BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

Council of the County of Maui

MINUTES

March 17, 2026

Online Only via Teams

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

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Kauanoe Batangan, Vice-Chair
Councilmember Tom Cook, Member
Councilmember Gabe Johnson, Member
Councilmember Alice L. Lee, Member (left at 10:36 a.m.)
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez, Member
Councilmember Shane M. Sinenci, Member
Councilmember Nohelani Uʻu-Hodgins, Member (arrived at 9:20 a.m.)

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 Offices:
Roxanne Morita, Council Aide, Lānaʻi Residency Area Office
Keomailani Hirata, 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
Josiah Nishita, Managing Director
Lesley Milner, Budget Director, Office of the Mayor
Tiare Horner, Budget Specialist, Office of the Mayor
Cynthia M. Razo-Porter, Director, Department of Personnel Services
Cynthia Lallo, Chief of Staff, Office of the Mayor
Rogerene "Kali" Arce, Director, Department of Agriculture
Ana Mejia-Vasconcellos, Grant Coordinator, Department of Agriculture
Kapono'ai Molitau, Director, Department of 'Ōiwi Resources
Michael Petersen, Deputy Director, Department of Environmental Management
William Jay, Environmental Program Specialist, Environmental Protection and Sustainability Division, Department of Environmental Management
Kimberley Zilisch, Account Clerk, Environmental Protection and Sustainability Division, Department of Environmental Management

Susan Burke, Secretary, Environmental Protection and Sustainability Division, Department of Environmental Management
Sarah Cummings Kaniaupio, Recycling Specialist, Environmental Protection and Sustainability Division, Department of Environmental Management
Emily Bartow, Administrative Assistant, Office of the Mayor
Jade Rojas-Letisi, Economic Development Director, Office of the Mayor
Chasting Greig, Economic Development Specialist, Office of the Mayor
Carrie DeCoite, Grants Management Program Specialist, Office of Economic Development, Office of the Mayor
Kristell Corpuz, Executive Assistant, Office of Recovery, Department of Management
Marcy Martin, Director, Department of Finance
Maria Zielinski, Deputy Director, Department of Finance
Julia Meinhardt, Planner, Department of Planning
Moana Lutey, County Clerk, Office of the County Clerk

OTHERS: Donna Tonaki, Administrator, Hawaiʻi Employer-Union Health Benefits Trust Fund
Christopher Salem
Jasee Law
Johann Lall
Others (23)

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

CHAIR SUGIMURA: *. . .(gavel). . .* Welcome to the Budget, Finance, Economic Development Committee. It is now 9:12. Thank you for the pause, we were waiting for *Akakū* to fix their cameras. So, good morning, everybody. 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. Minors do not need to be identified. First of all, good morning, Vice-Chair Kauanoe Batangan.

VICE-CHAIR BATANGAN: Aloha kakahiaka kākou.

CHAIR SUGIMURA: Aloha. Member Cook, good morning.

COUNCILMEMBER COOK: Aloha. Good morning, Chair. There's no testifiers in Kīhei today.

CHAIR SUGIMURA: Do we have…yeah, Gabe Johnson is here. Good morning, Member Johnson.

COUNCILMEMBER JOHNSON: Good morning, Chair, Councilmembers, community members. There's no testifiers here at the Lānaʻi District. And I'm alone on my side of the office, and hopefully everybody is recovering in cleaning up after that big mess. Stay safe. Thank you, Chair.

CHAIR SUGIMURA: Good morning, Chair Lee. Do you have a greeting?

COUNCILMEMBER LEE: Yeah, actually, from the Apache Nation which covers Arizona to New Mexico to Mexico, and it is da'anzho. I'm here alone in my workspace, looking forward to your meeting. Thank you.

CHAIR SUGIMURA: Thank you. I hope your little kitty is doing good after --

COUNCILMEMBER LEE: Oh, yeah, she's up to trouble already.

CHAIR SUGIMURA: *. . .(laughing). . .* Good morning, Member Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka and da'anzho kākou. Streaming live and direct from the kitchen table in Nāpili, where we have overcast conditions with no wind. Hopefully that's not a precursor to another event. With me in the house is adult male, George Vierra, and one minor female canine. Thank you.

CHAIR SUGIMURA: Almost retired adult male, right?

COUNCILMEMBER PALTIN: Almost retired until his worker's comp is over.

CHAIR SUGIMURA: Oh, *. . .(laughing). . .* I hope he's okay. Good morning, Member Rawlins-Fernandez. *(pause)* Oh, we can't hear you. Can't hear you. There…oh, no. Did she disappear? Yeah. Okay, I'm going to come back to her. Member Sinenci, good morning. *(pause)*

COUNCILMEMBER SINENCI: Hey, can you hear me?

CHAIR SUGIMURA: Yes, can hear you.

COUNCILMEMBER SINENCI: Oh, aloha kakahiaka and da'anzho. I'm here at my home office, here by myself. And if I may, Chair, I did drive out from Hāna this morning. The road is still closed for local traffic only, if people can avoid the Hāna area. There is…the town is on an emergency generator right now, and so there's still parts of East Maui that do not have any electricity yet, so there was a lot of cable, internet vehicles going into East Maui this morning. Mahalo for all the HECO crews that are still working on the powerlines. So, if we can ask people to just kind of hold off before going to East Maui, that will greatly help out crews to access the damaged areas. So, mahalo for that.

CHAIR SUGIMURA: Thank you for the report. Yes, I guess in our districts we're also having…maybe not as bad of a problem, but no electricity or no water. So, the storm is still here. Member U'u-Hodgins will be joining us. So, everybody, welcome to the meeting. Thank you very much for all that you have done over the weekend as we…oh, there's Member Rawlins-Fernandez. Good morning, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka kākou. I'm at my private residence, alone in the kitchen right now, but it's spring break so I have my minor child home and my husband Makena Fernandez. There are currently no testifiers at the Molokaʻi District Office. It's overcast here as well. Some sprinkle, but it's high overcast, so it's looking okay and everyone's relatively safe. I hope everyone over there is okay.

CHAIR SUGIMURA: Yeah, thank you. All right. So, welcome everybody. Thank you for making this meeting. So --

COUNCILMEMBER PALTIN: Chair?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: I'm sorry. I forgot, because Member Rawlins-Fernandez mentioned it, I also have two minor children home, but they're still sleeping because they had a wild night, I guess, last night or something, but totally forgot that they're also home.

CHAIR SUGIMURA: Aww . . .*(laughing)*. . . all your children are home then. Okay. So, we are all here, and thank you very much. So, attending with us today for resources, we also have, from the Administration, the Budget Director, Deputy Director of Finance, Director of Personnel Services, Director of Environmental Management, Environmental Protection Sustainability Manager, Chief of Staff, Deputy Director of Agriculture, Grant Coordinator for the Department of Environmental Management, Director of ʻŌiwi Resources, Deputy Director of ʻŌiwi Resources, and Deputy Corporation Counsel Wrigglesworth. Yeah, okay. And so, we've also invited Donna Tonaki, Administrator, Hawaiʻi Employee Union Health Benefit Trust Fund, EUTF. And so, Members, if there are no objections, I will designate Ms. Tonaki, as a resource person under Rule 18(A) of the Rules of the Council, based on Ms. Tonaki's experience on the EUTF as the Assistant Administrator.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: Thank you. Please see the last page of the agenda for information on meeting connectivity. And so, today on our agenda we have four items, which is BFED-20(3), Hawaiʻi Employer's [*sic*] Union Health Benefits Trust Fund (EUTF); BFED-20(25), County of Maui, State of Hawaiʻi Economic Outlook--and I'm going to be cancelling this item because our presenter is not available and will reschedule another day, so that's the second item with UHERO. BFED-20(12), Administration and Management of Grants, I'll explain that later. I will maybe be rescheduling it depending on how prepared we are. BFED-1, Proposed Fiscal Year '26 Budget for the County of Maui. So, and…okay. So, because I'm cancelling BFED, the second item which is the Hawaiʻi…State of Hawaiʻi Economic Outlook [*sic*] for today's agenda, we will not be discussing or taking testimony on this item. Do we have any testifiers? We do. Okay, we do. Okay. So, testifiers please sign up on the desk in the lobby. Please do…or you can join the meeting online via Teams link, or call in on the phone number noted on today's agenda. Written testimony is encouraged and can be submitted via the eComment link on 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 on the raise-your-hand button. If calling in, please follow the prompts via phone, star-5 to raise and lower your hand, and star-6 to mute and unmute. Staff will add names to the testifiers list in the order testifiers sign up and raise their hands. For those on Teams, Staff will lower your hands and once your name is called…I'm sorry, once your name is added, Staff will then call the name you logged in under, the last four digits or your phone…of your phone number, or when your time is test…when it's your time to testify. At that time, Staff will also enable your microphone and video. Please ensure your name appears in Microsoft Teams, as the name you prefer to be referred to or as anonymous if you wish to testify anonymously. If you're in person, please notify Staff that you would like to testify anonymously, otherwise, please 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 to complete. And once you're done testifying, or if you do not wish to testify, you can also view the meeting via *Akakū* 53, Facebook Live, or mauicounty.us/agendas. We will do our best to take each person up in an orderly fashion. We will now call on testifiers wishing to testify at the beginning of the meeting. Staff, please call up the first testifier.

