also that was...that was...a lot of it had to do with grant...it being grandfathered. I'm going to push this to Mr. Tesoro. He looks like he wants to say something.

CHAIR SUGIMURA: Do you think we should ask Corp. Counsel? Or go ahead.

MR. TESORO: Just for some clarification, Councilmember Paltin. So, there...there is the grandfathering, right. There are three different--what should I say--clauses you...you need to meet, right. So, the...whether the first payment for the reservation was...was received in '21, if the reservation was made prior to 11-1-21, and if there's contract language allowing for the passing on of increased

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taxes, right. So, if those things are met or not met, depending, then they are grandfathered. If they are grandfathered, there is no tax due. There is no additional TAT, that...that 3 percent. The three years comes into play if...when the taxpayers file their annual return there's three years from that date, we can get...get the money from them. So, if for some reason they hadn't filed or filed incorrectly, we have three years from that date to assess the taxes on them. So, that's where the three years would come in.

COUNCILMEMBER PALTIN: Okay. And then how is it that RPT or is it RPT that...it's the TAT Office that collects it. Those three things that you use to assess, do you have to go on a case-by-case basis?

MR. TESORO: Yes. That's...that's the difficulty, right. So, if someone says I do not owe . . .(timer sounds). . . taxes because I was grandfathered, then we need to say, okay, you need to show us the proof which is a whole lot of data, a whole lot of paperwork that has to go through. So, it is going to be a monstrous task to do that. It was semi-started I guess you could say early on. I actually was trying to do some of that work. But a lot of information that was requested and sent in either doesn't answer the question of whether...you know, whether we can answer some of these, so you got to go back again and say, you know, what you sent us just doesn't work, you got to send it again, right? So.

COUNCILMEMBER PALTIN: And we're talking on the magnitude of tens of thousands, multiple tens --

MR. TESORO: Correct.

COUNCILMEMBER PALTIN: -- of thousands?

MR. TESORO: Correct.

COUNCILMEMBER PALTIN: Holy shit.

MR. TESORO: Correct.

COUNCILMEMBER PALTIN: Sorry. I...

CHAIR SUGIMURA: Okay. You know what, I'm going to ask Member Kama, if I could, because she hasn't had any time. Do you have any questions, Member?

VICE-CHAIR KAMA: Well, I was trying to ask them on the floor, knowing that I had already submitted it in writing that they're answering on the floor and then they're going to have to do it in writing again. I was trying to save that time. But I...I am really curious about one that if you could answer. I think is my question number 3. I'm not sure if you all got it collectively or if you got it individually

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from Councilmembers, but I have my questions in front of me. There's six of them and I was hoping that you guys could choose so that you don't have to go flipping through the myriad of questions that are in the packet. But if you don't, I can always send it to you. So, why is the monthly...why is the number of monthly claims for worker compensation processed by the Accounts Program considered a measure of timeliness? If the number of monthly claims submitted drops, this number would decline regardless of how quickly the Staff is processing those claims. A more meaningful success measure would be the average time in weeks to process a complete claim for compensation. Is that measurement available?

MS. SATO: Chair?

VICE-CHAIR KAMA: Oh, yes.

MS. SATO: Thank you, Councilmember Kama. So, the...the Finance measure for the workers comp claims and I apologize for it being unclear, but that is just for the processing of the claims' payments. For the timeliness, which I agree would be a little more meaningful, that would have...we would have to defer to the Department of Corporation Counsel Risk Management because they are the ones that work with our underwriters for the Workers Comp's claims.

VICE-CHAIR KAMA: Why is that?

MS. SATO: It falls under their purview for insurance. I...they...they...they consider a type of insurance claim or type of...yeah, insurance claim. And would fall under Risk Management.

VICE-CHAIR KAMA: So, how do you actually know how long it actually takes to process the claim?

MS. SATO: Thank you, Councilmember. So, the Department of Finance works with personnel in Risk Management to handle the claim. Ultimately, once the claim has been processed and completed, the numbers and the payment will be submitted to the Department of Finance for payment and entered into the system...payroll system.

