

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

**MINUTES**

**March 3, 2026**

**Online Only via Teams**

**CONVENE:** 9:04 a.m.

**PRESENT:** Councilmember Yuki Lei K. Sugimura, Chair  
Councilmember K. Kauanoë Batangan, Vice-Chair  
Councilmember Tom Cook, Member  
Councilmember Gabe Johnson, Member (arrived at 9:08 a.m.)  
Councilmember Alice L. Lee, Member (arrived at 9:10 a.m. and left at 10:13 a.m.)  
Councilmember Tamara Paltin, Member  
Councilmember Keani N.W. Rawlins-Fernandez, Member  
Councilmember Shane M. Sinenci, Member

**EXCUSED:** Councilmember Nohelani U‘u-Hodgins, Member

**STAFF:** Kirsten Szabo, Legislative Analyst  
Pauline Martins, Senior Committee Secretary  
James Krueger, Senior Legislative Analyst  
Peter Hanano, Legislative Attorney  
Lenora Dinneen, Council Services Assistant Clerk  
Ryan Martins, Council Ambassador

Residency Area Office (RAO):

Roxanne Morita, Council Aide, Lanai Residency Area Office  
Mahealani Bright-Wilhelm, Council Aide, Molokai Residency Area Office  
Chaelin Ryu, Council Aide, South Maui Residency Area Office

**ADMIN.:** Kristie Wrigglesworth, Deputy Corporation Counsel, Department of the  
Corporation Counsel  
Lesley Milner, Budget Director, Office of the Mayor  
Marcy Martin, Director, Department of Finance  
Shayne Agawa, Director, Department of Environmental Management  
Richard “Remi” Mitchell, Director, Department of Housing  
Helene Kau, Executive Assistant, Office of Recovery, Department of Management  
Maria Zielinski, Deputy Director, Department of Finance  
Jordan Molina, Director, Department of Public Works

**OTHERS:** Dean Wong  
James Langford  
Tom Croly  
Jerimiah Savage  
Jasee Law

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

**March 3, 2026**

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Others (17)

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

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CHAIR SUGIMURA: . . .(*gavel*). . . Good morning, everybody. Welcome to the Budget, Finance, Economic Development Committee. My name is Councilmember Yuki Lei Sugimura. It is now 9:04 a.m., and this meeting is being conducted in accordance with the Sunshine Law. And 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, and minors do not need to be identified. Committee Voting Members...Committee Vice-Chair Member Batangan, good morning.

VICE-CHAIR BATANGAN: Aloha kakahiaka kākou.

CHAIR SUGIMURA: Good morning. Member Cook, good morning.

COUNCILMEMBER COOK: Aloha. Good morning.

CHAIR SUGIMURA: Member Johnson is not here. Chair Lee is not here. Member Paltin, good morning.

COUNCILMEMBER PALTIN: Aloha kakahiaka kākou, live and direct from the Council Chambers.

CHAIR SUGIMURA: Good morning. Member Rawlins-Fernandez, good morning.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka kākou, mai Molokai Nui a Hina. I'm at my private residence alone, and there are currently no testifiers at the Molokai District Office.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo.

CHAIR SUGIMURA: And Member Sinenci.

COUNCILMEMBER SINENCI: Hey, aloha kakahiaka kākou ma ka hikina ke a'oa'o nei. Here at my home office, I'm here by myself, and no testifiers at the Hāna District Office.

CHAIR SUGIMURA: Okay. Thank you. We have with us today Budget Director, also Department of Environmental Management Director, Deputy Director of Finance, Director of Housing, Managing Director or representative, not confirmed yet, Office of Recovery Administrator or representative, not confirmed yet, Director of Public Works...I think Member Molina...Director Molina's going to be joining us online, Deputy Corporation Counsel Wrigglesworth, and...as well as our BFED Staff. Thank you, everybody, and good morning. Please see the last page of the agenda, information

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

**March 3, 2026**

---

on meeting connectivity. Thank you, Members, for attending today's meeting. We have...oh, four items on the agenda this morning. The agenda items are BFED-47, Bill 30 (2026), Amending the Fiscal Year '26 Budget: Increase Estimated Revenues, Carryover/Savings, General Fund; Transfer to the General Excise Tax Fund; Department of Environmental Management (Central Maui Regional Wastewater Reclamation Facility). It is the...it is about \$3.5 million. BFED-20(26), Discussion on Bill 34 (2026), Amending Fiscal Year '26 Budget: Affordable Housing Fund, Repayment to Kamalani Ventures. BFED-20(27), Discussion on Bill 29 ('26), Amending Fiscal Year '26 Budget: Department of Management, Office of Recovery Program, Conditional Language for Native Hawaiian Education Association and Imua Family Services. Also, BFED-1, Proposed Fiscal Year Budget for the County of Maui [*sic*]. Do we have any testifiers?

MR. KRUEGER: Yes, Chair. We currently have two testifiers signed up.

CHAIR SUGIMURA: Okay. So, testifiers wanting to proc...provide testimony should sign up with Staff, join the online meeting via the Teams link, or call in to phone number noted on today's agenda. Written testimony is encouraged and can be submitted via the eComment link at [mauicounty.us/agendas](http://mauicounty.us/agendas) as well. Under the Sunshine Law, the Chair will receive oral testimony for agenda items at the beginning of the meeting and as the item is called up. For individuals wishing to testify via Teams, please raise your hand by clicking the raise-your-hand button. If calling in, please follow the prompts via phone, star-5 to raise and to lower your hand, star-6 to mute or unmute. Staff will add names to the testifier list in the order testifiers sign up or raise their hands. And for those on Teams, Staff will lower your hand once your name is added. Staff will then call the name you're logged in under, the last four digits of your phone number, when it is your time to testify. At that time, Staff will also enable your microphone and video. Please ensure your names appear on Microsoft Teams as the name you prefer to be referred to, as anonymous...or if you wish to testify anonymously. If you're in person, please notify Staff that you would like to testify anonymously. Otherwise, state your name for the record at the beginning of your testimony. Oral testimony is limited to three minutes per item, and if you're not done, you will be given an additional 30 seconds. Once you are done testifying, or if you do not wish to testify, you can also view the meeting on *Akakū* Channel 53, Facebook Live, or [mauicounty.us/agendas](http://mauicounty.us/agendas). We will also do our best to take each member up in an orderly fashion. We will now call the testifiers wishing to testify at the beginning of the meeting. Please call up the testifiers.

MR. KRUEGER: Chair, the first person signed up to testify is Dean Wong, to be followed by Richard "Remi" Mitchell.

COUNCILMEMBER JOHNSON: Chair?

CHAIR SUGIMURA: I hear a voice. Oh, I'm sorry.

COUNCILMEMBER JOHNSON: Chair, this is Gabe.

CHAIR SUGIMURA: Member Johnson, welcome. Sorry, excuse me.

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

**March 3, 2026**

---

COUNCILMEMBER JOHNSON: Hi.

CHAIR SUGIMURA: Hi.

COUNCILMEMBER JOHNSON: Sorry to interrupt the flow of the meeting. I was trying to get on and that's why I'm...I'm a li...I'm late. I was using the link on the agenda that's posted, and it was sending me to a different meeting, and I really hope that doesn't jo...jam us up in this meeting.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: So, I'm alone in my workspace, there's no testifiers, but I just want to let you know for the record that this whole time I was trying to get into --

CHAIR SUGIMURA: Oh.

COUNCILMEMBER JOHNSON: -- this meeting that was on the posted agenda, but it seems to be a wrong link. But here and ready. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. Sorry, Member Johnson. Can Staff check that? Okay. Staff's going to check that. Thank you very much, and welcome. Good morning.

**. . . OPEN PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .**

MR. WONG: Good morning. Is this on?

CHAIR SUGIMURA: We can hear you.

MR. WONG: Okay. Good. Aloha and thank you for allowing me to speak this morning. My name is Dean Wong. I am the CEO at Imua Family Services. I might be a little out of practice. I honestly feel like I haven't come out...up for air since August 8, 2023, and that's why you really haven't seen me. But this morning I wanted to really come here to testify to thank the Members of this Committee who moved this through the first meeting in order to have this discussion here today. I just wanted to note that I'm here to testify on the discussion of Bill 29 (2026), and specifically to...obviously the area regarding Imua Family Services, which is an allocation of \$758,973. This is towards the building of our preschool, the Imua Inclusion Preschool that will be at the Imua Discovery Garden, and building process will begin relatively soon now. But the money that was originally allocated, this particular amount that was allocated comes from our donor funds that...to build the preschool from our capital campaign that we had to spend on the increasing costs of doing the offsite work that was required of us through the planning departments in order to get the permits released to do the building of the preschool. In total, we spent more than \$1.5 million in offsite work. There was an initial amount that was requested of Imua Family Services to do in offsite improvements. We did those, but then after the fires, there was additional work that

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

**March 3, 2026**

---

was required to add more fire hydrants and manholes to the Wailuku area surrounding our Imua Discovery Garden. In addition to that, when the contractors opened up Koeli Street, they found it to be hollow, and there was no dirt, sand, or whatever it is that asphalt sits on top of, had all disappeared, right? So, then it became our responsibility to also fill Koeli Street after doing the repairs before we could resurface it. So, in total, the offsite improvements that we spent, which you need to do right prior to the release of your permits to do building, cost us in the neighborhood of \$1.5 million, and this is money that came directly from our donor funds, people in our community who support us with their \$20, \$100, \$50 to part...as part of the vision to build the Imua Inclusion Preschool. So, we have spent that down, and now what we're asking is that if we can see this money come back, it would be applied to the building of this preschool as these funds were initially intended. So, thank you very much for this consideration. It is a struggle right now, I think, in our community to be able to support any capital improvement plans based on the current economy, and so when people are giving from their heart, they're giving because they believe in the work that we do and for the children in this community, and they see what this benefit will be for the future of our community long-term. So, thank you for your consideration today, and we're available for any questions around this area that you might have.

CHAIR SUGIMURA: Thank you very much, Dean. And I would like...like to welcome Chair Lee before we get to any questions. So, good morning, Chair Lee.

COUNCILMEMBER LEE: Good morning, and sorry for my tardiness. I'm home alone in my workspace, but I was trying like for 15 minutes to log on. I don't know what the problem is, but we need to look into it --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: -- because we don't want the public to be deprived of, you know --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER LEE: -- participating. Thank you.

CHAIR SUGIMURA: Thank you. So...okay. So, you can look into that too. Interesting. Any questions for Dean Wong? Member Cook.

COUNCILMEMBER COOK: Thank you, Mr. Wong, for everything you're doing.

MR. WONG: Thank you.

COUNCILMEMBER COOK: In our interactions...this has taken quite a while. Besides the financial cost of doing the offsite improvements that the County required, how long did it delay the project?

MR. WONG: Let's just say our application has been in process now for five years. We are at the very end of that process. I think the light is at the end of the tunnel. I have, however,

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

**March 3, 2026**

---

been led to believe that a few times, but I think even I can start to see the light. So, all of the work is done. All of the preliminary work is done. All of the approvals are done. We're just waiting for that final process within the Planning Department to check the boxes and release the building permit. So, we had really hoped that we would be able to start building at the beginning of this year in January so that we could open school in August permanently, but it may be just delayed a bit depending on that. The build will not actually take us very long once we get started, but it's been a five-year process for the permits.

COUNCILMEMBER COOK: You men...you mentioned you had to do manholes and fire hydrants, and could you ballpark how many fire hydrants and how many manholes? Just...

MR. WONG: Sure. Yeah, absolutely. I think Jeremiah will have the numbers more specifically, but I can tell you that initially, when we put the permit application in, there was a specification of work that I believe included replacing a four-inch sewage line down the route of Koeli Street, from the beginning of Koeli Street to Wailuku Elementary School. That's quite a distance, and the idea was to replace the four-inch line and replace it to a seven-inch line pipe. And then there were, I believe, two additional manholes and two fire hydrants that were required. It might have been one. Then post the fires, another fire hydrant and another manhole was added to the project. And then there was that situation where I told you when they opened up Koeli Street to replace the main line, they realized it was empty. So, it was literally an asphalt bridge that that street was. So, when they showed it to, you know, the County planners, and then it became, well, now you have to fill that as well. So, we replaced the line, then we had to fill it, and then replace the road.

COUNCILMEMBER COOK: So, how many restrooms are you adding?

MR. WONG: Oh. Well, okay, interestingly enough, the preschool building does not tap into the sewage line that we are replacing. So, the preschool building is located near Main Street, and we did have to add a manhole there and a fire hydrant. And we...I believe that is where the sewage and water tap into is on Main Street. This work was on Koeli Street.

COUNCILMEMBER COOK: Well, I won't belabor it. Thank you for your efforts --

MR. WONG: Thank you.

COUNCILMEMBER COOK: -- your persistence, and I look forward to the kids being able to go to school.

MR. WONG: Yeah, us too.

COUNCILMEMBER COOK: Thank you.

MR. WONG: Thank you.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Any other questions, Members? Seeing none. Thank you.

MR. WONG: Thank you.

CHAIR SUGIMURA: Thank you. Next testifier?

MR. KRUEGER: Chair, the last person currently signed up to testify is Remi Mitchell.

MR. MITCHELL: Good morning, Chair. Good morning, Members. Remi Mitchell, Director of Housing, testifying on Bill 34 (2026), BFED-20(26). This is the Kamalani Ventures LLC refund for their overpayment relating to the building of workforce housing units in Kamalani Ventures project. This dates back to 2018, 2019...actually, 2017, 2019 is when the units were sold. Sometime in late 2024, 2025, the new Department of Housing was alerted to this problem, had been being looked into for some years but not resolved, and once we looked into it and figured out what was going on, we then submitted the budget request to refund the repayment. What happened was this. They were req...they were building a 460-unit project, 115 units of which were the minimum requirements for residential workforce housing units. They agreed to and planned to build 170 residential workforce housing units, which they did, but they were only required to build 115. Only 30 of those residential workforce housing units were sold, and if one takes the 30 that was sold and subtract it for the 115 minimum requirement, that means they had a payment on the Chapter 296 [sic] to the County for 85 units that were not sold as residential workforce housing units. However, when they did their calculation, they calculated it based on the 170 that they actually built above and beyond the minimum requirements. So, that resulted in them paying the County in ex...55...an amount of 55 units worth of additional funds. Now, this clearly should not have happened. The developers shouldn't have made the mistake, but more importantly, as the former Department of Housing and Human Concerns looked at what was required in the residential workforce housing units, they should have caught that they were only required to build 115, not 170. The process of looking at these payments requires Staff to look at what's required in the agreement, and then reconcile it with what's in the payment. This is the first time I've seen this, the first time we're aware of this problem. I seriously doubt this will happen again, but more importantly, Staff will be looking at the residential workforce housing agreement, as they currently do when there is a need to pay for units that were not sold as residential workforce housing units. Thank you.