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

MR. KRUEGER: Chair, the first person signed up to testify is Josiah Nishita, to be followed by Christopher Salem on Teams.

CHAIR SUGIMURA: Oh, nice to see you, Managing Director. Thank you for working so hard through the storm.

MR. NISHITA: Thank you, and thank you to all our Councilmembers too for passing along information and, you know, questions from the community, or pictures or photographs, or anything like that. I know multiple Councilmembers have been really assisting us in the response and recovery effort, so we really appreciate all you guys helping to provide feedback and information from the community. It's been really helpful in our storm response. So, thank you very much. And apologies, Chair, I wanted to come testify at the beginning because I wasn't sure if I would be available when the item is called up regarding the administration of grants. We do have some personnel that will be available specifically relating to our Office of Recovery and our CDBG-DR program. But I just wanted to cover a couple of grants in our management program in case you do not reschedule the item and it does come up for discussion. I think regarding some of the questions posed to us, we currently have two outstanding grants in our management program that we have received applications for. We do not do any competitive solicitations, the only grants that we have in the management program are line itemed by the Council. We have one of them being the Montokuji Mission Shoreline Mitigation Project. That was from Fiscal Year 2025. Notice to proceed was issued on June 24th, 2025, project end date June 24th, 2026. The total grant amount is 500,000, and reimbursed to date was $380,823.88, with a remaining balance of $119,176.12.

The current status is shoreline stabilization efforts under Phase III are nearing completion. Phases I and II remain in progress pending Department of Health approval related to the UST remediation. Work associated with Phases I and II is anticipated to commence following the winter surf season. And then, the only other grant…line item grant that we had received the application for from the agency is for the Lāhainā Community Land Trust. Notice to proceed was issued on July 10th, 2025. Project end date June 30th, 2026. Total grant amount is $5 million, and no reimbursement requests have been submitted to date. So, Chair, I wanted to provide that information to the Committee. I'll try to be available when the item is called up before you and I can also provide anything in writing if that would assist the Committee. But thank you. I wanted to make sure to be here and provide some information in case I am not…thanks.

CHAIR SUGIMURA: Very good. We should have you come to every meeting and do this kind of report.

MR. NISHITA: *. . .(laughing). . .*

CHAIR SUGIMURA: But just for your information…for clarification, thank you for providing this about the two grants that are in the Office of Management. I am waiting for the rules, admin rules, from…for…it's going to be applying to all grants in the State…not State of Hawaiʻi…in the County of Maui, and so that's my focus today, although we did ask for that kind of information from all the departments that are doing grants. But at this point, Managing Director, we're ready to do the budget. So, with or without the admin rules, we're proceeding. We're either going to do it right or we're going to do it the way we want…and they may not be the way you want, but we're trying to work with this for the last five or seven months, so…

MR. NISHITA: Yeah, understood. Thank you, Chair.

CHAIR SUGIMURA: But thank you for the report.

MR. NISHITA: Yeah.

CHAIR SUGIMURA: Anybody have questions? Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Deputy…

CHAIR SUGIMURA: Managing Director.

COUNCILMEMBER PALTIN: Managing Director Nishita. I just was curious, is that one outstanding is the manage retreat monies for the Lāhainā Community Land Trust?

MR. NISHITA: Yes.

COUNCILMEMBER PALTIN: Oh, okay. That wasn't me. Thank you.

MR. NISHITA: Thank you.

CHAIR SUGIMURA: Oh, here's another question from Gabe Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. Good morning, Managing Director Nishita, and thank you again for all your hard work over this past week managing the storm. The clarifying question…as Chair alluded to, we're waiting on the admin rules. So, is there a timeline on when your new admin rules will come before the Council?

MR. NISHITA: Thank you, Chair. I can follow up with our team who is working on that and we can get back to you guys if not when the item is called up, in writing following this meeting. Thank you.

COUNCILMEMBER JOHNSON: Fair enough. Okay, Chair. So, I guess maybe you should, we…well, I'll let you decide when we get to it, but --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: -- hearing that, I don't know what else I can add to the discussion. Thank you.

CHAIR SUGIMURA: Exactly. So important. Any other questions? Seeing none. Thank you very much, Managing Director.

MR. NISHITA: Thank you.

CHAIR SUGIMURA: Thanks for working hard, truly. All right. So, next testifier.

MR. KRUEGER: Chair, the last person we currently have signed up to testify at the beginning of the meeting is Christopher Salem.

CHAIR SUGIMURA: Good morning, Mr. Salem.

MR. SALEM: Good morning, Councilmembers. I just want to check and see if the mic is on.

CHAIR SUGIMURA: Yes, we can hear you.

MR. SALEM: Okay. To begin with, it was not just testimony, but you were off for five minutes there on *Akakū*. Councilmember Lee and Councilmember Paltin, I would suggest if you need assistance on a golf tournament, you know, as you may know I'm the secretary of the Board of Directors of Lāhainā Junior Golf, and I would suggest you contact Joel Navarro, our President. He's the one who coordinates all the golf tournaments for Lahainaluna that for 16 years, that tournament that keeps all of the students overnight on campus instead of being out on the roadway in dangerous situations.

CHAIR SUGIMURA: Mr. Salem. Mr. Salem.

MR. SALEM: Yes.

CHAIR SUGIMURA: That's not on our agenda. What item…what are you testifying on?

MR. SALEM: I'm testifying on the budget item.

CHAIR SUGIMURA: What budget item are you testifying on? We don't have that…

MR. SALEM: You have an item called Proposed Fiscal Year Budget for the County of Maui.

CHAIR SUGIMURA: Oh, so you're just…you're just testifying on everything in general. Okay, go ahead.

MR. SALEM: Okay.

CHAIR SUGIMURA: The WIR is not on the agenda.

MR. SALEM: Okay. Chair, to begin my testimony this morning, you just made a very interesting comment about…to our Managing Director how you were going to do things right regardless of whether it's…I won't paraphrase what it is you just said, but that is the theme of my testimony. The budget transmitted by the Mayor must, by law, include all revenues necessary to offset expenditures. Under Maui County Charter Article 8, Finance, including Section 8.8 and 8.9, the County is required to present a complete and accurate accounting of revenues, including those derived from recorded subdivision agreements owed to the County. For decades, in violation of the County Charter, this County Council has failed to recognize the substantial revenue from the developer agreements authored and recorded on real property titles by Corporation Counsel attorneys for roadway infrastructure agreements, commonly known as deferral agreements. I will hold the Council responsible for that because the Mayor is the one who brings down from the Administration the proposed budget. This practice is going to stop this year. We now have a situation where these agreements impose binding obligations on developers and all successors in interest to fund their prorata share of roadway improvement costs along their subdivision frontages. Yes, they've never been accounted for by the Department of Finance, Department of Public Works, or Corporation Counsel. I'll say it again…thousands, yeah. Simply stated, despite numerous roadway projects being funded and completed with public funds, not one dime has ever been assessed or collected as revenue to offset capital expenditures. The MPO ironically lists projects that are required to be assessed by law. Councilmember Sugimura, this budgetary omission is not discretionary. It's a violation of the Charter. It has been further compounded by the fact that Council previously voted 9-0 to initiate and audited these agreements, an audit that has since been suspended through interference of Corporation Counsel, who is now conflicted. As the Budget Chair, you must determine whether the Committee will allow this to continue the exclusion of these revenues from the County's financial records, or whether you will demand that Mayor Bissen's proposed budget comply with the law. If the proposed budget fails to include these revenues and is legally deficient and is subject to judicial intervention, including a restraining order, which I am prepared to file. I think you know by now, it is irresponsible and politically damaging for potentially both yourself and the Mayor, if I'm forced to bring this in the public light through a restraining order filed with the Second Circuit Court. It's not a threat. It's our absolute right to hold government and the Council accountable for their intentional violations of the Charter. This is long overdue. . . .*(timer sounds)*. . . And…I'll finish up. With that said, to resolve this distasteful discovery once and for all, I request you seek an independent audit to these agreements. It's mind boggling that you would vote for an audit, and then authorize a million dollars in legal fees to destroy the person who brought forth the audit. The hypocrisy is just amazing, but it's not going away. So, we now have a platform, and within the next week to ten days, if Mayor Bissen does not recognize these agreements . . .*(timer sounds)*. . . there will be a restraining order filed. This is our right to protect the public, but it's your responsible to be doing this, not mine. Thank you for your time.