VICE-CHAIR KAMA: I'm trying to figure out how to track it.

MS. SATO: So, typically the Department of Risk Management would track the Workers Comp claims.

VICE-CHAIR KAMA: So, would they be able to answer my question?

MS. SATO: I would assume so.

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VICE-CHAIR KAMA: Okay. Thank you.

MS. SATO: Thank you.

VICE-CHAIR KAMA: I must have asked the wrong question to the wrong Department. Thank you. So, Chair, if I may continue?

CHAIR SUGIMURA: Sure.

VICE-CHAIR KAMA: The second one was what activities or programs were funded with the Local Assistance and Travel Consistency Fund...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

VICE-CHAIR KAMA: I'm sorry. Shown in the 2024 adopted budget. Isn't this funding continuing? That's on page 246 and 247 of the Program Budget.

CHAIR SUGIMURA: Go ahead.

MS. ZIELINSKI: Chair? Thank you, Chair. Councilmember, I...I actually checked with Ms. Mahi this morning when I saw your question . . .*(timer sounds)*. . . and she indicated that it was...you wanted to know the uses. She said nobody has applied for it. It still hasn't been...it hasn't been applied for or disbursed. And apparently that was...and Mr. Tesoro may know, but I guess it's not available for Fiscal '25.

MR. TESORO: That's correct.

MS. ZIELINSKI: Do you know? Yeah. That...that grant is unavailable for Fiscal '25.

VICE-CHAIR KAMA: But is the money available for '25?

MS. ZIELINSKI: Apparently not, but for Fiscal '24, the money is still available but nobody has applied. OED, Office of Economic Development was handling it and she even sent me the link and you can see the link for it but she said nobody has applied, and it's 50,000. Yeah.

VICE-CHAIR KAMA: Is it 50 or is it 100,000?

MS. ZIELINSKI: No, it was 50, as I recall.

VICE-CHAIR KAMA: Okay. Okay. So, one last question. The Motor Vehicles and Licensing Program has stated a key activity goal of enhanced delivery of services to our customers and the measure of success of achieving an average wait time of 30 minutes at all locations. The projected 2025 AWT is 40 minutes, a projected

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reduction of 5 minutes but not the stated success measure of 30 minutes. What would it take to achieve success based on that measure? Is success achievable...is success achievable given the challenges of staffing? And are there technological improvements that would be made to the system to reach 30 minutes average wait time? And that's page 260 of the Program Budget.

MR. VILA: Thank you, Madam Chair.

VICE-CHAIR KAMA: Thank you, Mr. Vila.

MR. VILA: Lito Vila again. Yes, the 30 minutes average wait time goal is the goal and it's an average of the walk-in wait times. Whenever we have the 30-minute wait time, the wait time will fluctuate. You'll have customers waiting in excess of over an hour, hour and a half maybe, so that's the average. And I believe that's a good goal to strive for because as a customer waiting for over an hour, by the time they get to our counters, they get very perturbed, understandably. So, it's a matter of transaction time...average transaction time times the volume of Staff that you have to process the transaction. Walk-in customers are able to process three transactions per sitting, and we have commercial, we have...you know, and we overlay appointments on top of that. So, I'd like to keep the goal of 30 minutes for the public, but it is a goal and while I'm still the Administrator, I'd like to strive to that. And the key component of that is the staffing that we have and the training that we have and, you know, the support that you folks have given that...the DMV. And since I'm up here talking about wait times, shoutout to my Staff. Handling the volumes of customers on a Monday morning after a three-day weekend, it's very...very busy today. And the wait times are actually published on our website. You can monitor the number of customers waiting and the longest wait time that customer has been waiting on our website, so it is there. So, thank you.

VICE-CHAIR KAMA: Thank you, Chair. Thank you, Mr. Vila.

CHAIR SUGIMURA: Are you done?

VICE-CHAIR KAMA: Yeah.

CHAIR SUGIMURA: Oh, okay. Good. So, Member Cook, you have a question?