CHAIR SUGIMURA: All right. Thank you very much. Any questions? I see none. Oh, Member Rawlins-Fernandez, then Member Batangan.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Director Mitchell. My question is just if Director will be available when the item comes up in case we have follow-up questions?

CHAIR SUGIMURA: Okay. Are you available?

MR. MITCHELL: Yes, I will be available. Thank you, Member Rawlins-Fernandez.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Thank you. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo.

CHAIR SUGIMURA: Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. That was my same question. I don't have any clarifying questions, but I do have questions that I'd like to take up when the item is called.

CHAIR SUGIMURA: Okay.

VICE-CHAIR BATANGAN: Thank you.

CHAIR SUGIMURA: All right. Okay. Thank you very much. Next testifier?

MR. KRUEGER: Chair, we currently have no other individuals signed up to testify at the beginning of the meeting, so we'll do a last call. If there is anyone else who'd like to testify at the beginning of the meeting, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a brief countdown...three, two, one. Chair, there is no one else to testify at the beginning of the meeting.

CHAIR SUGIMURA: Okay. I'm going to close public testimony and receive written testimony for the beginning of the meeting.

**. . . CLOSE PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .**

CHAIR SUGIMURA: Thank you very much. Thank you. So, Member Paltin, I know you said you would keep your camera on so we wouldn't lose quorum, but we do have quorum now in case you want to walk peacefully. But thank you very much for being there.

**ITEM 47: BILL 30 (2026), AMENDING THE FISCAL YEAR 2026  
BUDGET: INCREASE ESTIMATED REVENUES,  
CARRYOVER/SAVINGS, GENERAL FUND; TRANSFER TO  
THE GENERAL EXCISE TAX FUND; DEPARTMENT OF  
ENVIRONMENTAL MANAGEMENT (CENTRAL MAUI  
REGIONAL WASTEWATER RECLAMATION FACILITY)**

CHAIR SUGIMURA: So, the first item on our agenda is about Bill 30, Amending the Fiscal Year '25 [sic] Budget: Increasing [sic] Estimated Revenues, Carryov...Carryover/Savings, General Fund; Transfer to the General Excise Tax Fund; Department of Environmental Management regarding the Central Maui Reclamation [sic] Regional Wastewater Reclamation Facility. So, this item, which would amend the Fiscal Year '26 Budget by increasing General Fund Carryover/Savings by 3.5 million,

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

**March 3, 2026**

---

an increase of...and increase the appropriation for transfer of the GET Fund by the same amount. It also amends Appendix A, Part II, to recognize a transfer of the GET Fund and increase the conditional amount for the Central Maui Reclamation...Wastewater Reclamation Facility CIP project by 3.5 million. The new appropriation total is...is 14 million...got to check that, it's 7 million; is that correct? It is 14? Okay. According to the transmittal prior, State funding for this project lapsed before the Administration is requesting additional GET funding to cover expenditures already made on the project. So, this meeting...this item, we're going to talk about the 3.5 million that lapsed of State funds, which is a concern to me. Joining us today to assist us with our discussions are Director Agawa, Director Milner, who's with us in person, thank you very much, Deputy Director Zielinski. I'll ask for opening comments from DEM, Budget Director, and Department of Finance. So, Department of...yes? Oh, you're going to start first? Okay. Ms. Milner.

MS. MILNER: Thank you, Chair. Thank you, Councilmembers. The Chair stated the purpose of the amendment, so I won't reiterate that. But a little more information. The State issued an appropriation on July 1st of 2021 for \$3-1/2 million for the Central Maui Wastewater Reclamation Facility, and the funds were recognized via a budget amendment, Ordinance 5283. At this time, the internal grant-in-aid process for State funds was not well-established, and due to miscommunications and Staff turnover, these funds ended up lapsing. Our current grant-in-aid process is that the County CIP Coordinator works with the Department to communicate with the Department of Finance and ensure the necessary documentation is submitted to the State so that this does not happen again. As you know from our discussion on Ordinance 5952, the County has successfully received the grant-in-aid funds for the Kula Agricultural Park in the meantime. And just briefly, separate from the County grant-in-aid process, I would like to mention the Department of Finance now has an employee assigned to grant oversight in order to prevent lapses in other grant funding as well. And finally, we're working on an RFP for grant software that will be for both incoming and outgoing grant funds, so we have additional oversight in that area as well. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Anybody else have any opening comments? Who is online? Director Agawa, Ms. Zielinski? There. There you are.

MR. AGAWA: Good morning, Chair.

CHAIR SUGIMURA: Good morning.

MR. AGAWA: Good morning, Chair. Good morning, Members. Hi. Budget Director Milner pretty much covered most of it. I just want to add that we all know how big this project is. It's, I think, the biggest project in DEM history, as far as my history goes, and the importance of what it supports, right? Housing, commercial development, everything in the Central Maui area, including the existing area, because we're shedding some of the load to the existing Kahului Treatment Plant. So, we just ask for your support in this bill. Thank you.

CHAIR SUGIMURA: Thank you very much. Do we have Ms. Zielinski here?

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

**March 3, 2026**

---

Deputy Director Zielinski. Oh, Director Martin's...okay. Director Martin, opening comments, please? *(pause)* Good morning.

MS. MARTIN: We have no additional comments, Chair. Thank you.

CHAIR SUGIMURA: Okay. Anybody else? So, seeing none. At this time, then, open for public testimony. Anybody signed up on this item?

MR. KRUEGER: Chair, there's currently no one signed up to testify on Bill 30, so we'll do a brief last call, in case there is anyone who wants to testify. If so, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown...three, two...oh, Chair, there is one individual --

CHAIR SUGIMURA: There's one testifier.

MR. KRUEGER: -- who's raised their hand. That would be James R.C.S. Langford.

CHAIR SUGIMURA: Mr. Langford? Are you testifying on this item? His hand disappeared...oh, there you are. Sorry.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 47 . . .**

MR. LANGFORD: Yes, I would love to have that RFP sent because I have working grant software already that I've submitted a couple years ago. So, I would definitely love to be acknowledged, and so I can work through the successful grant work that I've been doing since the wildfires. Thank you.

CHAIR SUGIMURA: Thank you. So, anybody have questions for the testifier? Seeing none. So, next testifier?

MR. KRUEGER: Chair, we'll return to last call, in case there's anyone else who wants to testify. Please identify yourself now. On Teams, you can do that by raising your hand. Here's the countdown...three, two, one. Chair, there is no one else to testify on this item.

CHAIR SUGIMURA: Okay. Thank you. So, Members, I will be giving everybody three minutes to ask questions of the departments regarding this item. And so, as you can...as you know, the work has already started, and I guess...I guess we were...

MR. KRUEGER: Chair, can we just confirm that testimony is closed?

CHAIR SUGIMURA: Oh, sorry, I didn't close it. Okay. I'm going to close public testimony, receive written testimony, Members.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 47 . . .**

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

**March 3, 2026**

---

CHAIR SUGIMURA: Thank you. Okay. So, as you could...as you know, this is a very important project, the Central Maui Wastewater Reclamation Facility, because there's a lot of housing projects connected to it, and I'm glad that work is proceeding. Again, this is about lapsing State funds and that the County, during the Ways and Means and Finance Joint Committee, we also asked the State for another 10.5 million for this project. So, I just want to sort through, what are we doing? We're missing \$3.5 million because that money is gone, and what is the Department doing about it? I see Finance on the call. What are you doing to be sure that this does not happen again? Because this money came in, 3.5 million, with a match from the State and us during 2021. So, time has gone on with work from Brown & Caldwell for the design portion, which this covered, and there was a contract done. So, there's money that was available to cover this gap, which are all concerning to me. But...so, I guess my first question, then I'll turn it over to the Members, is, please explain precisely why the prior State appropriation lapsed, and what was the source of that funding, when did it lapse, and what caused the County not to obligate or expend it in time? Who wants to take that?

MS. MILNER: Thank you, Chair. I can start, and then hand it over to DEM and Finance. The funding lapsed in June of 2024. An index code was issued for the funding. So, the funding was expended, or a portion...it's...the funding was encumbered and a portion has been expended under that grant index, which is why we need to move those funds off of the grant index, because we will no longer be receiving those State funds. My understanding is, as I said, there was a bit of a miscommunication and we had some Staff who retired...we had a Staff member who retired and we had a Staff member who transferred who was that Staff member's supervisor, and it happened at the same time. And then the communication they had been having with the Department didn't continue, they didn't...the Department didn't reach back out and there was no one who knew about the appropriation to follow up with the Department. So, it just was a lapse in communications that occurred, and we are working on ways to ensure that doesn't happen again. I will let DEM and Finance speak to it as well. Thank you, Chair.

CHAIR SUGIMURA: Thank you very much. So, does DEM or Finance want to also comment?  
*(pause)*

MR. AGAWA: Hi, Chair.

CHAIR SUGIMURA: Thank you.

MR. AGAWA: Not much to add to what Director Milner just stated. You know, our Department, once we got issued the index code, we just thought things was proceeding as normal, and then we started actually billing to that index code to start paying our consultants. I believe when an audit was done, that's was...that was when it was brought to our attention that there was maybe an issue with the funding from that index code. Thank you, Chair.

CHAIR SUGIMURA: Okay. Finance? Marcy Martin?

MS. MARTIN: I...I concur with what Lesley and Director Agawa has said, and I want to reiterate

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

**March 3, 2026**

---

that we have a...a new process in place. We've successfully retrieved the money from the Ag Park appropriation, so the system is working, and, you know, moving forward, we'll ensure that this doesn't happen again.

CHAIR SUGIMURA: Okay. I'm going to start with Member Batangan and go this way for this round. Member Batangan?

VICE-CHAIR BATANGAN: Oh, thank you, Chair. I don't think I'm fully clear on what happens. Can I get more details on where...like who is responsible for tracking these things? Because I mean, we support the project. It's obviously of great importance to our community, and given the implications of this wastewater treatment plant on everybody--well, being here on island, I'm surprised that, you know, such a critical piece of the project fell through the cracks. So, who's responsible? Is it...is the person who retired and the person who transferred out, were those in Finance? Are...okay. So, I see Director Milner nodding her head. So, it's Department of Finance that's responsible for tracking these grants. It's not on each individual department, so we don't have to create a fix on a department-by-department basis. There's one central person who's responsible for tracking these kind of things?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. So, the Department and the Department of Management CIP Coordinator are the ones responsible for flagging and notifying the Department of Finance if we received grant-in-aid appropriations from the State. And then they need to provide certain documentation to the Department of Finance so that we can encumber the funds. So, the Department of Finance was reaching out to get the necessary documentation, and the individuals who had been reaching out retired or transferred. And then the Department didn't provide that to their replacements, and their replacements weren't aware they needed to continue that follow up, and that's where that happened. So, we're working with the Countywide CIP Coordinator and all of the departments to ensure they continue the necessary communication with Department of Finance so that we can get what State is requesting submitted. And the State also didn't continue to request it. . . .(laughing). . .

VICE-CHAIR BATANGAN: And the funding from the State was a grant-in-aid, so it's not like we were able to ask for it to be reappropriated.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. No. We've been informed by the State that it is not available for reappropriation, but we will be using the 10-1/2 million that we've requested this fiscal year, if it's granted, to cover the shortfall that was caused by the 3-1/2 million lapsing.

VICE-CHAIR BATANGAN: And then the budget amendment that's before us now is meant to fill that gap. So, you're taking 3-1/2 from the 10-1/2 that you're expecting this year, and then when...if this body appropriates the funding, then we would replenish the money that would come from the State this fiscal year; is that correct?

MS. MILNER: Thank you, Chair. Yes, I believe so, if I understand.

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

**March 3, 2026**

---

VICE-CHAIR BATANGAN: Okay. Thank you. Nothing else from me.

CHAIR SUGIMURA: Are you done? Okay. Chair Lee, followed by Member Johnson, then Member Rawlins-Fernandez.

COUNCILMEMBER LEE: Thank you. I have no questions.

CHAIR SUGIMURA: Thank you. Member Johnson, Member Rawlins-Fernandez next, and then Member Cook.

COUNCILMEMBER JOHNSON: Thank you, Chair. Thank you, Administration, for joining us today. Appreciate your words on this. So, one thing that was fascinating to me was Director was talking about an RFP grant for stof...for software for the grant process. I'm really curious to learn more about that. Is this RF...is this new software going to do all the departments or just this Department? We'll start with that question.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Johnson. The intent is that it would be Countywide. All departments.

COUNCILMEMBER JOHNSON: Okay. Thank you for that clarification. And it does grants going out as well as grants going in?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Johnson. Yes, that is the intent.

COUNCILMEMBER JOHNSON: Great. What's the status? When...when is the...where are we in the RFP process?

MS. MILNER: Thank you, Chair. Thank you, Councilmember. We have received feedback from IT. We are incorporating that into the RFP, and we're hoping to get it issued very shortly. I'll be happy to copy all of you on that when it goes out just so you have awareness, and also if you want to spread the word about it. Thank you, Chair.

COUNCILMEMBER JOHNSON: Yes, I certainly will help in that...in that regard. Okay. So, lessons learned from this. It sounds like you're...we'll...we'll just start with that. Maybe...Director of Finance, maybe she can speak to lessons learned from this?

MS. MARTIN: Chair, thank you. You know, we've opened communication with the departments regarding this process. So, Finance's role is to facilitate receiving the funds, and to facilitate, you know, the budgeting and accounting of the funds. So, you know, we're...we're working with departments, communicating with them, meeting with them right when the appropriation happens so that we can all get on the same page to begin with.

COUNCILMEMBER JOHNSON: Great. Okay. Those are my questions. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Johnson. Next, Member Rawlins-Fernandez, followed by Member Cook.