CHAIR SUGIMURA: Thank you very much. So, Mr. Salem, just for your clarification, originally when I asked about the item that you were speaking on, which was a golf tournament, that golf tournament was not necessarily in this budget, but the rest of your testimony is relevant. So, I just wanted to clarify that. Does anybody have any questions for him? Okay, no questions for you. Thank you, Mr. Salem.

MR. SALEM: You're welcome.

CHAIR SUGIMURA: Thank you. Welcome, Member Nohe U'u-Hodgins.

COUNCILMEMBER U'U HODGINS: Good morning, Chair. Good morning, everyone.

CHAIR SUGIMURA: Good morning.

MR. LAW: Ohayō.

CHAIR SUGIMURA: Ohayō.

MR. LAW: Jasee Law from Haleakalā. I'm speaking on pretty much the whole thing. I think the County budget is speaking about kālā, the money, but you can put me under the last one, BFED-1. Everybody has probably got one of these in their pocket, it's the United States dollar, and I like George Washington. I'm from the town…I lived in the town that he lived in for 25 years as pretty much the majority of my life. And he fought for his…I gonna say, I don't know what his…he was probably confused too because he was…there was the English guys and then there was American guys. But to make a long story short, I've asked this question before, if anybody from the budget office can answer my question. Why are we using a white guy from Virginia on our dollars here in the middle of the Pacific Ocean? I think we ought to have our own currency. He looks kind of white, I don't know if he was actually white, but English. Mr. Cook's shaking his head. Chair --

COUNCILMEMBER COOK: Chair?

MR. LAW: -- I'll continue with my --

COUNCILMEMBER COOK: Chair?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER COOK: Can we remind the testifier to have a relevant testimony pertaining to the agenda? I find that testimony irrelevant. Thank you.

CHAIR SUGIMURA: Thank you very much. Proceed with BFED-1.

MR. LAW: So…yeah, just…whatever…30 seconds I could add to the clock from that interruption. Yeah, white is…if you could…I won't say white anymore and speaking about human beings if they could stop using the word homeless to describe human beings. The United States Federal Reserve I heard on the radio is meeting today. And I understand the basics of money, but it's not really my kuleana to be on that sort of a board. But I was looking through the Hawaiian dictionary this morning to try to figure out something that was relevant to this meeting and at the last minute I found this. The word mākia is a motto, purpose to aim or strive for, to concentrate on. And then as a example of that, use that in a sentence, it's ʻonipaʻa ka Liliʻuokalani mākia. That means stand firm was Liliʻuokalani's motto and I'm just hoping for some day that we can get right because everybody knows the guys came off the ship and pointed guns at Liliʻuokalani and put her in a room. And I'm sure, Chair, you wouldn't like people coming to your house with guns and locking you in your room either. So, let's work towards that. Thank you very much for your time. I'll save the rest of my time for the Hawaiian people.

CHAIR SUGIMURA: Thank you. Any question? Seeing none. Thank you. Thank you, Member Cook. All right. Any more testifiers?

MR. KRUEGER: Chair, there is currently no one else signed up to testify at the beginning of the meeting, so we'll do a last call. If there is anyone else who would 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 countdown…three, two, one. Chair, there is no one else to testify.

CHAIR SUGIMURA: Okay. Thank you. With your permission, I'm going to close public testimony for testifiers at the beginning of the meeting and receive written testimony. Thank you.

COUNCILMEMBERS VOICED NO OBJECTIONS.

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

CHAIR SUGIMURA: So, we're going to take up the first item. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Could you hear me?

CHAIR SUGIMURA: We can hear you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, good.

ITEM 20(3): HAWAIʻI EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

CHAIR SUGIMURA: So, the first item on the agenda is Hawaiʻi Employer-Union Health Benefits Trust Fund (EUTF), and it's on today's agenda in a Rule 7(B) discussion. And joining us today is Ms. Donna Tonaki, Assistant Administrator of the Hawaiʻi Employer-Union Health Benefit Trust Fund. Each year the Committee invites the Employees Retirement System and the EUTF to provide updates relevant to our County in preparation for the upcoming budget session. Last week we heard from ERS, and today we will hear from EUTF. Ms. Tonaki, please proceed. Welcome. Thank you very much for being with us.

MS. TONAKI: Good morning, Chair Sugimura --

CHAIR SUGIMURA: Good morning.

MS. TONAKI: -- and Members of the BFED Committee. Is it okay if I share my presentation?

CHAIR SUGIMURA: Please do.

MS. TONAKI: Okay. Thank you. So, thank you for giving me the opportunity to share with you some updates from the EUTF. I know normally Derek Mizuno has been at the budget meetings before, but he is out of the office right now so I am going to do the presentation for you all. So, I would just go over some updates, and the first one is the operations of the EUTF. The EUTF did implement its new benefit administration system about three and a half years ago and, you know, every year since 2024, we've had online open enrollment for employees. And for the first year of 2024, maybe about 62 percent went online, then 2025, 67 percent went online, and then…so this year for 2026, you know, our goal is to keep increasing. So, employees go online as opposed to filling out hard copy forms, and open enrollment this year will be in May of 2026. Next page. Some other updates with EUTF is last year we closed the HMSA HMO medical plan for active employees, so only employees who are already enrolled as of June 30, 2025, they're grandfathered into the plan. This year, our board decided to also close the HMSA 90-10 plan, so any employees who were enrolled effective June 30, 2026 will also be grandfathered. And then the reason for this closure was mainly because of low enrollment and high premiums for these plans for the EUTF. And then the next update is County of Maui in July of 2025. They offered 100 percent coverage for active employees who are enrolled in the HMSA 75-25 PPO plan, Kaiser Standard and Verdegard supplemental medical and drug plans, and also for the dental and vision plans. County of Kauaʻi did the same effective September 1 of 2024. Currently now for County of Maui, the bargaining units 11, which is the firefighters, and 15, which is water safety or lifeguards, are not offered the 100 percent yet because I believe there's no collective bargaining agreement reached. And the last thing is then effective January 1, 2026, we did start offering composite fillings for our dental plan. So, prior to this, the benefit for amalgam fillings for posterior teeth, but now effective January 1, for actives and retirees, the composite fillings are now covered at a 80 percent coverage. Next page is some of the County of Maui, the active employee, the movement after the County of Maui offered the 100 percent. And so, prior to open enrollment, there were approximately…between the 75-25 in the Kaiser Standard together, there were approximately, you know, 58 percent enrolled in those two plans, and after open enrollment on July 1 of 2025, about 66 percent of the County of Maui employees enrolled in the HMSA 75-25. And also…so, on the far right column, that shows the increases and decreases for each of the plans. And so, the Wave did decrease, and I believe…you know, and so then employees probably enrolled in the…like the HMSA 75-25 or Kaiser Standard plans. And then with County of Maui, it's pretty much split evenly, employees are enrolled in between HMSA and Kaiser Standard. Any questions so far, or would you like for me to just go through the whole presentation, Chair Sugimura, and then ask for questions, or…

CHAIR SUGIMURA: Yes, we'll do questions after. Thank you.

