

MICHAEL P. VICTORINO
Mayor

MICHELE CHOUTEAU MCLEAN, AICP
Director

JORDAN E. HART
Deputy Director



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2019 APR 10 AM 10: 28

DEPARTMENT OF PLANNING OFFICE OF THE
COUNTY OF MAUI COUNTY COUNCIL
ONE MAIN PLAZA
2200 MAIN STREET, SUITE 315
WAILUKU, MAUI, HAWAII 96793

April 9, 2019

Ms. Michele M. Yoshimura *MJY*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P Victorino 4/10/19
Mayor Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Economic Development and Budget Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2020 BUDGET (PL-8) (EDB-1)

Thank you for your letter dated April 3, 2019 with various questions about the fees and applications for the Department of Planning (Department). Please consider the following in response:

1. a. The current permit application fees have been in place since 2000, when the Department began charging a variety of fees based on the type of application. Prior to then, it was a simple flat fee to cover the Department's noticing costs. Modest changes have been made since then when new permits have been created, such as Bed and Breakfast (B&B) or Short-Term Rental Home (STRH) permits, but the fee structure has otherwise remained largely intact since 2000.

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b. Application fees are generally collected when an application is submitted to the Department. Because some permit processes, such as B&Bs and STRHs, have ineligibility provisions, these permit fees are not collected upon submittal because staff needs to first verify that the applicant is eligible to apply; otherwise, the application would be returned and the application fee would be refunded, which can be administratively burdensome.

When multiple applications are submitted at one time, the 50 percent fee reduction is applied upon submittal. When it is determined that an additional permit is required after one permit application has already been submitted, then the additional permit is assessed the 50 percent fee upon submittal.

c. The tables below are taken from our FY18 Annual Report and show the number of applications processed for a variety of permits over the past four years.

Application or Review Type – General	Number of Applications			
	FY2015	FY2016	FY2017	FY2018
State District Boundary Amendments (>15 acres)	1	2	3	3
State District Boundary Amendments (<15 acres)	2	0	1	2
State LUC Special Use Permits	14	14	21	15
Project District Reviews	21	10	8	10
Changes In Zoning	10	10	5	9
Community Plan Amendments	6	2	4	8
Conditional Permits	7	9	4	5
County Special Use Permits	5	9	5	3
Use Determinations	3	0	1	1
Planned Developments	4	4	5	5
Historic District Permits	20	10	34	10
Historic District Signs	48	24	15	23
Bed and Breakfast Permits	27	19	29	29
B&B Permit Time Extensions	15	6	43	47
Short-Term Rental Home Permits	31	31	118	46
STRH Permit Time Extensions	21	27	61	67
Environmental Assessments	6	2	1	2
Environmental Impact Statements	0	0	1	0

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Historic District Approvals	19	14	10	9
MRA Approvals	3	5	3	2
Country Town Business Reviews	11	10	6	9
Cluster Housing Developments	2	0	0	0
R-0 Overlays	1	1	0	0
Comprehensive Signage Plans	17	20	11	10
Farm Plans	107	101	117	97
Flood Development Permit	1576	200	43	68
Landscape Planting Plan	41	56	38	34
Parking Waivers/Off-site Approvals	21	10	7	8
Sign Permits	88	Sign-30 Banner-223	Sign-91 Banner-298	Sign-69 Banner-238
Variances and Appeals	39	24	14	12

Application or Review Type – SMA and Shoreline	Number of Applications			
	FY2015	FY2016	FY2017	FY2018
Special Management Area				
Major Permits (SM1)	8	10	7	11
Modifications	19	12	9	22
Monitoring/Compliance Reports	6	9	7	9
Minor Permits				
Maui (SM2)	144	126	135	88
Molokai (SM6)	10	8	1	2
Lanai (SM7)	1	1	3	1
Exemptions (SM5)	447	336	535	488
Administrative Appeals	1	1	1	0
Emergency Permits (SM3)	11	10	7	11
Shoreline Setback Variances	1	0	3	0
Shoreline Setback Approvals	68	83	68	47
Shoreline Setback Determinations	2	0	1	0