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

**March 3, 2026**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I'm clear on what happened, and I appreciate the...all the departments figuring out how to avoid this from happening again. I know the struggle with Staff turnover, so I can relate. Generally not a \$3.5 million relation, but I get it. And I...I'm really excited about this, the potential of grant software, and perhaps we can take that up in my Committee later as we talk about centralizing, decentralizing the grants systems. My only question to follow up on Member Batangan's questions, which helped to clarify everything for me, so mahalo, is...is the \$10.5 million that's being requested this year also a grant-in-aid?

CHAIR SUGIMURA: Department?

MS. MILNER: Thank you, Chair. Yes, and I believe Director Agawa has had some communications with Managing Director, as well as the Legislature, so I'll let him add anything he might have. Thank you, Chair.

CHAIR SUGIMURA: Director Agawa?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director. Aloha, Director Agawa.

MR. AGAWA: Thank you, Chair. Aloha. Thank you for the question. Yes, we did meet with State Leg, I believe it is for grant-in-aid. And I just wanted to clarify, the 10.5 million is mainly for the design and permitting portion of the project, it has nothing to do with the construction phase. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: The 10.5, design and permitting?

MR. AGAWA: Correct. Our total contract for design was about 16.8 million and another 2 million and change for the permitting portion, I believe.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And the 3.5 was also for design and permitting, or was it for consulting?

MR. AGAWA: The \$3.5 was allocated for the design portion, that was part of...yeah, the consultant's contract.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then...so for...I heard you say in your opening remarks that you started to bill the index, the 3.5 million, and since that funding was not encumbered, where did the money come out from to pay the consultant?

MS. MILNER: Chair?

MR. AGAWA: I would defer.

MS. MILNER: You want me to take this one, Director?

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

**March 3, 2026**

---

CHAIR SUGIMURA: Director Milner?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. So, how it works when we have reimbursement grants is, departments are issued grant indexes that they can charge against. It doesn't come out of their department funds, it comes out of those grant funds. And then...then as it's reimbursed, it repays the County those funds that they expended. So, that's what happened here. They started to expend those funds with the expectation it would be replenished with the State funds, but because it will not, that's why we need to move it to the GET Fund so that we can correct that for our auditors.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo. So, the reimbursement is...will come out of the GET surcharge . . .(timer sounds). . . account, and--and if I can just finish this question, Chair--and so, hopefully we get the 10.5 million. Is the plan then to move...or replenish the GET account from the 10.5 million to close the loop on this?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Perfect. Mahalo.

CHAIR SUGIMURA: Okay. Next we have Member Cook.

COUNCILMEMBER COOK: Thank you, Chair. My question's for Director Agawa. The 16.6 million for design, is that...and 2 million was permitting. So, like 14.6 million to design, is that kind of architects, engineers, consultants, ballpark sketch...how does it add up to 14.6 million for design? And that's, I guess, my question...the basis of my question is, is this new wastewater plant substantively different than other wastewater plants that we've built? Is it something radically different, or is it similar?

MR. AGAWA: Thank you, Chair. Thank you, Member Cook. So, just to clarify, the 16.7 is just the design contract. We have two separate contracts, one for design and one for permitting. The permitting contract is 2 million-plus, the design contract is 16.7. And to answer your question, the overall design is similar to our other treatment facilities. Of course, we're using more up-to-date standards and equipment, but the overall process is pretty much the same. The main reason for that is our personnel. They need to be educated, right, on the facility and how to run it. If you introduce a new type, a totally different technology, we wouldn't be able to have the Staff to...to run it and maintain it. Thank you.

COUNCILMEMBER COOK: Thank you, Director. The \$2 million for permitting, how much of that is State, how much of it is County? And are those fees, or is that the consultant services to navigate the permitting?

MR. AGAWA: Thank you, Chair. If I understand the question correctly...so I do not have the breakdown on the permitting side because the 3.5 million was directly attributed to the design contract. But to...I hope to answer your question correctly is, the contract allows our consultant to help us navigate through the permitting process, which is the EIS, the

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

**March 3, 2026**

---

Change in Zoning, community plan update...that type of thing.

COUNCILMEMBER COOK: Thank you, Director. That's...that's kind of what I wanted for the record, that the...the extent of what it takes to build infrastructure and all of the various steps, the...it's timely and it's expensive and it's necessary, but it's something that I think is warranted for us to see if we could streamline. What's the status of the project right now? What's the timeline for completion...projected?

MR. AGAWA: Thank you, Chair. Thank you, Member Cook. So, we are on track with design. We just completed the 60 percent design as planned. The...the consultant is now working to get to the 90 percent complete plans, which I believe . . .*(timer sounds)*. . . is early next calendar year. And then we are just about to start the Change in Zoning, DBA, and community plan amendment process. We just...I think we finalized the EIS process, and it's close to being in the 60-day review...comment/review period.

COUNCILMEMBER COOK: So, thank you. Thank you. That's it for now. Thank you, Chair. Thank you, Director. Thank you, everybody.

CHAIR SUGIMURA: Okay. Thank you, Member Cook. Member Sinenci?

COUNCILMEMBER SINENCI: Mahalo, Chair. I just had a question for Director Agawa. I was just curious, is the...is the State funding any way connected to Federal...Federal grants for State CIP projects?

MR. AGAWA: Thank you, Chair. Thank you, Member Sinenci. To my understanding, no. That is a separate funding source, and we are currently working to get external fundings with our funding team. And I forgot to answer . . .*(laughing)*. . . Councilmember Cook's question about the timing of the facility. So, we anticipate the facility to be operational in either late 2029 or early 2030 calendar year. That is assuming everything goes smoothly. As we know, there's a lot of hurdles in these larger type of projects, but that's our timeline right now. Thank you.

COUNCILMEMBER SINENCI: Okay. And I just brought that up because at NACo, we're seeing a lot of the Federal funding for State CIP projects being cut. So, I was just seeing if this was connected to any of those. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Thank you very much. So, I wonder if you have more questions? Okay. We'll go another round. Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. Is our Maui delegation at the Legislature aware of this plan to utilize appropriations from the requested grant-in-aid to cover a shortfall from a previous grant-in-aid?

CHAIR SUGIMURA: Anybody want to take that?

MS. MILNER: I'll defer to Director Agawa. Thank you, Chair.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Director Agawa?

MR. AGAWA: Yeah, thank you, Chair. Thank you, Member Batangan. I don't know if we explicitly explained the breakdown of that 10.5 million. We are in continued discussions with them, but we will definitely bring that up to make them aware of that.

VICE-CHAIR BATANGAN: And the scope from the previous award aligns enough with the requested \$10.5 million for this fiscal year so that the trans...the money from this year can cover the shortfall from the previous year?

MR. AGAWA: Thank you, Chair. Thank you, Member. Yes, that is correct. The...the scope of work, the requirement would be the same. The funding would go to the design and permitting portion of the project.

VICE-CHAIR BATANGAN: Okay. Thank you. And then the last thing I want to note is that our meeting item has a correspondence to the Department, but we don't have a formal response from your Department. Can I ask for that so that we can complete the record?

MS. MILNER: Thank you, Chair. Thank you, Councilmember. Yes, that was transmitted this morning, so it should be in Granicus shortly. Thank you, Chair.

VICE-CHAIR BATANGAN: Thank you.

CHAIR SUGIMURA: Oh, we didn't get it. We only have the questions that we asked the departments, but we haven't received the response. Did we receive it? Can you check? I think all the questions have not been answered for each item. Yes. Yes. Oh, yeah, I will. Okay. Next...are you done, Member? Okay. Member...now I have Chair Lee, followed by...Member Paltin's not back, so Member Johnson after that.

COUNCILMEMBER LEE: I don't really have a specific question on this item, but related to this item, I think what happened here is symptomatic of major problems within the County system. I'm happy to hear that we're finally getting software to address this problem, but what...what really...what we really need is a comprehensive...a coordinated effort with regard to grants from pre-award, post-award compliance, and implementation. And there doesn't seem to be a system, and it's...it's...it has to be applied across the board with all departments. Because for one thing...and I'm glad that Member Rawlins-Fernandez is going to take it up in her Committee because this is a serious systematic problem. And the irony of this all, yeah, of all of this, is we put all these standards on our grantees, half of them which can't comply, but we can't comply ourselves. And maybe in the future, what we could think about as we research software for ourselves, maybe you can research software for them too, so that they can...that we can improve the whole process. Thank you.

CHAIR SUGIMURA: Thank you. So, next we're going to have Member Johnson, Member Rawlins-Fernandez. And I will tell you, Chair Lee and Member Rawlins-Fernandez, that in my Committee, as I took up in the past, you know, grants in general, and we've been going down the different departments...so

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

**March 3, 2026**

---

Member Rawlins-Fernandez, maybe you and I can talk after to figure out how we can do this. Member Johnson has a survey he's doing asking the nonprofits for responses, so this kind of has its own life that's been happening with needs in the community, and we hear you, that is a big problem. And I think we're all sitting in the same place of this was a good thing, if...if the...if the Department is having a software to help solve this problem, because it's huge. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I guess my questions have been answered, it's just...you know, it's disappointing to see that we ourselves can't seem to meet these standards that are so strict, and then we turn around and ask our nonprofits to do it. It just...it's frustrating, and then to see us not be able to do it ourselves, I think we would really understand the plight of our nonprofits when they have to...when we put all these gatekeep...we have all this gatekeeping done to them, and we ourselves are finding we can't navigate the system either. So, my questions have been answered, and I'm ready to move on, but I really look forward to that RFP coming --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: -- coming out with some good suggestions. Thank you, Chair.

CHAIR SUGIMURA: Yeah, we're with you. Member Rawlins-Fernandez, followed by Member Cook, and Sinenci.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, first, I think you, Member Johnson, and I are...are all taking a different piece of the...the grants system, so I've been take...I took up the systems, whether it's going to be centralized, decentralized, or hybrid. And then, Chair, you took up specific grants and the departments, and how the management of that is going, and then Member Johnson has been doing the survey. So, I think we all...all of our work is complementary of each other, so I think we're good. And then...so, my last question to follow up to ensure that...well, that I get the assurance that it's...it's accurate. Okay. So, in my first round questions, I asked if we would then return...like, if we are awarded the \$10.5 million in grant-in-aid this year, that it would...we would use that funding to refund the account...the GET account. The...the funding that was taken from the GET account to reimburse the work that was already done is now...would now be considered past performance, so are...are we going to ensure that the State will allow the \$10.5 million to go toward past performance?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. Yes, this is something I've discussed with the Department of Environmental Management and the Department of Finance, that we need to ensure that the terms of the contract do allow for that. If for some reason they do not, I have talked to Director Agawa about that, and we are working to identify other costs that could be allowable under this agreement. Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Of course you did. Mahalo, Budget Director.

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

**March 3, 2026**

---

UNIDENTIFIED SPEAKER: . . .(laughing). . .

CHAIR SUGIMURA: Are you done? Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes. Sorry, I'm done. That --

CHAIR SUGIMURA: All right.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- was just the last question.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Budget Director, and mahalo, Director Agawa, for your folks' work.

CHAIR SUGIMURA: Member Cook?

COUNCILMEMBER COOK: Thank you, Chair. So, my question...Director Agawa? The Community Plan Amendment, the Change of Zoning, what...what's the...what's... needs to occur before those can happen? I mean, there's...I...I guess my question, there's no State issues or County issues in that...insofar as getting our Community Plan Amendment and our Change of Zoning. Those are in State juris...County jurisdiction; is that correct?

MR. AGAWA: Thank you, Chair. Thank you, Member Cook. Yes, that is correct. And again, our plan is to initiate that shortly. In ideal cases, you would want to get past...further past the EIS portion, along with the design plans. There is a risk if you trigger that process too early in case there are changes along the way. But we feel strongly enough that our design is solid enough, and the EIS process is moving in the right direction, that it allows us to initiate those three processes with the County to align in conjunction, to save on the timing of the project, so that we can get to construction earlier. Thank you.

COUNCILMEMBER COOK: Okay. Thank you for your efforts for that, because the more time we save, the less money we're going to spend. Thank you.

CHAIR SUGIMURA: Okay. Are you done? Okay. Member Sinenci?

COUNCILMEMBER SINENCI: No questions, Chair.

CHAIR SUGIMURA: Okay. So, Members, to answer Member Batangan's question, if you look at Granicus 4, the questions...the answers to the questions that were sent has...has appeared. Okay. Anybody else have questions?

VICE-CHAIR BATANGAN: Yes, Chair.

CHAIR SUGIMURA: Member Batangan?

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

**March 3, 2026**

---

VICE-CHAIR BATANGAN: Thank you. Director...or Budget Director--sorry, I recognize there are several on this meeting--I think I'm a little bit confused because I thought I was asking one thing, and I think Member Rawlins-Fernandez asked something similar, but now I'm a little confused because I think we asked different questions, but both received the answer in the affirmative. So, the money that's being requested, 3.5, it was 3...3-something was used...was expended from the County. We couldn't get reimbursed for it now, so we're hoping to utilize the...some of the \$10.5 million from the request this coming year. We're now covering the money that's being taken from that pot through GET funding. We are going to replenish the GET funds?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. Yes. Our hope is...not to get too in the weeds on it, but move it off of the current grant aid...grant-in-aid index to the GET index. If we receive the funds, and if pre-award expenses are allowable, then we can move it off the GET index back to a grant-in-aid index to cover that encumbrance and those costs.

VICE-CHAIR BATANGAN: So, the total amount of funding for the design and permitting that we're discussing now is 10.5 or 14? So, is it in addition to or in place of, I guess, is what I'm trying to get at?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. The total amount for grant in aid would be 10.5.

VICE-CHAIR BATANGAN: Okay.

MS. MILNER: Yes.

VICE-CHAIR BATANGAN: Thank you, Chair.

CHAIR SUGIMURA: Oh, you're done? Okay. All right. Anybody else have questions? Okay. We're all good. So, at this time then, I'm going to ask for...I'm going to make my recommendations if nobody else has any questions. So, the Chair will entertain a motion to recommend the passage of first reading of Bill 30, incorporating any nonsubstantive revisions.

COUNCILMEMBER COOK: So move.

CHAIR SUGIMURA: Member Cook...need a second.

COUNCILMEMBER RAWLINS-FERNANDEZ: Second.

CHAIR SUGIMURA: Okay. Member Batangan. So, any discussion? I think we talked about this a lot. All right. All in favor, raise your hand and say "aye."

COUNCILMEMBERS: Aye.