MS. TONAKI: Okay. Thank you. Okay, the next slide is just a overview of what type of retirement benefits the EUTF offers. And as far as for the retirement benefits, how the employer calculates employer contributions and how much they'll pay for employee's premiums is based off of years of service and hire date. And then if you were hired after June 30, 2001, there's no employer contributions for dependents of retirees after June 30, 2001. And the base monthly contribution, this amount is set by statute and the base monthly contribution increases at the same rate at the Medicare Part B premiums. I'm just going to show you the…so, on this page here, this is a chart that we follow. So, you know, any retirees…and we use the ERS membership date, so if you were hired prior to July 1 of '96, you needed ten or more years of service to get the 100 percent. But if you were hired after June 30, '96, then you will need 25 or more years to receive the 100 percent. And if…in this in this tier, the second tier, this tier also employers pay for dependents. And then also…and then for…if you were hired after June 30, 2001, then this is only…the employers will only pay for self-only coverage, but we also followed these tiers for the years of service. Okay. And then, let me just show you also…oops, sorry. And then on this page here, this shows the different…the BMC premiums for the 100 percent, 75 percent, and 50 percent. So, there's different premiums for Medicare, and non-Medicare. And so, currently now, the premiums on the left side of the slide are the actual premiums that we pay the carriers. And so, as you can see, Medicare self for HMSA or Kaiser…and this is the 100 BMC, so it's way below…the actual premiums are way below the base monthly contribution amount, and even for the 75 percent it is way below the actual BMC amount. So, these retirees also do not have to pay a premium even though it's the 75 percent base monthly contribution. The only people that have to pay premiums…slight premiums is the 75 percent for non-Medicare self. And so, therefore, between the 1,042 and the 1,023, if they're enrolled in HMSA they will need to pay the slight premiums for that tier. Okay, going back. Sorry, going back to this page. The employers also reimburse retiree and spouse Medicare Part B premiums, and we also in…also includes the income-related monthly adjusted amounts, which is . . .*(inaudible)*. . . And then there was statute introduced where no part B…Medicare Part B reimbursements will be for spouses, and also IRMA reimbursements for any new hires after June 30, 2023. And so, everyone for EUTF…everyone is required to enroll in Medicare Part B if they are eligible, and normally it's when they're 65 or over or disabled. Okay. As far as spouses of employees hired after June 30, 2001 may enroll in EUTF retiree plans, but with no employer contributions to the EUTF health plan premiums. So, the retirees will need to pay for their dependent coverage, but spouses are allowed to enroll in our plans and we will collect premiums for the dependents. And also, one last note, is Medicare Part D premiums are not reimbursed to the retirees or spouses. Okay. Here's a overall view of the retiree enrollment for the County of Maui. And currently now for retirees, HMSA is the prevalent plan for retirees on Maui, 66 percent, and Kaiser Senior Advantage or Kaiser is 34 percent. And there was a slight increase in subscribers for between 1/1/2025 and 1/1/2026 of Medicare retirees, and a decrease in the non-Medicare retirees. In overall subscriber there was a slight increase of .7 percent. Okay. And then this is the annual cost for retiree premiums for the County of Maui. And the overall total increase was about 6.5 percent, and Medicare Part B premium increase was 3.8 percent, with medical and drug increase of about 6.1 percent. And then on this next slide, so this is the slide that is most impressive and that form…this is for our OPEB. And so, currently now overall, for all employers, we are 58.2 percent funded ratio, but we can concentrate on County of Maui. So, if you can see for County of Maui they are currently 93.7 percent…almost fully funded. So, by Fiscal Year 2028, County of Maui is going to be 100 percent fully funded. And this is really remarkable for our OPEB, and County of Maui, because they started funding early back in 2012, and also did a lot of additional funding for the OPEB, this really jumped them up early so that they can…so County of Maui is…will be fully funded by 2028…as compared to the State, the State still…will be fully funded in 2040. You know, originally we had…they had done a 30-year projection out to 2044 when this all first started, but even the State did improve by four years because of premiums, positive claim experience. But County of Maui is in a really good position I think. Kalbert last week talked to you folks about ERS and how it's very different from the EUTF and the OPEB, but this is really good news for the County of Maui for OPEB. Okay. And this is just a chart that shows a seven-year average of the annual change in premiums. And basically what this chart is saying is that, you know, our premiums have been lower than the national trend of BMC overall, and it's also lower than the CPI for poll 65 *(phonetic)*, which is the bulk of the retiree population. So, we're…the EUTF, as far as premiums, are doing really well and the premium increases were less than expected. So, therefore, the liabilities were growing slower than expected. Okay. And then…I went through this page. So, this is a chart that is showing…you know, this is County of Maui's the unfunded liability. And so, if you can see here, this blue dotted line was the original unfunded liability projection, and it was originally scheduled to Maui to be fully funded by 2040, but this red line is the actual unfunded liability. And because of the…like I said, the pre-funding that Maui County did, and also positive claim experience, this…Maui County will be fully funded in 2028. Okay. And then this one also is showing the graph, and it's showing that based off of the…you know, the original ARC, the Annual Required Contributions, it is about $60 million less than the original projections. So, it was originally…it was about 52 million, versus…it's 36 million now as far as the ARC is concerned. And then once Maui becomes fully funded in FY '28 from the years forward, the ARC will significantly decrease. Okay. This is the projection of the funding progress for County of Maui. So, as I have explained in the graphs, so the unfunded liability in FY '28, Maui will be at zero at the end of the year and the annual required contributions. So, from about 38 to 35 million a year, it's going to significantly drop to 14 million, and that is because Maui County has paid off of the…you know, the unfunded liability by FY '28 for all of their retirees, so there's no liability anymore…and this would just be the normal cost. Okay. And then these are just enrollment trends for the whole State for all of the EUTF members, including State and all the other counties. And as you can see here, the prevalent plan is the 75-25 plan for all counties, for everyone, and then the Kaiser Standard and 80-20 is about 20 percent each of each of the plans. Okay. And then, this is the active enrollment for County of Maui. In the previous one I think I said the Kaiser Standard and HMSA 75-25 was a little lower, but that was because it included Wave participant. So, for County of Maui for actives, Kaiser Standard, just slightly higher, you know, by 1 percent is the prevalent plan, versus the HMSA 75-25 plan. Okay. And then these…this is just the annual cost in the millions for Maui County for the active employees, and total increase from the previous year is about 6.5 percent, so pretty standard in average for each year. Okay. And that's the end of my presentation. I won't go through all the appendix or…you know, or anything on the appendix. So, if you have any questions?

CHAIR SUGIMURA: Yeah, thank you. Thank you very much. So, at this time then we will open up for any testifiers on this item.

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(3) . . .

MR. KRUEGER: Yes, Chair. We have one person signed up to testify, that would be Johann Lall.

CHAIR SUGIMURA: Good morning, Mr. Lall, if you're online.

MR. LALL: Aloha. Johann Lall, I'm testifying on my own behalf. And I wasn't going to testify, I was just trying to learn a little bit about the current state of retirement and all that stuff. I was surprised that the benefits seem to be getting worse. And you guys as a Council have shown a lot of concern about hiring and the short staff situation and stuff like that. And I just want to point out that the benefits are a big deal like when you go into work into local government or state government, and the tradeoff is, you know, you get the low pay, but you get stability and you get really good benefits…retirement, and all of that. And so, if those things are getting worse, it has to have some impact on recruiting and retention. Because if your benefits aren't going to be good, even if once you're vested, when you retire maybe you're more likely to go work in the private sector and get better pay and better benefits and better health insurance and all that stuff. So, I think it's one piece of the puzzle with public service, and providing good service to the community and everything that's related. So, mahalo.

CHAIR SUGIMURA: Thank you. Any questions for the testifier? Okay, seeing none. Any more?

COUNCILMEMBER PALTIN: Oh, I had a question.

CHAIR SUGIMURA: Oh, I can't see Member Paltin. Okay. Member Paltin, please?

COUNCILMEMBER PALTIN: One of the benefits that was added, I guess, not by us, maybe financially, was that there is no copay now. Do you not see that as an incentive benefit? Like if you choose that 75-25 plan, HMSA or Kaiser, that the County pays your medical. Is that the type of benefits that you're talking about?