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d. i. The processing costs used in the 2009 Fee Study and Cost Recovery Plan prepared by Matrix Consulting Group should be largely accurate in terms of the types of personnel and hours used to derive the time spent processing. Exceptions would be to permit processes that are new or that have been modified since then, such as B&Bs and STRHs. Additionally, personnel and related costs have also increased since the study was prepared.

d. ii. Yes, efficiencies have been implemented since the study was prepared, some coming through our “process mapping” activities that were required for the preparation of conversion to Maui’s Automated Planning and Permitting System (MAPPS), which is the system that is designed to replace KIVA.

d. iii. Yes, the study is still a useful tool to establish permit fees under a user-fee or cost-recovery fee structure or model. Matrix reported that best practice would be to do a new study every three years. However, we believe that using the costs in the 2009 study as a basis for updating fees in 2019 would be conservative, safe, and valid, particularly given that costs have only increased since 2009, and especially if revised fees were to be based upon recovering only some percentage of the 2009 costs.

e. The Matrix study compared Maui County’s fees to the other three counties in Hawaii and a sample of four mainland counties with some similarities to Maui County. This comparison came to two general conclusions: first, we in Hawaii do not charge for “user fee services” as much as we could. Maui County is the most progressive in Hawaii, though, as our fees, at least in 2009, are higher, on average, than the other counties. Second, compared to similar mainland municipalities, Maui County’s existing fees are much lower than average.

f. If the Council’s policy is for permit application fees to be considered user fees and to move toward a cost-recovery fee structure, then the Department recommends that the 2009 study be used now as a basis for an interim update of fees. Once MAPPS is implemented, then a new fee study could be conducted.

We also urge consideration of following the Matrix recommendation that a cost-recovery model be phased-in over a period of years. The original recommendation was to approach 30 percent cost recovery in the first year and then increase by 10 percent each year until the fifth year, at which point there would be 70 percent cost recovery. This is also applied equally to all permits, without being selective; however, there are policy considerations relating to targeted groups or activities, such as lower fees for the smallest types of projects that require a public hearing or for beneficial projects like removing encroachments in the shoreline area.

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2. We apologize for not being able to give a complete answer to your request for comments on the Chair's proposed fees, as the document submitted to us was very difficult to read and we cannot clearly determine the Chair's proposed changes or the notes that explain the rationale. It appears that there are increases ranging from 20 to 60 percent from the current fees; as noted above, the Matrix study recommended a five-year phase-in of fee increases that begin at 30 percent cost recovery and move toward 70 percent cost recovery. (Current fees approach approximately 19 percent cost recovery.) We would recommend any fee changes be based on cost recovery rather than a percentage increase over the current amount but, again, do not have an understanding of the rationale for the proposed changes.

Overall, it is difficult to argue with a cost recovery fee structure. That is not to say that there may not be community opposition to such changes, particularly for certain projects, such as public/quasi-public uses or affordable housing projects. We would also note that public testimony in 2012 – 2013, when this proposal was previously discussed by the Department and the Council, revealed support for relatively low fees because the permit process benefits the general public. Testifiers – who were not representative of the development or construction industries – stated that it is important to have public notice, public meetings, public hearings and the opportunity to learn and comment on proposed projects. In the opinion of some, the government subsidy of the permit review process is justified because it provides a public service and not just a benefit to the applicant.

At this time, the Department is not prepared to comment on how the Chair's proposed changes would impact the community since the proposed changes and their rationale are not clear to us at this time. If notable fee increases are proposed, we recommend that this be well publicized so that the Council can obtain current public input.

3. a. Attached please find a list of the 26 pending applications for a change in zoning.
b. As noted in the table above, we process approximately ten new change in zoning applications per year. Approximately 85 percent of these go through the entire process and are transmitted to the County Council for final action.
4. Under the contract with consultant LODGINGRevs, 21,350 ads have been reviewed and it was determined that 20,200 were for operations that do not require a permit, such as those in a Hotel zoning district. The 1,150 remaining ads translate to approximately 468 properties, with approximately 192 being unlawful and 276 being permitted or otherwise lawful. On average, there are approximately 1,600 new ads each month, and approximately 20,000 ads are reviewed each month.