COUNCILMEMBER COOK: Thank you, Chair. For Real Property, on page 256, the Real Property Assessment Program goals and objectives, the geo reference parcel layer and then the success measurements, percent of parcel layer geo referenced to certified imagery. Is that a new program? I mean, it's 25 percent. It's just...and I...my question is twofold. If it's a new program, and two, if that enables you to have all of the tax map keys accurately located and...and...and searchable?

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CHAIR SUGIMURA: Is it Marcy?

MS. MARTIN: Chair, thank you. So, yes, this isn't a new program. We have procured the service from the aerial imagery provider and then what we will do is we're going to tie our parcel layer to the ground. And I don't know if any of you have looked at our imagery where you might see the parcel layers aren't on the parcel boundary. So, it'll bring all the...our imagery, our...and our parcel layer will be in sync, and I think everyone will benefit from that, including the public and all departments within the County. But it will probably take two or three years.

COUNCILMEMBER COOK: So, I think it's wonderful that you're doing that. That also...do you work with the Planning Department on that at all? Is the...is the GIS and the different...like Planning has it, I think Public Works has it, you have it. Are they talking to each other?

MS. MARTIN: Yes, they are. So our parcel layer is used by all of the departments.

COUNCILMEMBER COOK: Thank you. That'll be really huge for the rebuilding of Lāhainā and to identify road widths and a lot of different things. So, thank all of your Staff for doing that. That is a very powerful tool that will enable many of the departments to become more...have a better accurate picture of what's on the ground. Thank you.

CHAIR SUGIMURA: Thank you. I think your ESRI system, by the way, was nationally...nationally recognized with National Association of Counties, so good job with the work that you're doing there. If Members don't have any question, I do have a question. Member Paltin? And then I'll ask my question.

COUNCILMEMBER PALTIN: I just wanted to clarify; does it have the road widths on that parcel there?

CHAIR SUGIMURA: Go ahead.

MS. MARTIN: Yes. As subdivisions go through, they all should be surveyed. And so, as we...we clean up --

COUNCILMEMBER PALTIN: Oh.

MS. MARTIN: -- they'll have...they're going...they're working with private companies to control points. And so, the parcel layer should be more accurate to the surface of the earth when we finish.

COUNCILMEMBER PALTIN: Okay. Okay. Thanks. And if I can follow up too. Has there been any significant change in the valuations of hotels given, you know, some of them took in people for money right after August 8th or some people

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were...some hotels were not taking, and so it's all over the place. Lāhainā...Royal Lāhainā I think committed to one full year. So, how do you guys value the hotels given all that variability?

MS. MARTIN: Chair?

CHAIR SUGIMURA: Yes.

MS. MARTIN: Yeah, so you'll see on April 19th that our, I'm going to call it our net taxable value for hotels was relatively flat over this year.

COUNCILMEMBER PALTIN: Okay.

MS. MARTIN: We...we don't have control over the appeals --

COUNCILMEMBER PALTIN: Okay.

MS. MARTIN: -- and we will see as we get closer to April 19th where that will be.

COUNCILMEMBER PALTIN: And then one other follow-up question. I did see the water and sewer increases but then as I was going through all of the departments, not everyone put in an increase for sewer and water. And so, then I was...and electricity but that's out of our control. And so, I was wondering, you know, when we anticipate rate changes in sewer and water, how do the departments know that there's going to be an increase and so they should estimate sewer and water to reflect whatever that increase is?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Chair?

COUNCILMEMBER PALTIN: Proposed to be.

MS. ZIELINSKI: Yeah, Councilmember, I'm not sure I understand the question. So, of course, Sewer they've put in for a 2 percent increase. Water has put in for a tiered increase. And I wasn't...I wasn't sure what...what your question...

COUNCILMEMBER PALTIN: Some of the departments reflected that in their budget proposal, an increase in the amount they're requesting for their sewer and water charges, but not all of them.

MS. ZIELINSKI: Oh, I see.

COUNCILMEMBER PALTIN: And so is it --



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MS. ZIELINSKI: I see.