MR. LALL: I think I may have missed that part. I was looking at how they got rid of the 90-10, and now they have like the 75-25. So, I was thinking that means you would…like even if you go through all the time that you need to get vested and you get the health insurance when you retire, then you end up having to pay more. I may have misunderstood.

COUNCILMEMBER PALTIN: I think they said 90-10 because there weren't enough people signing for it, but if you sign up for the 75-25, the County pays your thing while you're working. So, I thought that was the kind of benefits that people want, like you don't have to pay your share.

MR. LALL: If it's actually better, then that's good. If it's worse…if it's worse, that's bad, I think.

COUNCILMEMBER PALTIN: Okay. I just wanted to clarify that I thought that was a pretty good benefit. Thank you.

CHAIR SUGIMURA: Okay. Thank you very much, Member Paltin. Any other questions? Seeing none. Next testifier.

MR. KRUEGER: Chair, there is currently no one else signed up to testify on this item, so we'll do a last call. If there is anyone else who would 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. So, with your permission, Members, I'm going to close public testimony and receive any written testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(3) . . .

CHAIR SUGIMURA: Thank you. So, we're going to then ask questions for Ms. Tonaki, and you will be given three minutes apiece. First testifier…I mean, first is Member Batangan.

VICE-CHAIR BATANGAN: Thank you, Chair. Okay, so first question. When the Council appropriated money to cover the health care cost of employees, was it meant for everybody or just those in the 75-25 option?

CHAIR SUGIMURA: Oh, Ms. Tonaki, can you hear?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. Just a point of information. So, my understanding is the coverage for the 25-75 is for current employees and the presentation we're talking about is for retirees. And I don't think that it applied to retirees, but if I'm wrong I hope to be corrected.

CHAIR SUGIMURA: Okay, we can get that clarified. Did we lose…is she still on?

MS. SZABO: No, Chair.

CHAIR SUGIMURA: I don't see her.

MS. SZABO: She just needs to unmute on her end.

CHAIR SUGIMURA: Oh, okay. *(pause)* Ms. Tonaki? Hello, are you there? *(pause)*

MR. KRUEGER: Chair, we do see Ms. Tonaki connected to the meeting. You are a presenter, Ms. Tonaki. If it's okay, could you unmute yourself.

CHAIR SUGIMURA: Ms. Tonaki, can you hear us?

MR. KRUEGER: Chair, could you request maybe like a brief two-minute recess --

CHAIR SUGIMURA: Okay.

MR. KRUEGER: -- for…to troubleshoot.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Yes? Ms. Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Is Managing Director still…mahalo, Chair. Is Managing Director Nishita still there?

CHAIR SUGIMURA: No, he's not here.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, he's gone.

CHAIR SUGIMURA: He's not here.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. Okay. I was hoping that…because he was the one that shared with us that --

CHAIR SUGIMURA: The benefits.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- the copay…yeah, that benefit to employees. So, he could potentially clear up that question --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- if he was available. But okay.

CHAIR SUGIMURA: So, we'll take a two-minute break, so that we can get Ms. Tonaki into the meeting. . . . *(gavel)*. . .

RECESS: 10:01 a.m.
RECONVENE: 10:07 a.m.

CHAIR SUGIMURA: . . .*(gavel)*. . . Okay, welcome back to the meeting. We'd like to welcome back Ms. Tonaki, and I don't know if you heard the question that came up when we were…when we started the Members' questions, so…

MS. TONAKI: Yeah, can you…would you mind repeating the question again?

CHAIR SUGIMURA: Member Kauanoe Batangan, yeah, if you could start again?

VICE-CHAIR BATANGAN: Thank you, Chair. Thank you, Ms. Tonaki. Yeah. So, the question was when the Council appropriated money to cover health care costs for employees, was it for everybody or was it just for the 75-25? And if it wasn't from the Council, did that directive come from the Administration?

MS. TONAKI: I'm sorry, that's not…I don't think I can…I'm not sure what the Council appropriated…is he asking what the Maui County Council appropriated?

VICE-CHAIR BATANGAN: Yeah. I guess…so, when you…so, for the public benefit, where the County will pay for the health care premium of those in the 75-25 percent plan, the directive to you came from the Administration then?

MS. TONAKI: Yes. It came from the Administration to us --

VICE-CHAIR BATANGAN: Okay.

MS. TONAKI: -- to EUTF. So, the Administration told us, and there is a supplemental agreement that the County of Maui employer will pay 100 percent of the premiums for that HMSA 75-25, Kaiser Standard, the supplemental medical plan also, Verdegard, and then also for dental and vision. So, that came from the County of Maui.

VICE-CHAIR BATANGAN: So, it was a policy thing. It's not technically impossible that the other plans could have received some kind of stipend as well.

MS. TONAKI: Yes. And it's from…it was a directive, I guess, from County of Maui. And they also have a supplemental agreement with the different bargaining units. And that's why I had mentioned in the presentation that BU…bargaining unit 11, which is firefighters, and bargaining unit 15, which is water safety, there is…they are not paying…or County of Maui is not paying 100 percent of the premiums for those bargaining units.

VICE-CHAIR BATANGAN: Okay, thank you. So, I guess for me, my questions would be with the Administration then. Oh, I see Personnel Services Director raising her hand.

CHAIR SUGIMURA: Okay.

VICE-CHAIR BATANGAN: Can I get clarity on what the directive from Council to the Administration was?

CHAIR SUGIMURA: Yes, yes, yes.

VICE-CHAIR BATANGAN: And I guess I'll preference this by saying, my issue with the way that the policy was implemented is that people who needed health care most received nothing, those who needed it least got 100 percent of their health care premium paid for, and those who didn't need health care at all, I think, got a stipend. So, the incentive structure seems to be off. And if it was a technical issue because of the way that EUTF administers the benefits, you know, maybe, but it doesn't sound like that's the case. And so, I'd like to hear from Director of Personnel Services on what the directive from Council was…if it's something that we need to change on our end in this upcoming budget, or if it was a policy directive from the Administration. I'd like to get better clarity on why the *. . .(timer sounds). . .* program was implemented in the way that it was.

CHAIR SUGIMURA: Okay, very good. I'm going to let Cynthia Razo answer the question, then we can move on. Your hand is up. Can you unmute? There you are.

MS. RAZO-PORTER: Hi, good morning.

CHAIR SUGIMURA: Good morning.

MS. RAZO-PORTER: Good morning, Chair and Councilmembers. Hi, Donna.

MS. TONAKI: HI, Cynthia.

COUNCILMEMBER PALTIN: Do we need to mark her as a resource before, or…

CHAIR SUGIMURA: I think we did already.

COUNCILMEMBER PALTIN: I approve her as a resource.

CHAIR SUGIMURA: Okay, thank you…in your expertise in DPS. Go forward.

MS. RAZO-PORTER: Okay. So, the…I guess the directive that we got was, you know, Council funded for these medical benefits. We mirrored what Kaua‘i County was doing. And because it was just a really short and tight window, because we were like on the heels of open enrollment, you know, it was just getting this in front of the unions, and so we did implement the 75-25 HMSA and the Kaiser Standard. And I don't think, you know, we had the luxury of time to say, you know, we're going to do these other…pay for these other premiums, it was just kind of during open enrollment. I think the understanding is going forward…so we signed a two-year supplemental agreement, is if we can, you know have a little more runway to work with and get, you know, just on Council, you know, funding it more, we might be able to make changes to it. I know EUTF has to set up their system to make those kinds of changes, so it does require a little bit of planning.

CHAIR SUGIMURA: Okay. Thank you.

VICE-CHAIR BATANGAN: I recognize my time is up. Thank you, Chair.

CHAIR SUGIMURA: Okay. Chair Lee, do you have a question?

COUNCILMEMBER LEE: No questions. Thank you.

CHAIR SUGIMURA: Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Ms. Tonaki for the presentation. My first question is, although the OPEB is tracked by County, the retirement is based on not years of service, but age. Is that…I mean ten years minimum years of service, but also age. You cannot retire and collect these benefits if you're not 67, or you can?

MS. TONAKI: We basically follow…that's more of your vest. So, how EUTF works is that as long as you're an ERS retiree, then they are eligible for retiree health benefits.

COUNCILMEMBER PALTIN: Okay. And then what about workers that transfer between counties, does it matter how many years in either County?

MS. TONAKI: No.