Since LODGINGRevs began, we have seen ads for unlawful operations decrease by between 30 and 40 percent and we have issued approximately 150 Notices of Warning.

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We believe we have approximately 200 – 300 properties still to be cited but we have not yet been able to correctly locate them, through LODGINGRevs and/or an inspector on the ground. (Our contract with LODGINGRevs did not require them to produce a public report; we will work with them to prepare a report once we believe that providing public information will not jeopardize the ongoing enforcement activities.)

We hope this information satisfactorily answers your questions. If you require additional information, please feel free to contact me.

Sincerely,



MICHELE CHOUTEAU MCLEAN, AICP
Planning Director

Attachment
MCM:atw
S:\ALL\Michele\Council\FY20 budget PL8 EDB1.docx



County of Maui
 Kalana O Maui Building
 200 South High Street,
 Wailuku, HI 96793-2155

Open PD - Projects by TMK Report

04/08/2019

Entry Date: 07/01/2007 - 04/05/2019
 Permit Type: CIZ
 TMK: %

<u>TMK</u>	<u>Project</u>	<u>Permit Name</u>	<u>Permit #</u>	<u>Applicant Name</u>	<u>Entry Date</u>	<u>Completion Date</u>	<u>Status</u>	<u>Project Lead</u>
2120020230000	NAIHIKU COMMUNITY CTR	AG TO P/QPAHANA	CIZ - 20170002	COUNTY OF MAUI	07/12/2017		OPEN	FASI
2140020040000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140020070000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140020080000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140020090000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140020100000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140030050000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140030070000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140030090000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140060140000	KAWAIPAPA 56 LLC	COMPLY WITH COMMUNITY PLAN	CIZ - 20160003	WILLIAM R. SIDES II	07/25/2016		OPEN	FASI
2140070040000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2140070060000	HANA RANCH	HANA RANCH	CIZ - 20150004	HANA RANCH	06/09/2015		OPEN	FASI
2230090070000	KAUIIALE LANI	170 LOT, OPEN SPACE, RECREATION/PUKALANI	CIZ - 20170003	PUKALANI ASSOCIATES, LLC	08/30/2017		OPEN	FURUKAWA
2230090640000	KAUIIALE LANI	170 LOT, OPEN SPACE, RECREATION/PUKALANI	CIZ - 20170003	PUKALANI ASSOCIATES, LLC	08/30/2017		OPEN	FURUKAWA
2240020060000	HUI NOEAU VISUAL ART	AG TO PUBLIC/QUASI- PUBLIC/MAKAWAO	CIZ - 20170004	COUNTY OF MAUI	11/06/2017		OPEN	FURUKAWA
2240020110000	HUI NOEAU VISUAL ART	AG TO PUBLIC/QUASI- PUBLIC/MAKAWAO	CIZ - 20170004	COUNTY OF MAUI	11/06/2017		OPEN	FURUKAWA
2250040070000	LUMERIA MAUI	CHANGE IN ZONING-LUMERIA MAUI- MAKAWAO	CIZ - 20130003	SOULSPACE RANCH LLC	03/28/2013		OPEN	FASI
2250050630000	PAIA COURTYARD PROJE	MIXED-USE CMRCL, PRKG & SR. HSNG/PAIA	CIZ - 20130006	PAIA 2020, LLC	05/31/2013		OPEN	WADE
2260050050000	PAIA TRADE CENTER	RENOVATE TO COMMERCIAL BLDG/PAIA	CIZ - 20160001	VINTAGE RENTALS, LLC	07/05/2016		OPEN	THACKERSON