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

**March 3, 2026**

---

**RECESS: 9:59 a.m.**  
**RECONVENE: 10:13 a.m.**

CHAIR SUGIMURA: . . .*(gavel)*. . . Welcome back to the Budget, Finance, Economic Development Committee. It's now 10:13.

**ITEM 20(26): DISCUSSION ON BILL 34 (2026), AMENDING FISCAL YEAR 2026 BUDGET: AFFORDABLE HOUSING FUND REPAYMENT TO KAMALANI VENTURES LLC**

CHAIR SUGIMURA: So, we are taking up the second item on our agenda, which is discussion on Bill 34, repayment of the Kamalani Ventures LLC. And this is a 7(B) discussion, which will amend the Fiscal Year Budget Appendix A, Part II, Affordable Housing Fund, by adding a new condition to allow repayment of up to \$234,050 to Kamalani Ventures LLC. The Council passed this bill on first reading at the last Council meeting, and can consider passing it on second reading at this Friday's upcoming Council meeting. The transmittal letter for this bill shares that the part...the repayment is related to an overpayment under the Maui County Code Section 2.96.090(D)(4) for market-rate units sold without deed restrictions. Kamalani Ventures LLC paid \$675,700 to the County in 2018 and 2019. The money was deposited into the Affordable Housing Fund, and the Department later determined part of that amount was not owed. I've scheduled this item so that we can learn more about what happened and what is being done to prevent it from happening again. No legislative action will be taken up by the Committee today. So, at this time, I'd like to ask for discussion from Director Mitchell. Thank you very much for being with us.

MR. MITCHELL: Thank you, Chair. Given my opening remarks, I actually don't have any discussion and...at this point, but I'm open to any questions the Members might have.

CHAIR SUGIMURA: Thank you. Next we have Member Zielinski...Director Zielinski or Director Milner.

MS. MILNER: Thank you, Chair. Yeah, just briefly, because it came up on a call from someone in the community, I did want to point out that the Code requirement is that the repayment that's required for a unit that's sold at market rate that initially was intended to be workforce housing is 50 percent of the difference between the workforce housing sale price and the market rate sales price. Thank you, Chair.

CHAIR SUGIMURA: Okay. Any other comments from the Administration? We don't have anybody from Finance here then...do we? Do we have anybody from Finance? No? Okay. Not yet? Okay. We'll go to...do we have public testimony on this?

MR. KRUEGER: Yes, Chair, we have currently one individual signed up to testify. That would be Tom Croly on Teams.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Mr. Croly, nice seeing you.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(26) . . .**

MR. CROLY: Aloha, Chair. Nice to see everybody. This item caught my attention because it's always stuck in my craw, this particular housing complex known as Kamalani Condos. This project, as...as was stated, was to serve as the affordable housing component of a larger project called Kamalani. And it's always bothered me that most of the units in this project were not sold as deed-restricted affordables. Most of the units were sold with...with no deed restriction at market price. Now, it was kind of interesting back at that time when market price was pretty close to the same as what the affordables were, and that's one of the reasons it didn't sell so well. But I remember hearing a lot of comments from people saying they just didn't do it fairly. They didn't let people apply for mortgages from their own mortgage company. And there were a lot of people who were...who were very unsatisfied with this. So, I looked into it at the time. And what I find today is that in this project, there are 26 long-term rental investment units, there are 52 non-owner-occupied second home units, and there are 92 owner-occupied units, none of which have deed restrictions on them. Back when they originally sold, they sold for between 296,000 and \$515,000 back in 2017 and 2018. And in the past two years, many units have resold, and they've sold in the price range from 533,000 to 836,000. So, clearly, no longer an affordable project in any way, shape, or form. I truly hope that...that what we're talking about today--and this project did not generate any affordable housing credits that may be used somewhere else--the \$675,000 fee that was originally paid really is next to nothing, and the \$442,000 net fee that they would end up paying after, you know, that...this goes through, that wouldn't even build a single affordable house, would it? Yet what we got out of it was a nonaffordable project essentially. I do appreciate Director Mitchell's testimony to fill in some of the history of this and the Chair's questions that she asked about exactly what formula was used to come up with this, but what it really shows is that there are some fundamental problems in Chapter 296 [sic]. It does not meet the goals that were set out for it. I mean, this is just one of so many of...of 296's [sic] projects that...that don't...that...that really never...never did what it was supposed to do. Director Mitchell's testimony this morning raised more questions than it answered for me. He stated that 30 units were sold as affordables, but . . .(timer sounds). . . the current real property tax records don't show any of these as deed restriction. Maybe the...the deed restriction has since expired because I know the deed restriction back then was relatively short. The rest of the Kamalani Ventures project was to include 430 market-price units, but I see that the land upon which that was supposed to be built is now owned by the State Department of Hawaiian Home Lands. So, I assume the rest of this project is not going to be built, at least not there. And if that's the case, and you're giving this...this refund, then fine. But please, let's ensure that there are no credits coming from this, that...that in no way, shape, or form should they be getting 85 or 115 or whatever the number is, housing credits out of this...because it's not an affordable housing project. It was never an affordable housing project after these...these sold. So, again, let's make sure it doesn't . . .(timer sounds). . . happen again. Obviously, you're going to have to give them the money back because I think it complies with...with...with what the Code was at the time,

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

**March 3, 2026**

---

but it is...it's just a really bad failure of our system. Thank you for the opportunity to rant.

CHAIR SUGIMURA: Thank you very much. Any questions for the testifier? Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Croly. Mahalo for singing my song.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: I appreciate your...your testimony this morning and agree with pretty much all the statements that you've made. I was trying to feverously write down all the things that you were sharing with us so that I could follow up during deliberations with our resource personnel. So, I have 92 owner-occupied units that were sold without deed restrictions; was that correct? And then what was the number for non-owner-occupied?

MR. CROLY: So...so, I'm just telling you what is in the current tax record, okay? So, it may have been different when they were sold because somebody could have bought the unit as owner-occupied and then resold it to someone else. But as I look at the tax record today --

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

MR. CROLY: -- I...I count 92 units that are...that are in the tax record as owner-occupied, 52 units that are shown as non-owner-occupied, and 26 units that are shown as long-term rentals. So, for what that's worth.

COUNCILMEMBER RAWLINS-FERNANDEZ: Perfect. Mahalo for that data, for the current data.

MR. CROLY: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Appreciate it. Mahalo, Mr. Croly. Mahalo, Chair.

CHAIR SUGIMURA: Okay. I see Member Paltin making her way back. I...any more questions, Members? Seeing none. Next testifier, please.

MR. KRUEGER: Chair, there's currently no one else signed up to testify on this item, so we'll do a last call. If there is anyone who'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown...three, two, one. Chair, there is no one else to testify on this item.

CHAIR SUGIMURA: Okay. Thank you. With your permission, I'm going to close public testimony and receive written testimony on this item.

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

**March 3, 2026**

---

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(26) . . .**

CHAIR SUGIMURA: Thank you. So, at this time, Members, ask questions that you may have, and you will be given three minutes each. So, I'm going to start from this side with Member Sinenci, Member Cook to follow.

COUNCILMEMBER SINENCI: Thank you, Chair. I'll defer to my fellow Councilmembers.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER SINENCI: Thank you.

CHAIR SUGIMURA: Thank you. Member Cook?

COUNCILMEMBER COOK: I don't have any questions. I'm just hoping that things can be refined and projects can process quickly, locals can buy them quickly, move in them quickly.

CHAIR SUGIMURA: Okay. Department have any comments on that? You got it?

MR. MITCHELL: Thank you, Chair. The Department doesn't have a response to Member Cook's observation. We agree. We'd like to move things along quickly, too. Thanks.

CHAIR SUGIMURA: Thank you. Oh, Member Paltin, here she is. Member Rawlins-Fernandez, followed by Member Johnson.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I agree with Mr. Croly's statements, and I agree that 2.96 doesn't do enough to create an affordable housing inventory. And I'm glad we took it up, but I still don't think that we did enough, and we need to do more to protect those. And I'm glad that we have Director Mitchell because in the comments that he shared with us in Committee last year and...yeah, last year, that he is in full support of creating an inventory that is protected from the market. I guess...I'm...I'm not...okay. So, here's what I wrote down so that I can fully understand what it is that we're doing today and so that the public can also follow along with us. So, Kamalani paid the County \$675,700 for units that were...were sold at market. They...we...the County, the Department has determined that Kamalani overpaid by \$234,050, so...and what they actually owed to the County for selling the units at market rate was \$441,650, which is the 675,700 minus the 234,050. And then I understand that the...the formula used to determine the amount that should be owed to the County, which I agree with Mr. Croly does nothing to build any further units because of how expensive it is and how time-consuming it is to build more...more units, is the difference between...or the 50 percent of what was market, and then that...so that would be what was owed? Direc...Director Milner, did I get that right?

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

**March 3, 2026**

---

CHAIR SUGIMURA: Go ahead.

MR. MITCHELL: Thank you, Chair. Thank you, Member Rawlins-Fernandez. That is correct, it's 50 percent of the difference between what the residential workforce housing unit price should have been and what the market price was.

COUNCILMEMBER RAWLINS-FERNANDEZ: Which is like nothing. Okay. And then I'm...I'm curious to understand if...if there were only 30 units that were sold with deed restrictions, if we have the information on what AMI levels those were sold at? *(pause)* Oh, and I got that from Mr. Croly, or...and so if, you know, there's any inaccuracies in how I...you know, when I was noting it down, please correct me.

MR. MITCHELL: Thank you...

COUNCILMEMBER RAWLINS-FERNANDEZ: And I know this is before your time, Director, so I appreciate you helping me understand this better.

MR. MITCHELL: Thank you, Chair. And thank you, Member Rawlins-Fernandez. As we've tried to understand what happened here, what we think we've uncovered is that 56 units were sold at the 80 to 100 percent AMI, 80 units were sold at the 101 to 120 . . . *(timer sounds)*. . . AMI, and 34 units were sold at the 121 to 140 percent AMI. Again, this dates back to 2017, 2019, so it took us a while to uncover what happened here.

COUNCILMEMBER RAWLINS-FERNANDEZ: I heard the timer. I appreciate that information. I didn't get the 101 to 120 AMI. . . *(inaudible)*. . .

COUNCILMEMBER PALTIN: Could he just repeat all of them?

CHAIR SUGIMURA: Oh, sure.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. 56 at 80 to 100, 34 to [sic]121 to 140.

MR. MITCHELL: 56 units at 80 to 100, 80 units at 101 to 120 AMI, and 34 units at 121 to 140.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Next we have Member Johnson, followed by Member Paltin.

COUNCILMEMBER JOHNSON: Thank you, Chair. You know, this...this situation's so unfortunate, but moving forward, I would...I would hope that we don't just let these units flow by us like...like on a river or anything, because I think this would be a chance for the County to buy up some of those units, and then we could add that to our inventory. I'd like to hear Director's opinion on...you know, in similar situations, would the County be interested in buying these units? Don't we have the first right of refusal? Don't we have that ability to buy these units? I'm...I'm really curious on that, if you

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

**March 3, 2026**

---

could clarify, and even, you know, just being in the market and buying up these units for these...for our people. I'd like to hear Director Mitchell.

CHAIR SUGIMURA: Go ahead.

MR. MITCHELL: Thank you, Chair. And thank you, Member Johnson, for the question. So, the answer to the question is yes, the Department sup...would be supportive of this, and now that we've...the Council has passed Ordinance 5877, Bill 40 CD1, the County has an opportunity to express its interest in purchasing the units prior to it going to the market. So, the Counc...the Department would be supportive of this, and obviously, we'd make the request through the Administration. Thank you.

COUNCILMEMBER JOHNSON: So, did any...can you maybe tell us how many did flip out of...of this...you know, how many went...like slipped through our hands and went to market rate? Do we have an actual number of that? There's a lot of numbers floating around. Sorry if you mentioned it already, Director.

MR. MITCHELL: So, only...by our re...by our research, only 30 units were sold at the residential workforce housing rate. So...and there were supposed to be 100...115 residential workforce housing units.

COUNCILMEMBER JOHNSON: So, the...so, it...was it the process of...of--this will be my last question--the process is, here's...here's the unit, come buy it at this rate, and if no one buys that unit, it goes up to a higher rate, a higher price, and then keeps going up until it gets to market, and then it's just sold at market?

MR. MITCHELL: Thank you, Chair. And thank you, Member Johnson. Yes, that's...that was correct to the process at the time.

COUNCILMEMBER JOHNSON: Yeah. See, that would be a chance for us to purchase and move them forward, and...you know. But I...I heard what you were saying, Director, that you would be open to that. Because that's totally mortgage-steering, what...what they used to do that way, where they would make you choose their loan...bank that was very conservative, and everybody got denied, and then they said, hey, look, we had this thing on the market for X days, and now we're going to go up to a higher ray...rate and sell it at a higher cost. And it's mortgage-steering, it's illegal, and I think it would be great that, you know, this Administration recognizes it and gets aggressive, goes in there and buys up those units. That's why we really needed that Bill . . .(timer sounds). . . 111, and the portal, and all of that...all the trac...ways we've been trying to fix this 2.96. But I heard your opinion on it, Director, and I heard my time. If you'd like to respond, I...I'm open. Thank you, Chair.

CHAIR SUGIMURA: Director?

MR. MITCHELL: Thank you, Chair. And thank you, Member Johnson, again. Yes. So, now the County does have the authority, so it's my hope that we will...will be able to exercise it.

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

**March 3, 2026**

---

COUNCILMEMBER JOHNSON: Wonderful.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: Wonderful news. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Next, we have Member Paltin, followed by...I don't...Chair Lee left, Member Batangan last, I guess.

COUNCILMEMBER PALTIN: Thank you, Chair. Do you have the statistics of the 30 that were sold, what AMI they were sold in?

MR. MITCHELL: Thank you, Chair. Thank you, Member Paltin. No, I don't have those statistics.

COUNCILMEMBER PALTIN: Okay. Moving on. This also...something like this also happened to Kahoma Villages, which is around the same time. Also, you know, Kaulana Mahina, when we're talking about the need for rentals, is not full, they're advertising it in the elevator. And I think it's indicative of the formulas of workforce housing and what HUD allows. Previously, when we were addressing this issue, they said that the Department of Housing and Human Concerns could adjust the AMIs and the rates, that there was a window. And obviously, the AMI and the rates that had to be pay...have to be paid are not mathing for people. What people are able to make to qualify for a certain price, whether it's rent or purchase, unless you have some rich uncle, or under-the-table job, or something else, is not going to work. So, is the Department of Housing pursuing adjusting those numbers within the range that is allowed? Whether the County has to make up the difference in affordable housing funds, I would rather give the people the opportunity to do the thing that is supposed to be done, which is purchase affordable workforce housing.