COUNCILMEMBER PALTIN: Or like from State to County, or County to State?

MS. TONAKI: Yeah, no. It doesn't matter. It's just total overall.

COUNCILMEMBER PALTIN: And it goes off of the last thing that you worked with? Like if you are a State employee at the end or County employee at the end, which County you are at the end?

MS. TONAKI: Yes. So, how we base on the retiree benefits is based off of the last employer that employee worked at.

COUNCILMEMBER PALTIN: Oh, okay, okay. And then once bargaining unit 11 and 15 ratify their contracts, if they get to that point, will they be reimbursed? Or no, it doesn't go into effect until that contract is ratified?

MS. TONAKI: Okay. So, it depends on what…what the outcome is on the ratification. If we're directed to go back to July 1, 2025, then yes, they will get refunded depending on what --

COUNCILMEMBER PALTIN: Coming from the Administration?

MS. TONAKI: I'm not sure as far…are you talking about the 100 percent, or --

COUNCILMEMBER PALTIN: Yes, if they get refunded.

MS. TONAKI: That would have to be refunded…yeah.

COUNCILMEMBER PALTIN: Okay.

MS. TONAKI: That would have to come from the Admiration on the 100 percent. But overall during the collective bargaining, if they go back to July 1…like I believe Police went back to July 1, 2025, then we did refund.

COUNCILMEMBER PALTIN: Oh, okay, okay. And then, is that only firefighters and ocean safety that haven't ratified their contract, all the other units, unions, have a…are working under a ratified contract?

MS. TONAKI: Yes, I believe so.

COUNCILMEMBER PALTIN: Okay. And then, you know, once we hit the 100 percent in 2028, it looked like the number goes down significantly, like maybe 20 million or whatever, . . *(timer sounds)*. . . but then it kind of seems like it keeps trending upwards. Is that just based on forecast of more employees being hired?

MS. TONAKI: Yeah. As employees come, then there's like a…new employees come in, bigger liability. And so, you need to start funding for the future liability for the employees.

COUNCILMEMBER PALTIN: Yep, got it. Thank you. Thank you so much. I heard the bell.

CHAIR SUGIMURA: Okay, thank you very much. Next we have Member Johnson, followed by Member Rawlins-Fernandez.

COUNCILMEMBER JOHNSON: Thank you, Chair. Good morning, Ms. Tonaki, and thank you for your presentation. There was so much stated in there, forgive me if the question that I'm going to ask was in there, but I was looking forward. But basically, I think the overall question I'm coming for, Ms. Tonaki, is how do we compare with the private sector? Do you guys look at the private sector and say ooh, they're…you know, we've got to match them, or they're…you know, how do we compare? Because I'm sure people, when they look at our package, you know, when they're looking to be hired, they're looking at that and they're comparing it with, you know, the private sector. And do we ourselves look at the private sector? And if not, are we looking at other counties, and is that the right way to go about this, Ms. Tonaki?

MS. TONAKI: Are you talking more about the active employee plans that we offer --

COUNCILMEMBER JOHNSON: Okay, sure.

MS. TONAKI: -- or are you referring to that, or are you referring to OPEB, as far as…

COUNCILMEMBER JOHNSON: Well, on your presentation…I'll let you decide how you want to respond to that.

MS. TONAKI: Okay. *. . .(laughing). . .* As far as the…so, as far as the private sector or HMSA, say that…I'm just going to use HMSA for active employees. The 75-25 plan that is created is not the prevalent plan in the private sector. I believe in the private sector for active employees, it's more similar to our HMSA 80-20, or even possibly…it's probably a blend between the 80-20 and the 90-10 plans, as far as the private sector goes.

COUNCILMEMBER JOHNSON: Oh, I see. Um-hum.

MS. TONAKI: And then as far as OPEB…as far as the 100 percent funded, comparing to other entities, we are…you are, and we are way ahead as far as being fully funded for OPEB. So, we are like in the top…you know, the top tier on that part.

COUNCILMEMBER JOHNSON: Um-hum. Okay. It's just…and I, you know, our testifier had said something and…that I've often heard that the benefits back in the day were much better than they are now, and then I hear the administrators come in and say no, we're doing really well. But at the end of the day when we're trying to recruit people, and those folks who did serve for many, many years, when the rubber meets the road is that…you know, is that a…is that a…is it true that basically some folks are looking at our benefits package and it's not being so great anymore? That was always the lure in municipalities, right? You come work in a municipality and you…you get a nice benefits, you might not make as much as the private sector…but now, I think the gap is shortening, don't you think so, Ms. Tonaki?

MS. TONAKI: It's hard to say. *. . .(timer sounds). . .* I mean one of the lures now too is more…is retirement, right? The 25 years and at least, you know, get the 100 percent employer paid for health benefit plans as far as that's concerned. That's one of the bigger lures…and even for myself. I actually joined the State, you know, later in life, not, you know, right out of college, and I'm so thankful I did, and to make that 25 years at the 100 percent, so…

COUNCILMEMBER JOHNSON: Twenty-five years in municipality work, it's like dog years. *. . .(laughing). . .*

MS. TONAKI: Yep. *. . .(laughing). . .*

COUNCILMEMBER JOHNSON: Okay, and that's my time. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you very much.

MS. TONAKI: Thank you.

CHAIR SUGIMURA: Member Rawlins-Fernandez, followed by Member Cook, then U'u-Hodgins.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Ms. Tonaki. Mahalo for your presentation. My questions are actually for Director Razo-Porter, if she's still on?

CHAIR SUGIMURA: Yeah, there she is.

MS. RAZO-PORTER: Hello.

CHAIR SUGIMURA: Hi.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Director. Mahalo for being with us today.

MS. RAZO-PORTER: Aloha.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I wanted to follow up on my initial comments earlier on what that supplement…who that supplement was for. Because during budget session last year when we were trying to do the…advocate for a salary supplement that would provide a higher set salary for our employees, the administration proposed covering the payment for the…or following Kaua'i's policy. My understanding at the time during budget session last year was that it was for our current employees?

MS. RAZO-PORTER: Correct.

COUNCILMEMBER RAWLINS-FERNANDEZ: Who…okay, so that is what it's for. And then when deciding to follow Kaua'i's policy to cover the 75-25, was there discussion on why we would choose the 75-25 instead of those who would need health care more, as Member Batangan explained, like the 90-10 plans?

MS. RAZO-PORTER: So, I think the discussion was more as I mentioned earlier that…you know, that runway that we had to work that out was much shorter. We were like right on the heels of open enrollment and so we didn't really have that opportunity to, you know, evaluate. But the 75-25 and the standard plan was most prevalent, and so that's kind of what was already established and what, you know, we decided to go with. I know that we got lots of feedback after the fact that what about everybody else, you know? And so, correcting that…and now the 90-10 plan is not even available. And I guess I would just put this out there, so even though, you know, it's the 90-10, it's the 80-20, it's the 75-25, like the, you know, HMSA or Kaiser that you go to, I mean you still have the same services, it's just your copay may be a little different. And just…you know, so you still see the same set of doctors, you still see…you know, and everybody has a different kind of, you know, what's important to them. And so, in this case it was, you know, more employees benefitted from the 75-25 and the Kaiser Standard.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, follow up . . . *.(timer sounds). . .* to that…okay. I heard the timer, but I was just going to ask if the amount that we appropriated…the Council appropriated last year was insufficient to cover everyone, and if that was one of the factors was considered when deciding to only chose the 25-75 instead of everyone.

MS. RAZO-PORTER: Right. So, as we didn't have time, it was…open enrollment was happening, so just sitting with that. The 90-10 is, you know, like triple the cost. And so, you know, looking back on that, it was…you know, if we say we're going to cover everyone, then everyone's going to go the 90-10. So, you know, it was just…you know, with 3,000 employees, it was kind of a difficult decision. The other comments that I've been hearing about BU-11 and BU-15, 89 talks about creating supplemental agreements when there is a current collective bargaining agreement. So, because they were out of contract, you know, we've just been kind of sitting, waiting for that to happen, and we still haven't received a decision yet. So…so, that's kind of the tricky basket that we found ourselves in, but…

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that explanation, that was really helpful. Mahalo, Chair.

CHAIR SUGIMURA: Very helpful. Thank you. Good question, and thank you for your response. Next we have Member Cook.