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2270070080000	IIAIKU FIRE STATION	IIAIKU FIRE STATION	CIZ - 20100008	MAUI COUNTY	12/28/2010		OPEN	PRUTCH
2340190030000	ST ANTHONY CHURCH	RESIDENTIAL TO PUBLIC/QUASI/ WAILUKU	CIZ - 20180003	MAUI COUNTY COUNCIL	04/02/2018		OPEN	FASI
2360010180000	MA'ALAEA PLANTATION	SINGLE -FAMILY SUBDIVISION AND PARK	CIZ - 20150002	MVI, LLC	03/27/2015		OPEN	FASI
	MA'ALAEA AGRICULTURA	PROJECT 12 TO AGRICULTURE DESIGNATION	CIZ - 20180006	MVI, LLC	05/14/2018		OPEN	FASI
2360040030000	WAIKAPU COUNTRY	COMMUNITY PLAN AMENDMENT	CIZ - 20180004	WAIKAPU PROPERITES LLC	04/04/2018		OPEN	WOLLENTHAUPT
2380070500000	IIALE MAHAOLU-AKAHI	R-3 TO A-2 (CONSISTENT WITH COMMUN PLAN)	CIZ - 20180009	MICHELE MCLEAN	12/14/2018		OPEN	BURKETT
2380070950000	HALE MAHAOLU-ELUA	R-2 TO A-2 (CONSISTENT WITH COMMUN PLAN)	CIZ - 20180008	MICHELE MCLEAN	12/14/2018		OPEN	BURKETT
2380070960000	IIALE MAHAOLU-ELUA	R-2 TO A-2 (CONSISTENT WITH COMMUN PLAN)	CIZ - 20180008	MICHELE MCLEAN	12/14/2018		OPEN	BURKETT
2380070970000	IIALE MAKUA HLTH SVCS	R-2 TO P-1 PUBLIC/QUASI PUBLIC/KAHULUI	CIZ - 20180007	MICHELE MCLEAN	12/14/2018		OPEN	BURKETT
2390030030000	SOUTH MAUI GARDENS	MIXED USE RES/COMMERCIAL DEVELOPMT/KIHEI	CIZ - 20160002	NATION LAND COMPANY, LLC	07/25/2016		OPEN	THACKERSON
2390030050000	SOUTH MAUI GARDENS	MIXED USE RES/COMMERCIAL DEVELOPMT/KIHEI	CIZ - 20160002	NATION LAND COMPANY, LLC	07/25/2016		OPEN	THACKERSON
2390041410000	6.943 ACRES S KIHEI	OPEN ZONE TO R-1 RESIDENTIAL/KIHEI	CIZ - 20190001	LAND USE COMMITTEE	01/09/2019		OPEN	FURUKAWA
2390070370000	WALGREENS KIHEI	WALGREENS KIHEI	CIZ - 20150003	WALGREEN OF MAUI, INC	03/31/2015		OPEN	THACKERSON
2390100770000	KIHEI WELLNESS CTR	NEW 20,000 SQ. FT., 2-STORY WELLNESS CTR	CIZ - 20110003	RON AGOR ARCHITECT	05/24/2011		OPEN	FASI
2390170230000	SOUTH MAUI GARDENS	MIXED USE RES/COMMERCIAL DEVELOPMT/KIHEI	CIZ - 20160002	NATION LAND COMPANY, LLC	07/25/2016		OPEN	THACKERSON
2430030150000	KAHANA SUNSET	SHORELINE & SITE IMPROVEMENTS/LAHAINA	CIZ - 20120007	KAHANA SUNSET AAO	08/04/2012		OPEN	BUIKA
2460110110000	266 DICKENSON ST APT	CONT OF 8-UNIT APT BLDG/LAHAINA	CIZ - 20180002	CHRISTOPHER ONDATJE	02/13/2018		OPEN	FASI



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2460110230000	INTERNATIONAL CHRIST	AG TO B-1 BUS; DEMO RES/CONSTRUCT CHURCH	CIZ - 20110002	BENEDICTO MARIANO	05/02/2011		OPEN	FASI
2530010750000	NEW HORIZON ENTERPRI	MAKOA TRUCKING; INTERIM TO M- 1/KKA1	CIZ - 20120006	CHRIS MEBILLE	05/16/2012		OPEN	LOPEZ
2530030130000	MOLOKAI ED CENTER	MOLOKAI EDUCATION CENTER EXPANSION	CIZ - 20190002	UNIVERSITY OF HAWAII	04/03/2019		OPEN	LOPEZ
2540010280000	KAWELA 4-LOT SUBDIVI	CIZ FROM INTERIM TO R- 3/KAUNAKAKAI	CIZ - 20110001	ELIZABETH JACKSON	03/01/2011		OPEN	LOPEZ

Grand Total: 26