MR. MITCHELL: Thank you, Chair. And thank you, Member Paltin, for the observation and question. The fact that we can...or the assertion that we can adjust those rates is new to me as we're speaking. And so, I'm certainly going to look into it when we finish this meeting with our team to figure out what we can do to make sure that the numbers that we produce are more responsive to the community needs.

COUNCILMEMBER PALTIN: Yeah. I think my predecessor in this office was working on it, so maybe reaching out to Ms. Pajimola. Because Kahoma Villages was a...a big disappointment in like what Member Johnson was saying as far as mortgage steering and the math not working out for people, making those AMIs being able to afford the prices that they said that they should be able to afford. Because we know that, you know, the cost of living here is not comparable to other places that are not subjected negatively to the Jones Act and other burdens put on occupied territories. But...so, you're not aware that you can adjust the AMIs and the rates?

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

**March 3, 2026**

---

MR. MITCHELL: So, as indicated, what you just said was new to me, that HUD has indicated that we can adjust them. And so, I'll follow up with our team afterwards to see exactly what that advice is . . .(timer sounds). . . from HUD and...and we'll go from there.

COUNCILMEMBER PALTIN: Thank you.

CHAIR SUGIMURA: Okay. Member Pal...Chair Lee had to leave this meeting so she's not here, but Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. You know, it's really frustrating to me to hear that only 30 units were sold at the workforce housing rate. I have family who went to this development because they were prime candidates to buy. And when it first opened, they knew about the workforce housing units. They were able to get a tour, but were told that there weren't any workforce housing units available. They were only given market-rate pricing. So, to hear that there were unsold units really frustrates me because that's my 'ohana who could have had an affordable place to stay on this island. And I think that 50 percent of the difference between market rate and the workforce unit pricing is still an incentive for a developer not to sell the workforce units. There's still profit, 50 percent. And so, I would like to ask the Department to look at ways to change the incentive structure so that developers don't try to withhold these units from people who they're intended to serve. I think the developer can see that they can still make money, additional money, by withholding them from our local residents. So, I guess that's my first request to the Department. I'd also like to ask if you can consider creating an inventory list of workforce housing units that the County can maintain so that it's not just us relying on developers to operate in good faith. Because from what I heard from my 'ohana's experience and what I'm being told now, that was not the case. And I, you know, can't go back in time, I can't change what the County was doing in terms of oversight back in 2017 or whatever it was, but moving forward, we can. And I think we now know that we need to do better in holding our...our developers accountable. They're not all bad actors, I want to make that clear. But at least in this instance, it sounds like some decisions were made that robbed local families of the opportunity to own a home here in Maui. Thank you.

CHAIR SUGIMURA: Thank you very much, Member Batangan.

COUNCILMEMBER JOHNSON: Chair?

CHAIR SUGIMURA: Oh, Member Johnson.

COUNCILMEMBER JOHNSON: Chair, if I can give a point of information?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER JOHNSON: Sorry to jump the line, just a point of information in regards to Councilmember Batangan's comments. You know, that's why we...the Council before passed Bill 111 that would allow the County to...to manage the...the list. And, you know, I just really want to implore the Administration to get the...get that Bill 111

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

**March 3, 2026**

---

administered and solve all of these issues that as this body's been discussing, we still have concerns about these issues. There's still things that need to be fixed. So, Bill 111 is out there, just waiting for the Administration to administer it. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. So, I have a...you want to say something, Director Mitchell?

MR. MITCHELL: Thank you, Chair. And thank you, Member Batangan, for your comments. I agree with you wholeheartedly. It's as offensive to me as it is to you to see that so few residential workforce housing units were sold. And while I can't speak specifically to why so few were sold, all I can say is prospectively, the...our developer partners' responsibilities to exercise their due diligence and reasonable efforts to market and sell the residential workforce housing units and to call folks on the wait lists to make sure they know that those units are available is something the Department is going to be scrutinizing, because they have an obligation. And I also agree that it's high time for the County to have its own inventory that it controls of these units. And so, I'm glad, with the passage of Ordinance 5877, the County...and the Council has the opportunity to acquire those. And then finally, yes, the Department is looking at issues in 2.96 and intends to propose some solutions to those. And I also agree that having developers pay back only 50 percent of the difference between the residential workforce housing unit sales price and the market price does build in an incentive to not act in good faith and exercise reasonable efforts to sell those units. So, we have...do have some work to do, and I just wanted to make sure you know that I, as the Director, agree with what you just said. Thank you.

CHAIR SUGIMURA: Okay. Thank you very much. So, I have a question. What is the impact to the Affordable Housing Fund? Would this repayment reduce programs, uses in the Fiscal Year '26, or require internal cash management to avoid disrupting other funded items?

MR. MITCHELL: Thank you, Chair, for the question. I'm not aware of any impacts. While this amount is not insignificant, it's not so significant that we are concerned it will have a direct impact on any current programs. Thank you.

CHAIR SUGIMURA: Okay. That's good. So, what kind of internal control changes are now in place so this similar error does not occur again?

MR. MITCHELL: Thank you for the question, Chair. This error shouldn't have occurred in the first place because, as I indicated in my opening remarks, in order to reconcile what amount should be paid, one has to look at the residential workforce housing agreement to see what number of units are required in the development and to ensure that the developer is at least, when they're paying their 50 percent per unit charge on units sold at market rate, are paying back the correct amount. I can't speak to what happened, but the process is to review the residential workforce housing agreement, and then to review the sales history which you get from the developer, and then confirm that sales history by tracking it on qPublic so that you can see exactly what the correct calculation was or is. So, if that process is followed, there shouldn't be, at the very least, an

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

**March 3, 2026**

---

underpayment, and quite frankly, there shouldn't be such a dramatic overpayment. I just don't know what happened in 2017 through 2019, but the process should catch if there is a problem with what the payment amount is. Thank you.

CHAIR SUGIMURA: Okay. Thank you. You're on it. All right. Any more round two questions? Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Director Mitchell, do you know who initiated this refund?

MR. MITCHELL: Thank you, Member Rawlins-Fernandez, for the question. And thank you, Chair. I'm glad you asked the question because in your earlier comments, Member Rawlins-Fernandez, you indicated that the Department identified or requested this repayment. It actually wasn't the Department. This started back in 2020, 2021, and in 2024, the new Department leadership was given a series of communications from A&B and from their new counsel. A&B is the parent company, Kamalani Ventures LLC is a subsidiary, and we just had to work through all these communications to figure out exactly what was going on, and we were asked to then solve the problem. So, it took some time to figure out exactly what happened, but the Department of Housing, as it now stands, didn't initiate this. We just had to figure out what the problem was and then propose the solution. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that response. So, Kamalani Ventures is Alexander and Baldwin, and A&B is going to get money back after scamming the community from getting housing by illegally requiring applicants to use their creditor. Wha...were there any consequences that A&B faced for illegally not allowing applicants for using the creditor of their choice?

MR. MITCHELL: Thank you for the question, Chair. Thank you for the question, Member Rawlins-Fernandez. Again, I don't know what happened back then, and so I can't answer the question. I'm sorry.

COUNCILMEMBER RAWLINS-FERNANDEZ: Because I really don't support this. Giving them taxpayer dollars after what they did to the community just really is a slap in the face to our community members. I understand the whole formula, and like...and...but there should have been consequences for what they illegally did. They broke the law, and the law required them to allow applicants to use a creditor of their choice. And now they want to take more money from taxpayers, which is wrong. So, I'm...I'm just...I'm trying to understand the...the formula that was used. Okay. So, we're saying that the County had required them to...have 170 units at affordable...at the affordable mark...or workforce AMI, and only 30 was sold at workforce rates. And so, therefore, 140 units were sold at market, and then County collected the 675,000 based on the 140 units that were sold at market. But the...A&B's counsel said that the...the County was incorrect in our formula, and that only 150 units were actually owed as workforce. And again, 30 units...only 30 units were sold at workforce rates, which means that from the 115 that were required per A&B's counsel, that 85 were sold at market, and therefore only...they only owed the County 441,000?

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

**March 3, 2026**

---

MR. MITCHELL: Thank you, Chair. Thank you, Member Rawlins-Fernandez. I do need to correct the math there a little bit.

COUNCILMEMBER RAWLINS-FERNANDEZ: Please. . . .*(timer sounds)* . . .

MR. MITCHELL: So, 115 units were the minimum requirement. They had agreed to build more than that, but they were, at a minimum, required to build 115. And they built 170, but their requirement was 115. Thirty of the units...residential workforce housing units were sold. That means if they had subtracted the 30 from 115, they were only to make a payment based upon 85 units sold at market rates. But they subtracted the 30 from 170. That wasn't their minimum requirement. And they made a payment based upon 140 units. So, that was the error right there. So, they had an overpayment of 150...rather 55 units. So, we had to go back to their sales, their information they gave us on their sales. They gave us a series of spreadsheets. We then had to go through qPublic and track the sales to figure out what the actual sales were, reconcile the differences in their spreadsheets versus what was on qPublic, and then identify the last 55 sales that should have been residential workforce housing agreement units that were sold at market rates, and then calculate the 50 percent difference. So, that's how we worked with them to figure out the math.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director. And it's...just a last follow-up question. I understand that math. I understand the 55 units over the minimum required of 115 units. I'm sure that they...that the A&B didn't graciously give 170 units, like, so the...what is that? I can't do that math right now. More than they were required. I'm sure that there was conditions, and that was all part of how they were even allowed to build at all. I don't have the agreement in front of me right now, but there should have been some kind of enforcement that...that if that was the condition, 170 units was the condition for them to be able to build Kamalani, that the same enforcement mechanism that was required for the minimum amount of 115,000 be applied to that 170...170 units. So, I guess that's...that's where I'm...I'm not understanding. So, for the 55 units, the 55 units were not part of the minimum under 2.96, but in order for them to even build, that the 55 additional units were required, should...so should have been enforced in the same...using the same mechanism.

CHAIR SUGIMURA: Department?

MR. MITCHELL: Thank...

CHAIR SUGIMURA: Go ahead.

MR. MITCHELL: Thank you for the question, Chair. And thank you, Member Rawlins-Fernandez. Trying to figure out what they should have done when they agreed to do more than what was required in the residential workforce housing agreement will require looking to see if additional conditions were placed, and it's not my understanding that additional conditions were placed on them. So, the calculation

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

**March 3, 2026**

---

is based upon what the requirement was, even though, in my opinion, they went above what the requirement was.

COUNCILMEMBER RAWLINS-FERNANDEZ: It wasn't out of benevolence.

MR. MITCHELL: Again, I...I can't speak to their objectives. I'm speaking to simply what the residential workforce housing requirement...agreement was.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director Mitchell. I'd love to get the agreement and all the conditions...all the paperwork that's required because I don't want to support this when it comes to Council this Friday. I'm not supporting this. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Thank you. I'm going to go down...okay. I hope you don't mind. Member Paltin, followed by Member Johnson, and then Member Cook. Oh, did you have a question, too? Okay. Okay. Okay. We'll go back to you. Go ahead, Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. I...I believe Stanford Carr didn't have any consequences for the illegal mortgage steering they did at Kahoma Villages, so it's trending to be a problem with that illegal mortgage steering. But I did want to also say that I misspoke on the HUD guidelines. Counties can adjust HUD guidelines, but only lower. While HUD publishes income limits based on County median income, public housing authorities have discretion in how they apply these in their administrative plans. They can set, for example, lower income eligibility criteria to prioritize applicants with extremely low incomes. They have the discretion to establish preferences to reflect the needs of its own community, which are included in their written policy. They cannot set income limits higher than the maximums defined by HUD, but they can lower them, and any local adjustments must comply with the Fair Housing Act. I'm not sure if we can put in anything about essential worker housing. You know, teachers don't make that much. All the essential workers that we need for the County don't make that much. You know, all the people that make this thing run. So, I don't know if that's something that we can look into, but I would be supportive of getting more people into workforce or affordable housing we build. Like, this is kind of a travesty. It happened in South Maui. It happened in West Maui, when...where housing is needed the most, when you know, probably there were groundbreaking and people patting themselves on the back when it actually was like highway robbery. So, that's it. I don't know if setting the limits lower could help, but you can adjust them.

CHAIR SUGIMURA: Thank you. Member Johnson? Followed by Member Cook.

COUNCILMEMBER JOHNSON: Thank you, Chair. Yeah, I guess...thank you. I...you know, following up what Councilmember Paltin said, yes, you know, I...I . . . *(inaudible)*. . . spoke with HUD and they said we can adjust them, and...for example, Lānaʻi, Molokai has different guidelines on as well. So, the...so, Director, I...Mitchell, I'm really curious of...as you can see the discussion we're having, we really...Bill 111 addressed a lot of these issues. So, do you have a plan? When will the Adminin...Administration write the rules to implement Bill 111? We'll start with that one.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Go ahead.

MR. MITCHELL: Thank you, Mem...Chair. And thank you, Member Johnson, for the question. As you and I discussed, Member Johnson, last week the Department has launched its Housing dashboard. It's working on developing that dashboard so that it has additional functionality. It's also working on adding additional data on that dashboard. So, we begin to move forward with providing the information that the community needs, as well as County needs, really relative to the production of housing units. As we keep...

COUNCILMEMBER JOHNSON: All that's great, and thank you for that work. I'm just wondering when is it going to be up and running?

MR. MITCHELL: Thank you for the question, Member Johnson. As you can imagine, we are pushing on a number of issues, and trying to make sure that we keep pushing on them and get those things produced. Then...so, I can't give you an exact, finite date, if that's what you're asking of me.

COUNCILMEMBER JOHNSON: Okay. You know, I try to compromise with the Administration. This is before your time, of course. You know, we tried to say that we'll wait for admin rules to be written in order for Bill 111 to be implemented. And this is now we're getting into years, Director. So, I know it wasn't your problem as a new director, but now it's becoming...you know, let's...there has to be some light at the end of the tunnel, especially when we're just waiting on the Administration. So, I hear you're saying you're working on it. I saw the portal, it's lovely. I just really would encourage you guys to do as much as you can because you see the opportunities slip through our hands, and it takes so long to build these units. And every chance that we can, we should get ahold of these units, make the system better, do the things that we need to reform the system, because it's not working. All the Councilmembers here have their own individual stories on what's broken in the system. So, obviously there's an issue. So, hopefully we can have some gumption. I just wanted to throw that in there. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Johnson. Followed by Member Cook. Thanks for your patience.