COUNCILMEMBER PALTIN: -- that only some of the departments have the information that there will be sewer and water rate increases and some do not have it and that's why they did not reflect that in their budget proposals?

MS. ZIELINSKI: That...yeah. I mean, it's very possible. I'm actually going to see if Budget Director Milner might have some clarification on that relative to some of those departments. Do you know?

MS. MILNER: Thank you, Chair. Thank you, Councilmember. Yeah, I think a lot of them just reflected flat. We didn't have the information . . . *(timer sounds)* . . . on the increases until later in the process so we couldn't advise them on that until later. So, they kept them flat. I do believe that some of the B budgets do have room to absorb those increases, but we can certainly talk to the departments about that as they come through.

COUNCILMEMBER PALTIN: And...and for you, Chair, would that fall under like say a department request? Because I don't want to spend any of my --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: -- goodwill on them accurately reflect...reflecting their water and sewer requests. But I...I would think like, you know --

CHAIR SUGIMURA: . . . *(inaudible)* . . . too.

COUNCILMEMBER PALTIN: -- for all the...all the calculations, I'd love it to be as accurate as possible. And if we are considering taking up their recommendations of whatever percentage rates it is, and I'm not exactly sure how the tiering affects the water at the County facilities, but if...if the Administration were to accurately calculate the impacts of the sewer and water rate changes, would we then allow that as their request and not one of ours?

CHAIR SUGIMURA: So, I think what we're going to do then is...oh, go ahead.

MS. MILNER: Sorry. Thanks, Chair. We are working with the departments to compile a list of some of the departmental requests that will either be presented during their presentations or we'll just send a letter like we did last year that --

CHAIR SUGIMURA: Okay.

MS. MILNER: -- sort of compiled some of them. And we will reach out to the departments and ask about that to make sure it's included.

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CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Okay. I...I listed all of Public Works' stuff that they did not request increases for. And then like Housing and Human Concerns, like they requested increase for the Grant Revenue Fund but not the General Fund. And so, like it was kind of like all over the place.

CHAIR SUGIMURA: Okay. So, you're going to...Miss...Ms. Milner, so what you're going to do is ask the departments to present a comprehensive listing? Or per department and you're going to...or is Budget going to send it to us?

MS. MILNER: We'll put together a list of...similar to what was done last year. We'll put together a letter making a request. But some of the department-specific requests, we may ask them to include in their presentations to you just so they've very clearly delineated. But we will work with the departments to get those done ASAP.

CHAIR SUGIMURA: Okay. Very good. And the other thing that we'll wait to get from Deputy Director Tesoro is that...is that Real Property Tax position that you hired for...you needed funding for? Was it Real Property Tax? Or was it Clerk for somebody?

MR. TESORO: Yes, it was Real Property Tax Clerk position; however, to Councilmember Paltin's comments earlier, if...you know, that can be absorbed by another position. I'm assuming Marcy can do that. So, I'll leave it to the program leaders to ensure that they have proper funding.

CHAIR SUGIMURA: Okay. I have 25568. I think I'm missing a number, but we can talk to you after to get that clarified. Thank you. So, my one question, Members, and then we're getting close to our 1:00 ending of this meeting. But I...I wanted to ask what is overhead reimbursement, Finance?

MS. ZIELINSKI: Chair? Yeah, the overhead reimbursement is basically based on a cost study that looks at our...the overhead and then does a calculation relative to, you know, as the budget is constructed. I'm going to actually punt to Budget Director Milner if she can maybe clarify a little more. I don't...I don't have the specifics.

MS. MILNER: Thank you, Chair. I did actually want to point out, and my apologies, there is a miscalculation in the overhead reimbursement amount, so we will be including that in our letter to you. But it will actually increase the negative number so it will free up more General Fund when that edit is made. And I can get you the additional information on what all falls under that overhead category for all the departments in writing.

CHAIR SUGIMURA: Okay. So, under what we found is that Liquor is impacted,

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Department of Public Works, Water Supply, as well as DEM, Wastewater, Solid Waste, EP&S. So, all of those departments have numbers that calculate up to 27 million and your overhead reimbursements are 24. So, you know, there's dollars in between there, but there is a discrepancy, so if you could.