COUNCILMEMBER COOK: Thank you. My question is for Director Razo-Porter. I believe…do you have an idea of the total cost now that we're looking at it after a year, the total cost of what that increase was for the County to pay 100 percent, and then what the average cost was possibly for an average employee? I believe the intent at the time was to give people a raise, and it was during the time of other…other individuals, other departments getting raises, and this was a way to spread it around. So, could you help me with what the financial benefit cost was that…that was?

MS. RAZO-PORTER: So, I apologize that I don't have that information and need to say what we spent, you know, what that output was, but we can certainly prepare that for you.

CHAIR SUGIMURA: Got it.

MS. RAZO-PORTER: I've got to work with Finance, they pay our medical bills.

COUNCILMEMBER COOK: Okay. Thank you. I'd appreciate that, Chair, if we could get that information.

CHAIR SUGIMURA: Yeah, so we'll send a letter. Thank you. Member U'u-Hodgins.

COUNCILMEMBER U'U HODGINS: Thank you, Chair. Thank you, everyone for being with us today. I guess I'll continue on the line of questioning for Ms. Razo-Porter...Director Razo-Porter. So, for those that are in the 90-10 plan, even though it's no longer available, we do still have some employees that are under that plan. Are we offering them a stipend similar to what we offer those that don't require healthcare from the County?

MS. RAZO-PORTER: They do not.

COUNCILMEMBER U'U HODGINS: Okay. Should we? And do you know how much that would cost? Could you please add that into the...into our question? And when you provide us the answer, can you let us know how much we can prepare for that?

MS. RAZO-PORTER: Okay.

COUNCILMEMBER U'U HODGINS: Thank you.

MS. RAZO-PORTER: So, this is giving them a $200...is that what you're talking about...that stipend?

COUNCILMEMBER U'U HODGINS: Yeah, I think that's what we did for the employees that do not require medical from the County. Like technically I'm one of them because I have it through my husband, but we're still paying for it because he's a fireman. But, you know, for those that are in the 90-10, can you please give us a rough estimate of what it would cost so we can provide them a similar benefit that we offer everyone else? Because I wouldn't want to let them just being in the hen *(phonetic)* without any support, like everybody else does. But that's my only question.

CHAIR SUGIMURA: Okay, we got that.

COUNCILMEMBER U'U HODGINS: Thank you.

CHAIR SUGIMURA: Thank you. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Yeah, just continuing also. So, the 90-10 plan has been finished, and so, whoever was on the plan will just continue to be grandfathered in. But it's not...so, we didn't see...when people found out that the 75-25 plan was going to be fully, you know, subsidized, we didn't see any movement to that end, that was only during opening enrollment; is that correct?

MS. RAZO-PORTER: It's only during open enrollment that they can make changes.

COUNCILMEMBER SINENCI: Got it. Okay. And then…all right. So…but we'll continue with…because I'm not sure if because of the low enrollment at the 90-10 they weren't aware of…or maybe that low enrollment was because they were aware that the 75-25 was subsidized. But…okay, I'm just still trying to figure this out. Thank you, Chair.

CHAIR SUGIMURA: Thank you. So, I have a question. When is open enrollment, Ms. Razo-Porter?

MS. TONAKI: It is going to be May…during the month of May.

CHAIR SUGIMURA: Okay. So, during the month of May. And I do know that as the Members were talking, we did hear for the Administration when we were doing budget last year. So, this year, because we have time, is the Department…or are you going to be doing some education so that people can understand what the opportunities are before your open enrollment, or what is your plan, Director?

MS. RAZO-PORTER: So, we plan to inform employees…I think a lot of employees know, but, yeah, that's part of the outreach is to, you know, give them the updates on the 90-10. They could decide to switch, you know, just kind of leaving it open to them and having opportunities to make, you know, decisions based on their family, their needs, et cetera.

CHAIR SUGIMURA: Okay, very good. I think we're hearing from the Members, right, kind of similar concerns, so appreciate that. And I also…for bargaining unit 11 and 15, I'm hearing that that's going to be resolved soon. But in the meantime, are you suggesting, Ms. Tonaki, that we should be prepared for…to retro July 1, 2025, just in case?

MS. TONAKI: If that is what comes out of the collective bargaining, you know, agreement or what they agree to, we will…and then whatever they agree to is what EUTF, you know, will do if it is agreed that it goes to July 1, 2025.

CHAIR SUGIMURA: Okay. Okay, so, that has to come from the bargaining unit, it doesn't come from the Administration…is that what you're saying?

MS. TONAKI: Yeah. So, normally, Office of Collective Bargaining here at the State will send us the employee/employer contribution rate table once the bindings have settled.

CHAIR SUGIMURA: Okay. And my last question is, to be fully funded by 2028, what is the dollar amount that you are…that you see that we would need to pay up to that point.

MS. TONAKI: So, for 2026, the annual required contribution is 30 million, and then 2027 it's 35.8 million, and then during 2028, it…that's the last payment of about 35.8 million. And it's in the…on page 13 in the presentation there's the projection of the funding progress on there for the actual figures.

CHAIR SUGIMURA: Okay. Okay. Thank you very much. And congratulations, Members, for…over the years through budget this has been, you know, an active paydown *. . .(timer sounds). . .* so that we're at this point. So, appreciate it for all the years that we've been working on this. Anybody else have any more questions? Okay. Thank you very much. Oh, you do have, Member…sorry, Member Kauanoe Batangan.

VICE-CHAIR BATANGAN: Thank you, Chair. So, I guess this is for the Department. Now that you've had time, is there any consideration for a more equitable distribution of resources to our employees, or are you just focusing on communicating the existing policy where those on the 75-25 plan have 100 percent of their premium paid for, but we don't offer anything to those on other plans?

MS. RAZO-PORTER: So, I guess we'd have to take a look at how we would do that. So, we entered into a supplemental agreement with the bargaining units for the 75-25 in the HMSA Standard. And is it…you know, if there's something that we can, you know, do the $200 maybe. I'm not sure, I'd have to do the math and work with our budget team and Finance to, you know, see what that would cost. Because the County is, you know, paying that percentage of that 90-10, so…anyway, yeah. . . .*(laughing)*. . . But we do have a little bit of time, you know, and maybe that could be something that we do just internally and I'm not…I'm not sure. I'm sorry.

VICE-CHAIR BATANGAN: Okay, thank you.

MS. RAZO-PORTER: How that would work out.

CHAIR SUGIMURA: Okay, very good. Thank you, Member Batangan. Member Paltin?

COUNCILMEMBER PALTIN: Thank you. My question this round is for Director Razo-Porter. When you were saying about the contracts with the various bargaining units and unions, that's the minimum that we have to do. We can't…we can do additional supplementary, or that is not allowed?

MS. RAZO-PORTER: Like I said, I don't want to speak on behalf of the Administration. So, you know, just kind of doing pen to paper on, you know, what --

COUNCILMEMBER PALTIN: I'm not saying like if they will or not, I'm just saying if it's allowed, like is it possible?

MS. RAZO-PORTER: We could do, yes, multiple supplemental agreements too.

COUNCILMEMBER PALTIN: Okay, thank you.

MS. RAZO-PORTER: There's no limit.

COUNCILMEMBER PALTIN: Okay. And I mean like if it's in their favor they're not going to be like, no, don't give us more money, right?

MS. RAZO-PORTER: That's right. . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: Okay. I just wanted to know if it's possible. Thank you.

MS. RAZO-PORTER: For sure.

CHAIR SUGIMURA: Very good. Any other questions, Members? Okay, seeing none. Thank you very much…Ms. Tonaki and Director Razo-Porter, very much for this discussion. I think we got good information to prepare us for the upcoming budget. I…so, at this time I am going to take a break. So, it is now 10:35. But before I do, I'm going to…the next item on the agenda, because I see directors starting to come in, which is about grants, and I want to just be sure…well, I'm going to take the break. When I come back I want to be sure that we have the admin rules which we've been waiting for from grants and, if we do find…if we don't, then I'll make another decision. So, at this time I'm going to take a break until 10:45. Meeting is in recess. . . *.(gavel). . .*

RECESS: 10:36 a.m.
RECONVENE: 10:55 a.m.