COUNCILMEMBER COOK: Thank you. Director, what's the legal consequences of not doing this, of not reimbursing them? Are they pushing for this? Is this us doing our books? Can you give me a little background as far as...I'll be quiet. I'll just ask the questions. Go ahead.

MR. MITCHELL: Thank you, Chair. Thank you, Member Johnson [sic]. Well, the Code is the Code, and we're trying to comply with what the Code requires of them to have paid. And since they paid more, they're entitled to a reimbursement. If, going forward, we need to change the Code to address what actually is paid, then that should be done going forward. But I'm going to decline opining on legal consequences and legal issues, other than to say we're trying to follow the Code.

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

**March 3, 2026**

---

COUNCILMEMBER COOK: Thank you. I appreciate that. So, I concur, following the Code is a good idea. And also, I share a lot of my colleagues' frustration. This particular project had...yeah, it doesn't have a great reputation. And the fact that they sold part of the project, the parks changed, a lot of things changed over a long variety of time...and not many of the...anyway. I get it, we'll pay for it. But there's a lot of room for improvement, and I'm hoping that we collectively can improve this greatly. Thank you.

MR. MITCHELL: Thank you, Member Johnson [*sic*]. And...

CHAIR SUGIMURA: Oh, Cook.

MR. MITCHELL: I'm sorry. Thank you, Member Cook. Appreciate the correction. And as I said in response to Member Batangan's comments, I agree with you wholeheartedly. As I trust Members have noticed, the Department is working on many things it's trying to correct, this being one of them. And we're moving as quickly as we can, and as effectively as we can. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. Director, may I ask if workforce housing credits were issued for the units designated for workforce housing in excess of the minimum 115, but not eventually sold as workforce housing?

MR. MITCHELL: Thank you, Chair. And thank you, Member Batangan. The answer is no.

VICE-CHAIR BATANGAN: Okay. So, it's just the reimbursement? They didn't get the workforce credits as well as a reimbursement for selling it at market?

MR. MITCHELL: That is correct.

VICE-CHAIR BATANGAN: Okay. I will also be supporting this measure. I don't like it, but, you know, as you said, it is the Code. And just because other people are not acting in good faith doesn't mean we shouldn't live up to our responsibilities. Thank you.

CHAIR SUGIMURA: Okay. Thank you. If there are no other questions, I'm going to defer this. We will be...oh, Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Just to follow up on Member Batangan's question. So, how many workforce units...housing credits did they...did they get?

CHAIR SUGIMURA: Director?

MR. MITCHELL: Thank you, Chair. Thank you, Member Rawlins-Fernandez. They did not receive any.

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

**March 3, 2026**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: So, none for the 30 that were sold at workforce rate?

MR. MITCHELL: That is correct.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Okay. So, Members, this will come up on Friday's agenda, and a vote will be taken then. So, this was only a 7(B) for discussion. Thank you very much, Director Mitchell, for being with us. Nice seeing you in person. Thank you very much.

**COUNCILMEMBERS VOICED NO OBJECTIONS (excused: AL, NUH)**

**ACTION: DEFER.**

**ITEM 20(27): DISCUSSION ON BILL 29 (2026), AMENDING FISCAL YEAR 2026 BUDGET: DEPARTMENT OF MANAGEMENT, OFFICE OF RECOVERY PROGRAM CONDITIONAL LANGUAGE FOR NATIVE HAWAIIAN EDUCATION ASSOCIATION AND IMUA FAMILY SERVICES**

CHAIR SUGIMURA: So, Members, I'm going to be taking up...and I didn't see Dean Wong here. He was here earlier. We're going to be taking up the third item on the agenda, which is discussion on Bill 29 and use of the Office of Recovery funding, conditional language for Native Hawaiian Education Association and...and Imua Family Services. Ms. Kau, you want to come down and join us? The next item is a 7(B) discussion about Bill 29, which amends Fiscal Year '26 Budget for the Office of Recovery Program by conditioning up to 390,000 for the Native Hawaiian Education Association to renovate the Ke Ola Hau [sic] Community Resiliency Center, and up to \$758,973 for Imua Family Services for Imua Discovery Garden and preschool building costs. The proposed funding for Native Hawaiian Education Association would support renovations of the Ke Ola Hau [sic] Community Resident...Resi...Resiliency Center to support wildfire survivors. Imua Family Services encountered significant unforeseen costs related to offsite County infrastructure improvements that were necessary to receive permits. To cover these costs, Imua...Imua Family Services used donor funds intended for the preschool building and Discovery Garden. The request...requested funding would help cover the shortfall that shift in funds created. Is Dean Wong here? Did he log in? I know he's not here in person.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, point of clarification, it is Ke Ola Hou.

CHAIR SUGIMURA: Ke Ola Hou. Okay.

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

**March 3, 2026**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: Not...not Hau. Yeah.

CHAIR SUGIMURA: Bill 29 passed first reading at the Council's meeting of February 18th, 2026 and remains pending for second and final reading. No legislative action will be taken by this Committee today, so we'll defer this. Assisting with our discussions today are Office of Recovery Administrator...is there...oh, that's why Helene Kau is here, to represent Office of Recovery, and Budget Director Milner, and Deputy Director Zielinski. I'll ask for opening comments first from the Office of Recovery Administrator, then Budget Director, and then Deputy Director of Finance. Miss...I guess, Ms. Kau, do you have any opening comments?

MS. KAU: Thank you, Chair. As you had stated, the Ke Ola Hou grant is to provide assistance with the Lahaina Resiliency Center, which was established to provide a critical gap in long-term recovery. The center functions as a centralized hub for behavioral health services, resiliency program, coordinated care, and community-based support. The location...the selection of the location at 2530 Keka'a Drive followed an exhaustive search immediately after the fires. Available properties within Lahaina were extremely limited due to destruction, contamination concerns, lack of suitability for confidential clinical services, and this location emerged as the only viable site that met the essential criteria. It centralize...it provides centralized accessibility for displaced residents across West Maui. It provides sufficient square footage to host multiple providers under one roof. It provides adequate parking and ADA accessibility, and an environment appropriate for therapeutic and community-based services. At the time, there were no other alternative sites that offered comparable readiness, accessibility, and functional capacity. Approving this additional funding is not only an expansion for growth, it's a strategic investment in stabilizing the human infrastructure of Lahaina's recovery. Sustained behavioral health and resiliency services directly support housing stabilization, workforce participation, school attendance, and long-term community cohesion. So, we respectfully request that you support this proposed amendment. I believe that you did hear from Dean Wong about the Imua details related to...yeah, the...why they need that additional funding. I have no further comments. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Ms. Milner?

MS. MILNER: Thank you, Chair. I did speak to Councilmember Paltin a little bit earlier, so I just wanted to add a little bit of information about Ke Ola Hou. This is currently a leased space. It is a three-year lease that is up in August of 2027, with the opportunity to renew for two more years. They are simultaneously looking at long-term permanent spaces, but that's probably going to be a three- to five-year process to get into a new facility. We understand that assisting with tenant improvements is not something the County is generally in the business of doing, but we feel that these services are very important, and so that it's important to support this project, even though it is a leased space. So, I just wanted to add that. Thank you, Chair.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Thank you. Deputy Director Zielinski? *(pause)* Is she on? Oh, she dropped off? Okay. Thank you. So, at this time then, I'd like to open for public testimony. Do we have anybody signed up?

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(27) . . .**

MR. KRUEGER: Chair, there's currently no one signed up to testify on this item, so we'll do a last call. If there is anyone who'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown...three, two, one. Chair, there is no one to testify on this item.

CHAIR SUGIMURA: Okay. Thank you. With your permission, I'd like to close public testimony and receive written testimony.

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(27) . . .**

CHAIR SUGIMURA: Thank you. So, we'll take three-minute questions from the Members. I'm going to start with Member...Vice-Chair Batangan, because you were the one that asked for this for a 7(B) discussion.

VICE-CHAIR BATANGAN: Thank you, Chair. So, I asked for this 7(B) discussion specifically because my office had received so many inquiries about the Imua Family Services Discovery Garden. We had reached out to let them know that this was being taken up. I don't see any of them here today to actually testify, but Staff told me that they had called their office earlier during this meeting. I...I don't know how that conversation went. I guess I just would like to mahalo you for bringing it up at my request, and apologize since I expected more people to come out, given how they have been contacting me individually. That being said, I do have some questions for the Administration on the Ke Ola Hou project. You know, when we first were working...well, back when I was in Recovery, I was . . .*(laughing)*. . . you know, was working on this project. And this site was identified because it was available and we needed to move quickly. This was, you know, maybe it's like six or seven months after the fire. But if we haven't moved on it, can I ask why that is, and whether or not it's still worth pursuing this project at this location? Because my understanding was that a big reason that we chose the site for this was because it was shovel-ready.

CHAIR SUGIMURA: Department?

MS. KAU: Thank you, Chair. Thank you, Member Batangan. In Fiscal '25, we appropriated 1.4 million for construction improvements. We have...I believe we have allocated 1.26 out of that. So, we have...there is construction well underway. In the current years' budget, I believe we also have a \$500,000 line item to help them with services that will

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

**March 3, 2026**

---

be provided there. So, this additional funding is required so that they can complete the construction. Thank you.

VICE-CHAIR BATANGAN: Thank you. I guess for the Members' situational awareness, this was a project that really...or at least as it was initially constructed, was intended to align federal, state, county, and nonprofit resources to provide mental health services for survivors. The Federal Government pitched in by providing some grants, and also a project manager to help with the nonprofit aligning, you know, all of the grants that they would need, and to oversee some of the construction. The State provided funding through the Department of Health for programming, and the County was asked to fill in where federal and state dollars were not initially...or were not eligible. I mean, you know, there were specific grants given for specific purposes. So, we're trying to fit, you know, dollars where they could go, and then all we asked for from the County was the delta of what the other grants couldn't cover. . . .(timer sounds). . . I hear my time, and I guess, since I don't have a question, I will end there. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Yeah, you were heavily involved with this, I remember. So, thanks for your good work then. And Member Paltin, followed by Member Johnson, then Member Rawlins-Fernandez.

COUNCILMEMBER PALTIN: Can we get a copy of the contract that has the lease? Is there? So, this 1.4 plus an additional 500 plus an additional 390, so it's like almost 2.5 million roughly. The improvements we're making on the owner's property, are they keeping the improvements and then continuing on with their commercial operations with something that the County has built? And will it be built before the initial lease is up in August, 2027? Like did we lease the land to build something for somebody else that they're going to then run with? And the only reason I...I knew about the lease to ask was the folks at Lahaina Comprehensive Health Center have been asking for a permanent location. And I said, oh, well, we're building Ke Ola Hou. And then they're like, oh, the lease is up soon, and they're going to keep the...whatever \$2 million we sunk into this project. So, I just was wondering, you know, like Member Batangan said, after the fire, that was an appropriate location, but it's really in Kā'anapali where all the tourists are. As we start to repopulate Lahaina, the County has purchased land, they have land, the senior center, all in that. So, just wondering if this is still the best use of our money, like what happens to these structures that we build? And, you know, Sacred Hearts was kind of on the same timeline, and they've been having kids in school. The majority of our mental health needs are being served by the State's property at Lahaina Comprehensive Health Center at this time in West Maui. So...and I don't think that we have been supporting that, the County. So, just wondering, like the current assessment versus seven months after the fire.

MS. KAU: Thank you, Chair. Thank you, Member Paltin. My understanding is that we...the Program Director, Paulo Faleafine, spoke to the landowner this morning after we had raised your concerns. And there was a verbal agreement that should the County continue to need services beyond the terms of this lease, that certainly, they would entertain accommodating us as well. According to Deputy Managing Director Erin Wade, there continues to be the need to provide those services. They're still waiting

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

**March 3, 2026**

---

on certificate of occupancy. We...they...we need to complete the construction, which is why this funding is necessary.

COUNCILMEMBER PALTIN: Okay. And do we...is there a way to get that verbal agreement in writing? And is...are there service providers lined up to occupy the space once the certificate of occupancy is completed?

MS. KAU: My understanding is that there are...when I had spoken to Paulo, they had attempted to provide some services, but because, you know, they didn't have certificate of occupancy, they...they weren't able to do so yet.

COUNCILMEMBER PALTIN: And they can't occupy the Lahaina Comprehensive Health Center in the . . .(timer sounds). . . interim?

MS. KAU: I...I did not inquire about that.

COUNCILMEMBER PALTIN: Okay. Because I think the few psychological assistants they have over there are severely inundated with all day, every day like appointments. So, if...if they could get some relief with other service providers, that'd be great.

MS. KAU: Yeah, I can follow up with Paulo. Thank you.

CHAIR SUGIMURA: Thank you, Member Paltin. Member Johnson, followed by Member Rawlins-Fernandez.

COUNCILMEMBER JOHNSON: Thank you, Chair. I...I did a site visit on this issue a while back, and, you know, the cost of improvements, like manholes and everything, it...it's substantial. So, like I am willing to listen, but I don't...all my questions have been answered. I...I just...it's unfortunate, everything is so expensive. I think we're in the wrong business. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Johnson. Member Rawlins-Fernandez, followed by Member Cook.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I just have one question. And so, this is...all falls under the department...or Office of Recovery. And I...I support the funding for Imua Family Services. I just...if...if the connection to Office of Recovery could be explained. Sorry, I just don't understand that.

MS. KAU: Thank you, Chair. And thank you, Member Rawlins-Fernandez. It's my understanding that Deputy Managing Director looked to Office of Recovery to provide this line item funding as the Office of Recovery had some funding available that we did not need this year for professional services relative to support for projects that...that have not been approved. I'll elaborate a little bit further. We had appropriated funding in Fiscal '25 for professional services to assist us with hazard mitigation projects we had hoped would be supported. Unfortunately, only one of them was approved. So, some of that funding that I had in '25, I'm now using in '26, which freed up some of the '26

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

**March 3, 2026**

---

funding. So, Deputy Managing Director, I believe, hoped that rather than dip into other Carryover/Savings in the General Fund, that we could utilize this funding that existed in Office of Recovery. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that explanation, Ms. Kau. And this is General Funds?