MS. MILNER: Yes, Chair. That'll be the request that we're making. The amount needs to change from the negative 24 to negative 27. Inadvertently, we used the OPEB cost for one of the departments when we were calculating the overhead, rather than the overhead costs. So, our apologies.

CHAIR SUGIMURA: Okay. Any other questions, Members, for the Department? I see Member Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a general question for the Department. You know, right after the fires the Mayor had proposed a 5 percent cut and so if you were further asked...but...but didn't follow through with, but if you were further asked to cut, was there any areas in the Department that you would consider?

MS. ZIELINSKI: Chair? I think...thank you for the question, Councilmember. I think, you know, we would look at some of our, you know, especially maybe professional services, that sort of thing. I would...I would say that it would be something that would have...we'd spread over divisions based on activity and...and amounts. But that would be my thinking. I know that we always have...we...not always, but we have some provisions for certain, you know, for certain services or whatever, and it might be something if we were required to, you know, to cut we might have to, you know, just, you know, curtail a certain, you know, service of some sort, something professional. A consulting or something to that effect. That would be my initial reaction.

COUNCILMEMBER SINENCI: Okay. Thank you, Acting Director. Thank you, Chair.

CHAIR SUGIMURA: Thank you very much. Okay. Members, any other questions before I close? I see none. Okay. So, I was planning at ending at 1, which will allow everybody to drive to Hāna. And so just remember that if any of you have additional questions for the Department, you can submit it tomorrow by 8 a.m. And so, what the BFED Committee has done is set up a special email I guess, [staff.bfed@mauicounty.us](mailto:staff.bfed@mauicounty.us). So, if you can send your additional questions to that and it'll be compiled and sent to the Department. So, send it by 9 o'clock tomorrow morning. And so tomorrow we are going to be reviewing Department of Environmental Management. I would like to take the same kind of format that we just did. All of you are very familiar as you do your department, so very similar. And I wanted to thank everybody for attending. Thank you, Department of Finance, for bringing your whole crew here that's been in the Chambers to visit us. We told Lito that we wouldn't ask him too much questions, but nice to see

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you here once a year.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Oh, Shane, you had a question? Sorry. Hi, Shane.

COUNCILMEMBER SINENCI: Oh, no. I just wanted to make sure everybody travels safely on the Hāna road to Hāna. Thank you, guys, for coming. We do have a couple items. As you come in the Habitat for Humanity project, you'll see in Wākiu as you come into Hāna. There's also our museum here if you...you're arriving early and want to stop by our museum to just kind of take a look. The museum will be open for you guys. And we do want to feed you, so probably 5 o'clock would be mea'ai time with maybe protocol and pule at 4:45. Thank you, Chair.

COUNCILMEMBER LEE: What about cocktails?

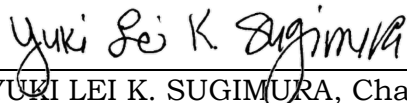
COUNCILMEMBER SINENCI: We'll discuss offline. Thank you.

CHAIR SUGIMURA: Okay, that's water and soda, so don't get the wrong impression. All right. Members, very good meeting. And I appreciate all of you. And...and just know that the...my staff or the BFED Staff has been working really hard. I mean, truly they worked all weekend just trying to get all of your questions together to send to the departments. And Finance, you had to be first on...on, you know, first on base and you probably almost as many questions as department of Public Works. But Members, all of you, appreciate your hard work, and thank you very much. And this...this...oh, the item is deferred because we're going to keep on taking this up for the rest of our discussions in BFED, which is one item on the agenda. And this meeting is adjourned. . . .*(gavel)*. . .

**ACTION: DEFER pending further discussion.**

ADJOURN: 12:30 p.m.

APPROVED:



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YUKI LEI K. SUGIMURA, Chair  
Budget, Finance, and Economic  
Development Committee

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 68 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 7th day of April 2024, in Pahrump, Nevada



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Daniel Schoenbeck