MS. KAU: Yes, it is.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that clarification. Mahalo, Chair.

CHAIR SUGIMURA: Thank you. Member Cook, followed by Member Sinenci.

COUNCILMEMBER COOK: Thank you, Chair. It seemed like the...yeah, I'm supportive of this. I just hope that we can work out offsite improvements and the burden more appropriately assigned to the project that is being served instead of just casting this net and having companies or individuals do the County upgrades instead of the County. Thank you.

CHAIR SUGIMURA: Thank you. Member Sinenci...I guess I don't see him here. Okay.

COUNCILMEMBER SINENCI: No questions, Chair.

CHAIR SUGIMURA: Oh, okay. You are here. Sorry about that. Thank you. Thank you. So, I had that question too as Member Rawlins-Fernandez about why is this being funded through the Office of Recovery for Imua Family Services. Because this project has been going on from Victorino time before the wildfires. So, what was the connection?

MS. KAU: Thank you, Chair. The connection is utilizing funding without...without utilizing Carryover/Savings, other Carryover/Savings from the General Fund.

CHAIR SUGIMURA: So, Office of Recovery you can just say, oh, I'm going to...I'm going to support whatever I want to do then. You have a slush fund that'll allow you to do that?

MS. MILNER: Thank you, Chair. No, I wouldn't say they have a slush fund, but what I would add is I think...because these cost overruns that impacted the project are related to significant infrastructure improvements that impacted more than just this individual property, I think in addition to the funding being available due to savings from prior fiscal years that freed up funding this year, that...that tied to the infrastructure made it more recovery-related. Thank you, Chair.

CHAIR SUGIMURA: Okay. Any other questions, Members? Yes, Member Batangan, then Member Paltin.

VICE-CHAIR BATANGAN: Thank you, Chair. For the Administration, can I confirm that all construction contracts went out for bid for the Ke Ola Hou project?

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

**March 3, 2026**

---

MS. KAU: Thank you, Chair. Thank you, Member Batangan. I would have to verify that.

VICE-CHAIR BATANGAN: Okay. Can I ask that you, Staff, send that in writing and --

CHAIR SUGIMURA: Okay.

VICE-CHAIR BATANGAN: -- get a written confirmation from the Department?

MS. KAU: Thank you.

VICE-CHAIR BATANGAN: I guess...I ask because when we were originally working with the nonprofit group, it was...we were told that, you know, some work was going to be done by volunteers with the organization, but because of the emergency, that they wanted to move forward more quickly and select preferred vendors. I pushed back just because our general grant agreement terms require CIP projects to go out to bid for construction. And I was told that that was the case, they would move forward by going out to RFP. After the Council appropriated the funding, I was made aware by the Federal project manager that there was an attempt to give a sole source, no-bid contract to the husband of a County employee and flagged it for the Office of Recovery. I was told that somebody would . . . *(inaudible)* . . . stay on top of it and make sure that all of the general terms of the grant agreement were followed. But after I left Recovery, never got that confirmation. So, I'd like to ask for it now. Thank you.

CHAIR SUGIMURA: Okay. Okay. So, this is the first time I'm hearing about that. Sounds kind of serious. Do we have that question? We can send to Administration. Okay. Member Paltin?

COUNCILMEMBER PALTIN: And if we can add on for a copy of the contract --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: -- if what was verbally stated, if it could be included in another contract. And I guess also in...in relation to Member Batangan's ask, like a status update on the construction. Like I haven't driven through there in...in a bit, but I haven't seen any new construction. So, like when you say it's under construction, they broke ground already?

MS. KAU: Thank you, Chair. Thank you, Member Paltin. My understanding that it's nearly completed.

COUNCILMEMBER PALTIN: Oh, okay.

MS. KAU: Oh, that's my understanding.

COUNCILMEMBER PALTIN: That's good. That's good. But is there a way to get like a writing status update on like where they are in construction?

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

**March 3, 2026**

---

MS. KAU: Certainly.

COUNCILMEMBER PALTIN: Okay. Thank you.

MS. KAU: You're welcome.

CHAIR SUGIMURA: Very good. Anybody else have any more questions? Okay. Wow, that's...that's kind of a biggie, what you just asked, Member Batangan, but I'm glad. So, we're going to send questions to the departments as it was discussed today. Thanks, everybody, for your good work. I guess we have no further questions for Dean Wong, who's not present, but...all right. So, at this time, I'm going to defer this item, and we'll be taking it up. Okay. Wow. All right. The last item that we have on the agenda...thank you, everybody. Thank you, Lesley, for spending all day with us.

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

CHAIR SUGIMURA: . . .*(laughing)*. . . Coming up, and that's exactly what we're going to talk about.

**ITEM 1:            PROPOSED FISCAL YEAR 2027 BUDGET FOR THE COUNTY  
                         OF MAUI**

CHAIR SUGIMURA: So, this next item is Proposed Fiscal Year '27 Budget for the County of Maui, and it's BFED-1. Members, I posted a Rule 7(B) so that we can discuss the upcoming fiscal year budget session. Today, I want to discuss with you the procedures for the budget, as well as the standard budget questionnaire letter that we'll be sending out to all departments prior to the session beginning. Both are being distributed right now, and will be given to you online. Would Members like to take a...maybe a five-minute recess so that you can read through this? Yeah? Okay. So, I'm going to take a recess, and we'll come back at 11:26. . . .*(gavel)*. . .

**RECESS:            11:21 a.m.**  
**RECONVENE:       11:39 a.m.**

CHAIR SUGIMURA: . . .*(gavel)*. . . Welcome back to the Budget, Finance, Economic Development Committee. It is now 11:39. This is BFED-1, and we're going to just talk about how we're...we will be handling and the schedule for the Fiscal Year '27 Budget for the County of Maui. It is a 7(B) item, so we'll be discussing this. Today, I wanted to discuss the procedures for the budget, as well as the standard budget questionnaire letter that we send out to the departments, and...prior to the session beginning, and you all have copies of it already. We took a recess. I would like to ask if there's any testifiers?

MR. KRUEGER: Chair, there's currently no one signed up to testify on this item. Oh, but...

CHAIR SUGIMURA: Here comes Jasee Law.

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

**March 3, 2026**

---

MR. KRUEGER: Yes.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 1 . . .**

MR. LAW: Aloha ka ‘Aha o ke Kalana. And ohayō, Chair Yuki Lei Kashiwa Sugimura, and all the observers. Propose...yeah, thank you again to whoever’s translating this into the ‘Ōlelo Hawaiian, the...the papa kumumana‘o, the agendas, for Ke Kōmike Kahu Waiwai. You got the best name of all the committees, Yuki Lei. So, I heard what you said about you talking about the...the...the budget review process, and I didn’t really come prepared, but I did...I did notice that this was on the...the last item on the agenda. And I got this book here, old book, it says *Hawai‘i, the Story of Our Island Paradise*. It says in 1874, when David Kalakaua--they missed the macron on that, I might have not pronounced it totally correct--became king, Hawai‘i still had issued no coins of her own except for a copper cent piece. In the absence of Hawaiian coinage, the money of many other nations was changing hands across the counters on Front...Fort Street. The silver of the United States was the most common currency in the islands of that time. Other coins frequently seen were shillings, five franc pieces from France, Italian five lire pieces, and Spanish, Mexican, and Peruvian half dollars. I would just like to see, once again, with this whole United States trying to take over the world thing, I think Kalakaua...sorry to criticize the king, didn’t make a mistake, but by putting his own face on the coins, that might have been a thing. So, he...maybe if they put like a palm tree or just a State motto or something, it would have worked out. But I’m still looking for...I’m not sure what the rules are, or even if we have any rules, but I’d like to see that Hawai‘i get their own coinage and their own currency. And if you can’t do that, then just...I recommend, Luna Ho‘omalua Sugimura, that we don’t invest our money in the United States treasury bonds and all that kind of stuff. We look...start looking to a worldwide currency for our investments. Thank you.

CHAIR SUGIMURA: Any questions for the testifier?

MR. LAW: And I save the rest of my time --

CHAIR SUGIMURA: Oh, sorry.

MR. LAW: -- for the Hawaiian people.

CHAIR SUGIMURA: Any questions for the testifier? Seeing none. All right. Any other testifiers? . . .*(inaudible)*. . .

MR. KRUEGER: Chair, there’s currently no one else signed up to testify, so we’ll do a brief last call. If there is anyone else who’d like to testify, please identify yourself now. On Teams, you can do that by raising your hand. We’ll do a countdown...three, two, one. Chair, there is no one else to testify on this item.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Thank you. So, I'd like to close public testimony and receive any written testimony with your permission.

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 1 . . .**

CHAIR SUGIMURA: Okay. Thank you. So, for this budget process, the...I'd like to just say that I think all of you have expressed in various times that we wanted to be sure that our budget meetings were efficient, and we didn't stay here until midnight, unless if we were at the tail end. I think that's when we kind of got, you know, some wee hours. But usually, we would end at a reasonable time. So, starting with the...the budget procedures, the main change I'd like to highlight is a reduction of departments we would hear from during the session. And what the...what you have received is a copy of Fiscal Year '26 total operating appropriations. All the departments are listed, and percentage of total operations is the next column. Proposed in-Chamber appearance...oh. Well, it's departments that have operating appropriations, and the numbers are listed in the columns. And then those, I think, because of the...the dollar amount and what the departments do, that maybe they would appear here based upon previous discussions. And then departments that we deem to be excused from Chamber appearances, and it shows how much they have in terms of operating appropriations. So, Members, any...did you get this flyer? You got the flyer, right, that has the spreadsheet? Okay. Any...any discussions? Member Paltin?

COUNCILMEMBER PALTIN: For me, Planning, Emergency Management, and Personnel Services, if we're ahead of time in any way, I...I would love to hear from those three at least.

CHAIR SUGIMURA: Did you say Planning and what?

COUNCILMEMBER PALTIN: Planning, Emergency Management, and Personnel Services.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: If we're ahead of time...or if we're really ahead of time, maybe all of these could be on one day because they're such a small amount. I mean, not all of them for me, but if other people wanted them. The other question I had was for Ms. Rawlins-Fernandez, if can?

CHAIR SUGIMURA: There she is.

COUNCILMEMBER RAWLINS-FERNANDEZ: Me?

CHAIR SUGIMURA: Yeah, for you.

COUNCILMEMBER PALTIN: Do they make hot bread on Monday nights?

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

**March 3, 2026**

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CHAIR SUGIMURA: Yeah.

VICE-CHAIR BATANGAN: . . .*(laughing)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: No, I'm sorry. Monday and Tuesday night. So, now it's two nights a week that there is no hot bread.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: But...oh, wait, no, Sunday and Monday nights because they don't sell on Monday and Tuesday now.

COUNCILMEMBER PALTIN: Okay. I just need to let the people at home know they will not be getting any. So, I...I'm okay with it, but I don't want to raise false expectations. Thank you.

CHAIR SUGIMURA: Kanemitsu Bakery, you're talking about. They are good.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that important question, Member Paltin.

CHAIR SUGIMURA: . . .*(laughing)*. . . Okay. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I'm...I'm okay with...with this list that Councilmember Paltin brought up, but I'm curious that once the budget comes out, can we change? Can we...if...if the budget comes out and we see something that we want to talk about, can we...can we be malleable enough to have that department come and discuss it?

CHAIR SUGIMURA: Once you get the budget?

COUNCILMEMBER JOHNSON: Because we don't know that what the Mayor's, you know, budget is right now.

CHAIR SUGIMURA: Right. Twenty-five. So, yeah, we...we will definitely change, but we wanted you to have a first opportunity to look at this and then decide. The calendar that you got does not have any departments on it, but this spreadsheet was just so that we could have a discussion of which departments would come before and maybe which ones we wouldn't. As you know, in years past, there were some that we said, oh, no need --

COUNCILMEMBER JOHNSON: Right.

CHAIR SUGIMURA: -- you know, like auditors --

COUNCILMEMBER JOHNSON: Right.

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

**March 3, 2026**

---

CHAIR SUGIMURA: -- or...you know?

COUNCILMEMBER JOHNSON: Yeah.

CHAIR SUGIMURA: Yeah. So, we may as well --

COUNCILMEMBER JOHNSON: Okay. Fair enough.

CHAIR SUGIMURA: -- plan for it.

COUNCILMEMBER JOHNSON: Thank you, Chair.

CHAIR SUGIMURA: Okay. Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. So, I'm in support of asking Emergency Management to come before the body. You know, they may be a very small percentage of the budget, but I think given everything going on in the community, it might be worth having more discussion on their...on their budget and operations. Regarding Personnel Services, I could be in support, so...but my...most of my questions to Personnel Services are not budget-related. The only real question I have about their budget is the...the healthcare subsidies that the Council passed and that they administered. But if we have the opportunity to bring that up in...under Countywide discussion, then I would be okay not bringing up Personnel Services.

CHAIR SUGIMURA: Okay.

VICE-CHAIR BATANGAN: I just wanted to state that just in case that would address Member Paltin's desire to have them come before the body as well. If there's anything beyond that then, you know, it might be worth considering. But most of my questions to the Department of Personnel Services are not budget-related. And so, I will try to take up the questions that I do have on...under Countywide, if possible.

CHAIR SUGIMURA: Okay. Anybody else? Member Paltin, I see you grabbing your mic. You have a question?

COUNCILMEMBER PALTIN: Some of my questions to Personnel are budget-related in relation to the RFP that they had put out. And I did forward that to WBCP, which said they did put a bid on it. But questions are related into that...that financial aspect, as well as the performative aspect of that financial aspect. The other question I had was, I understand that this is probably a draft letter that will be pre-sent, like as soon as we get the budget because these are questions we're known to have --

CHAIR SUGIMURA: In the past.

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

**March 3, 2026**

---

COUNCILMEMBER PALTIN: -- standard. And I have my questions and answers from last year. And if I have follow ups on how that went, could I add them to this? And what is the deadline for adding them to this?

CHAIR SUGIMURA: Good question. So, add-on questions for the departments. We're thinking of the 10th, if --

COUNCILMEMBER PALTIN: Of March?

CHAIR SUGIMURA: -- you want to add more.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: March 10th?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: So, submit them to bfed.whatever, whatever, Maui County . . .*(inaudible)* . . .

CHAIR SUGIMURA: The Committee...yeah.

COUNCILMEMBER PALTIN: Is it close of day on the 10th or...

CHAIR SUGIMURA: Oh, that's a Committee day. So, we probably want to...oh, go ahead. What day do you want it?

MR. KRUEGER: So...so, yeah. So, March 10th is good, Chair. If it's going to be sent by email, then we'd request it be sent to [staff.bfed@mauicounty.us](mailto:staff.bfed@mauicounty.us). But you can also bring it in to...to the meeting on March 10th.

COUNCILMEMBER PALTIN: Like a hard copy?

MR. KRUEGER: Or email it during the meeting when the meeting's...yeah.

COUNCILMEMBER PALTIN: Oh, okay. I was like, brah, savage. Okay.

CHAIR SUGIMURA: Okay. Good discussion on the departments.

COUNCILMEMBER PALTIN: Oh, I'm sorry, [staff.bfed@mauicounty.us](mailto:staff.bfed@mauicounty.us), and you want it during the meeting or...

MR. KRUEGER: Before or during, yes, preferably.

COUNCILMEMBER PALTIN: Before or during. Okay. Thank you.

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

**March 3, 2026**

---

CHAIR SUGIMURA: Okay. Okay. So, anybody else as far as what departments we would be asking? Okay. Go ahead, Member Johnson?

COUNCILMEMBER JOHNSON: Oh, I'm sorry. Not for what departments we've been asking, but I do have two questions I'd like to add to your list of questions --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- and I could read them right now if you'd like.

CHAIR SUGIMURA: Sure. Got it. Okay. Go ahead.

COUNCILMEMBER JOHNSON: For the...the department would be like, you know, the list of grants executed and held...which ones have been executed and which ones have been held up in review, just a master list of all the grants, that these ones have been executed and these ones are held up in review. That's my big question, really. I guess my second question, more for the depart...if the department would appreciate white papers from the Councilmembers' priorities. That's...that's it.

CHAIR SUGIMURA: Okay. What does that mean? The departments would...what did...what did you just say? Sorry.

COUNCILMEMBER JOHNSON: So, when we have priorities, I'm...I want to...I'm curious is if the departments need a white paper to kind of clarify --

CHAIR SUGIMURA: Oh, I see.

COUNCILMEMBER JOHNSON: -- exactly what some of the things that we're proposing --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- does that help the department? And that's kind of like us working with the folks that we're going to make priorities. That...if that helps the department clarify intent, and...you know, I...I'll ask the...the folks to do that. That's all that is. But really, you know, the...the...I think the important one is the...let's see, is if...how many grants have been executed, and how many are currently being held up in review, and how many have not been executed? That's really just a master list. That's it. Thank you, Chair.

CHAIR SUGIMURA: Okay. Very good. Member Paltin...oh, Member...Member Sinenci first, then Member Paltin.

COUNCILMEMBER SINENCI: Thank you, Chair. Maybe...I know maybe this question would be more geared towards Human Concerns, only because they fall under my Committee, but just maybe some of the Federal shortfalls, if that has a significant, you know, big piece to their budgets, annual budgets. I know the Legislature is...is addressing the

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

**March 3, 2026**

---

issues of SNAP and...and Medicare/Medicaid benefits. So, just if...if they have...if the departments have or not any Federal assistance. Thank you, Chair.

CHAIR SUGIMURA: Okay. Good. Member Paltin?

COUNCILMEMBER PALTIN: Sorry, couple more clarifying questions. These pre...pre us receiving the budget questions that we're turning in on March 10th, does it need to be a question to all the departments across the board, or could we specify that our question is only for one department? And then the other question I had was, all the departments that we're not planning to have in front of us, we can still ask them questions in writing, right?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: Okay. And it can be not a Countywide question, it can be to a specific department?

CHAIR SUGIMURA: And budget-wise.

COUNCILMEMBER PALTIN: And budget-wise.

CHAIR SUGIMURA: Yeah, budget...budget questions. So, money...money questions.

COUNCILMEMBER PALTIN: Okay.

CHAIR SUGIMURA: You know, that's a really good point, right? So, we're asking for your questions on the 10th, and we're not getting the budget until the 25th. So, are you...what is your thought on that?

MR. KRUEGER: Yes, Chair. So...so, for this standard letter, it's...right, we...we've been sending them out just based on questions that have been historically asked to the departments...of multiple departments. So, that's why we've been sending this standard letter to all departments. Just beforehand, since to get that out of the way already, that could be like the first round of letters that they receive and they can respond to while the Council gets the budget, and then the second letters are developed that...that have the more specific questions based on...on the budget proposal. So...so, that's why we...we go through it, even though it's before the...the budget comes to the Council, you know, it's questions that histor...historically have been asked. That's why we...we feel comfortable sending it beforehand.

COUNCILMEMBER PALTIN: Okay. And then the last one, hopefully, question is, I...I didn't notice East Maui or Pā'ia, Makawao, Ha'ikū. Do we...can you remind us what dates those hearings are?

CHAIR SUGIMURA: From the calendar.

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

**March 3, 2026**

---

MS. SZABO: Member Paltin, I believe that the Makawao-Pā'ia hearing is on 4/2, and the East Maui is on...I believe it is April 5th [sic].

COUNCILMEMBER PALTIN: Okay. April 5th, Easter? Oh, no, April 5th...

MS. SZABO: Pardon me, that's April 6th.

COUNCILMEMBER PALTIN: April 6th is East Maui? Oh, okay. Thank you so much. And the Pā'ia one is at...do we know, Pā'ia Community Center? Okay. Thank you.

CHAIR SUGIMURA: Okay. Very good.

VICE-CHAIR BATANGAN: Chair?

CHAIR SUGIMURA: Yes, Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. Okay. So, to confirm the questions due by March 10th are only for that first letter that's going to every department. What is the deadline for submitting department-specific questions?

CHAIR SUGIMURA: Do you have any now? You can send them now.

VICE-CHAIR BATANGAN: No, I don't. I just want to...

CHAIR SUGIMURA: Oh, okay. So, I think we've seen in the past is the budget comes out, and then there's a...another flurry of questions that we put together and...and send...we send it to the departments. Do we have a deadline we want to give everybody if...you want to think about it?

MR. KRUEGER: Yes, Chair. So, right now, what's proposed is for the departments that the Committee will be discussing on April 1st, 6th, and 7th, questions for those departments would be due on March 27th. Then questions for all other departments that the Committee will be reviewing in the Chambers would be due March 30th. And then for departments that the Committee has elected to not bring into the Chamber, if any, those questions would be due on April 2nd. So --

VICE-CHAIR BATANGAN: Thank you.

MR. KRUEGER: -- that's what's proposed on the calendar right now. Thank you.

CHAIR SUGIMURA: Okay.

VICE-CHAIR BATANGAN: Okay. And then on the calendar, I also didn't...so Member Paltin asked for the residency meetings, I think it was April 2nd and 6th. I...I still don't see those on the calendar. Is...am I just missing something?

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

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

**March 3, 2026**

---

VICE-CHAIR BATANGAN: Yeah.

CHAIR SUGIMURA: Go ahead. It's not in this calendar.

VICE-CHAIR BATANGAN: I don't see those, 2nd, and 6th.

MS. SZABO: It looks like they got pushed down . . . *(inaudible)* . . .

CHAIR SUGIMURA: Oh, it's pushed down at the very bottom.

MS. SZABO: So, we'll make sure the formatting is . . . *(inaudible)* . . .

VICE-CHAIR BATANGAN: Yeah. Okay. So, can I just ask for a copy of the...yeah. Thank you.

MR. KRUEGER: The...

CHAIR SUGIMURA: So...

MR. KRUEGER: The calendar on Granicus, Granicus item number 10 will also have the...the residency area meetings shown on...on the date. So, that one is up to date.

VICE-CHAIR BATANGAN: Okay. So, it's just a formatting error when we printed, text got condensed. Okay.

CHAIR SUGIMURA: So, April 1st is Upcountry, April 2nd is which one? Can you go through the dates for the Members?

MR. KRUEGER: Yes, Chair. So, the first meeting...the first residency area meeting would be April 1st for Upcountry, then April 2nd for Makawao, Ha'ikū, Pā'ia, then April 6th for East Maui, April 8th for South Maui, April 9th for West Maui, April 13th for Molokai, April 15th for Lāna'i, and then traditionally, the...the Council treats the FY '27 public hearing that's required by the Charter to be the Central Maui residency area meeting, so that's going to be on April 17th.

CHAIR SUGIMURA: Okay. In the Chambers, yeah. Member Paltin? Oh, sorry, Gabe, he had his hand up first, if you don't mind.

COUNCILMEMBER PALTIN: Yeah, go ahead. Oh, I just was double-checking, April...Member U'u-Hodgins' young son has a birthday, it's not on when her residency area one is, right? Was it April 1st or April 2nd? Did you check with her?

CHAIR SUGIMURA: I thought it was the 1st. We got to check.

COUNCILMEMBER PALTIN: Yeah. Maybe if...if it's in her residency area when it is, maybe we can move that around --

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

**March 3, 2026**

---

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: -- so she can go to . . . *(inaudible)* . . .

CHAIR SUGIMURA: Oh, definitely, yeah. Okay. Thanks for bringing that up. Any other...oh, Gabe, go ahead.

COUNCILMEMBER JOHNSON: Thank you, Chair. You know, I'm trying to get this on Granicus and maybe it's me, but it's saying that it's deleted, number 10 is deleted, and it's frustrating for me to try to follow down, I'm writing this down, so maybe Staff can look at that first. But I do have is April 15th as the Lānaʻi District one; is that correct?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER JOHNSON: So, you don't have to bring your bowling shoes because you can rent bowling shoes at the bowling alley, and I think we'll try to get you guys to come bowling with us on the 15th.

CHAIR SUGIMURA: It's open?

COUNCILMEMBER JOHNSON: But I...that's just beside the point, but I...I really...it would help if the Granicus links are working, just saying. I wanted to add that. Thank you, Chair.

MR. KRUEGER: Chair?

CHAIR SUGIMURA: Oh, okay. Yes.

MR. KRUEGER: Oh.

CHAIR SUGIMURA: Mr. Krueger?

MR. KRUEGER: Apologies. Yes, there was a slight error in our upload for Granicus, apologies about that, but if you refresh the page, the link should update, and you should be able to click Granicus number 10.

CHAIR SUGIMURA: Okay. Very good. Okay. Very good. And of course, now we know we cannot get Kanemitsu bread on Monday, and it is good, by the way, and I actually sat next to a relative of the Kanemitsu on a flight, such an interesting family.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Yes, go ahead.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Member Rawlins-Fernandez?

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

**March 3, 2026**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: So, at this time, I think it would be appropriate for me to give a plug to Simply Local, which is located in Member Batangan's district. I...I believe it's on either Pu'unēnē or Lono Street, and they have mini hot breads there. It's not the same experience as getting it from Molokai, I understand that, but for...for folks who were excited to get hot bread on Molokai for a budget hearing and won't be, you can also support our...our Molokai folks there at Simply Local.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Oh, very good. So, that's a Molokai family that has a bakery on Maui. Oh, okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Correct.

CHAIR SUGIMURA: Very good.

COUNCILMEMBER RAWLINS-FERNANDEZ: Well, it's not a bakery. They get it from Kanemitsu and they sell it at their store. They also sell some local designers that are based in Lahaina, for example, some clothing and like really cute stuff, so...

CHAIR SUGIMURA: Very good. Okay.

COUNCILMEMBER PALTIN: What about those kalo sundae things?

CHAIR SUGIMURA: Kalo sundae.

COUNCILMEMBER RAWLINS-FERNANDEZ: They also sell OnoOno sherbet there, which the...the owner of that lives right down the road from me and is excellent. I can't wait for mango season because they make this excellent OnoOno green mango sherbet.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: Pickled...pickled green mango sherbet.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: So ono.

CHAIR SUGIMURA: That's even better.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. But you got to wait...you got to wait for summertime.

CHAIR SUGIMURA: Okay.

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

**March 3, 2026**

---

COUNCILMEMBER PALTIN: It's the economic development portion of the meeting.

CHAIR SUGIMURA: Yeah. Okay. Members, this...all great discussions and as we know, budget is coming up and we have a little bit of a head start. If you could look at this, get back to us with any questions that if you have that will be sent to all the departments, please do send it to us by March 10th is when you want it? Okay. And we'll get the calendar, which is on Granicus. It's not going to change. Oh, you know, we'll add the departments, I guess, once we get it, but that'll be the...probably the major change. We will be looking forward to our district meetings, and I'd like to encourage the community to come out and tell us, you know, what they want to hear. It's been pretty successful, and especially in Hāna, wow, there's a lot of people that showed up, right? So, we appreciate that. We look forward to Chair Lee telling us if we have any kind of budget that we need to follow for our district meetings, but that'll be...that'll come later. Is there anything else that we need to cover for this or are we done? We're done? Okay. So, we are...oh, any...Member Batangan?

VICE-CHAIR BATANGAN: Thank you, Chair. Do we have any guidance on like how many priorities we should be preparing in anticipation of receiving the draft budget, or --

CHAIR SUGIMURA: Yeah.

VICE-CHAIR BATANGAN: -- is there like a spending cap that we should be thinking about for those priorities? Is there any guidance on the...you know, the district funds that are traditionally afforded to each Member?

CHAIR SUGIMURA: Yeah, so that'll be in the next meeting.

VICE-CHAIR BATANGAN: Oh, okay.

CHAIR SUGIMURA: Yeah, that is definite. We wanted to do this...not that it's easier stuff, but this...this part first so we can get this going and then we'll talk about that...those details. So, Members, the list of departments that will come before us, can you please scrutinize this and let us know so that we can plot which departments, or plan which departments will appear? And I thank all of you very much. At this time, I'm going to defer this item as we will take it up again.

**COUNCILMEMBERS VOICED NO OBJECTIONS (excused: AL, NUH).**

**ACTION: DEFER.**

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

**March 3, 2026**

---

CHAIR SUGIMURA: And this meeting is now adjourned. It is now 10:00...oh, 12:05.  
...*(gavel)*...

**ADJOURN: 12:05 p.m.**

bfed:min:260303:ds

Transcribed by: Daniel Schoenbeck

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

**March 3, 2026**

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 56 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 25th day of March 2026, in Wailuku, Hawai'i



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Daniel Schoenbeck