CHAIR SUGIMURA: *. . .(gavel). . . (Audio begins mid-sentence)* -- Budget, Finance, Economic Development Committee, it is now 10:55 a.m. Thank you, Members, for the break and we have organized our next item. I'm going to first defer the EUTF discussion that we took earlier with your approval. Thank you.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER.

ITEM 20(12): ADMINISTRATION AND MANAGEMENT OF GRANTS

CHAIR SUGIMURA: So, this next item…and I want to do a special thanks to the department heads who are all here in the Chambers who have come--I think this is their third time--as we've tried to take up grants, and because of whatever reason, either there was a meeting, and so therefore Administration couldn't stay for one, but others were us…that our agenda was full and we never got to it. So, I want to first do…I want to thank Member Johnson, because he did a survey regarding grants and we probably will not be able to take that up until the…I'm going to try to schedule this and poll with you, if you would…if we could have a BFED meeting 12:30 after we receive the Mayor's budget. And so, I'm waiting for that poll result. But in the meantime, I'm going to start this, and if you could tell me or tell our Staff, Members, if you can be here for the 25th at 12:30 so we can continue this grants discussion and anything else that we need to do regarding BFED. So, thank you, Member Johnson, and I will ask you to do your presentation at that time…take it up. Okay?

COUNCILMEMBER JOHNSON: Okay, that's fine. I know we're really just before budget and we're really busy, but I think Wednesday is looking free for us, but I don't know about anybody else. I don't know.

CHAIR SUGIMURA: Okay, yeah. And you will be waiting for your copies of your budget, so you'll be here anyway waiting…and if so, then I wanted to schedule this meeting as we did last year. So, today we have, on a 7(B), a discussion regarding grants in general, which is Office of Economic Development, Department of Ag, DEM, Management, which you heard from Josiah Nishita already, and that was Office of Recovery, and then ʻŌiwi Resources on related matters. The purpose of this item is to understand how each department solicits awards, monitors, and reports on, and closes out grants, and to identify any process gaps or risk. This discussion will help inform the Committee as it prepares for the upcoming budget…and that's really where I'm trying to get us to. We will ask each department to provide a brief overview of its grant programs, and its controls for awarding and monitoring funds, including the number of grants managed, and any challenges that you face…for you, as well as your grantees. So, assisting us today, we have…do we have Ag on the line? They're not here in person. Deputy Director Hewahewa, Grants Coordinator, Deputy Director Environmental Management, and Cecile Powell, and Director of ʻŌiwi Resources, Director Molitau, and Chief of Staff Lallo. So, at this time, can I get opening comments from the departments, and then we will go to Chief of Staff Lallo. Do we have Agriculture here? Oh, she's online. Okay. So, did you hear the…what…who do we have online? I don't see. Is it Deputy Director Hewahewa?

MR. KRUEGER: Chair, we see Director Arce online. We made her presenter.

CHAIR SUGIMURA: Okay.

MR. KRUEGER: Apologies, we don't yet see Deputy Director yet.

CHAIR SUGIMURA: Okay. All right. So, Director? So, we want to know the number of grants managed and any challenges that you are facing.

MS. ARCE: Good morning --

CHAIR SUGIMURA: Good morning.

MS. ARCE: -- Councilmembers. Koa is not feeling good, so he asked me to step in to introduce our grants coordinator, who will be answering your questions.

CHAIR SUGIMURA: Oh, okay.

MS. ARCE: I believe Ana is on, and she can be addressed with the questions. Thank you.

CHAIR SUGIMURA: Okay, Ana? So, number of grants managed and any challenges that you are facing.

MS. MEJIA-VASCONCELLOS: Yes. Thank you, Councilmembers, for allowing our department to share this information with you. Currently, our department is administering 136 active grants…61 of those grants were awarded in Fiscal Year '26, 58 grants were awarded in '25, 12 in '24, and 5 in '23. Currently we have, of our Fiscal Year '26 awards that we awarded, 61 of them currently have 33 executed, so we are in the process of finishing up our execution of the remainder of our grants. Just some of the challenges that we have come across working with our farmers and ranchers, we understand that they have difficulty with upfronting funds. Because this is a reimbursement type of grant, many of our farmers don't have the upfront capital to be able to purchase items, especially if it's large equipment that they have requested for in their grant. So, that is one of the challenges that we're seeing. Another challenge is advancements. We do allow for some advancements as it is identified in Chapter 3.36, that we are able to provide advancements in the amount of 25 percent or more with the approval of our Director. We are able to give advancements to some of our grantees when they are able to justify and provide us with a cost breakdown of how they are going to expend their advancement. However, the problem comes once, you know, they submit their receipts, and then they're confronted again with upfronting funds. So, then again it goes back to the issue of upfront funds. Those are primarily the issues that we are seeing from the farmer's side. From the processing side, we are experiencing some challenges with reimbursements for our grantees. We had primarily more challenges like about two, three months ago, as we were finding that we were being requested to provide additional documentation for some of our receipts or invoices, additional information especially for like subcontracting work, or materials that might have been requested and not completely fully identified in invoices. However, as we got more guidance from Department of Finance, we are able now to let our grantees know what the expectation is when they have invoices submitted and, you know, we're able to work with them a little bit easier now. But for…primarily those are the three issues that we have in dealing with in our department.

CHAIR SUGIMURA: Okay. Thank you very much. For Department of Ag, and so you're saying the challenges are the reimbursement, the advances, 25 percent or more with the approval of Director, and processing reimbursements for grantees with receipts, and you need more clarity from Department of Finance?

MS. MEJIA-VASCONCELLOS: We did receive some clarity from them, but from time to time we do also get requests to submit additional information. So, what was maybe allowed maybe a month ago, now maybe…need to be substantiated even further. So, that becomes a challenge when we have grantees that have submitted prior reimbursement requests in a certain format, and then in the next month they're being request…they're being asked to submit additional information versus us letting them know, this is what the guidance is moving forward for the entirety of your grant period.

CHAIR SUGIMURA: Okay. Thank you very much. So, now I'm going to go to ʻŌiwi Resources. Thank you very much, Director and Deputy, for being here. Followed by DEM.

MR. MOLITAU: Hi. Aloha mei kākou. Thank you very much, Chair, for allowing Department of ʻŌiwi Resources to allow for comment for our grant process. I'm noticing as I get older I need these glasses more often, so --

CHAIR SUGIMURA: *. . .(laughing). . .*

MR. MOLITAU: -- please excuse me as words get bigger in front of my eyes. For our current grant, we are…for Fiscal Year in '25, we've had 23 applicants, Fiscal Year '26, we've had 24. We are currently now, through our Kahe Wai Ola Competitive Grant Program, our Department, 'Ōiwi, for Fiscal Year '25, we have 9 nonprofits that we're funding, and across Fiscal Year '26, we have 11 nonprofits that we are currently funding. Some of our challenges that we are currently facing are very similar to our Ag Department, where reimbursement grants are some of the challenges with our current awardees. Also, the advancement on that as well. We also currently only have one staff member that is our grant coordinator, that works with both administering the grants, 'Ōiwi Grant Program, and in coordination with the Administration, applies to bring in funding to the County of Maui to the Department of 'Ōiwi Resources. So, we currently don't have a succession plan, unless we can get another staff onboard to help out with that current growing program. So, that is our short commentary, and I'm available for any questions that might come up. Mahalo.

CHAIR SUGIMURA: Thank you very much, Director. Department of Environmental Management?

MR. PETERSEN: Good morning, Chair, and Members of the Committee. My name is Mike Petersen, Deputy Director for the Department of Environmental Management. Next to me I have William Jay, who manages our EP section for our Environmental Protection and Sustainability Section. I'll turn it over to him for more details.

MR. JAY: Thanks, Mike. Hello, everyone. I'll just run through the numbers, but first I'd like to echo the sentiments of our colleagues here in relation to reimbursements and things that have been challenging. But getting into the numbers itself, the EP&S grants pool is roughly 50 to 60 grants. We have 9 grants in the Abandoned Vehicles Management Program, 15 in Recycling, right around 60 in EP&S, 29 opportunities from Fiscal Year '25, 6 of those being proviso, totaling 35, Fiscal Year '26, I think it's 30…21 were grants, 9 were provisos. So, an average fiscal year workload is about 50 to 60 grants, I would say. At this given time we are managing around 77 grants in funding opportunities, and in the fall we've had as many as 84. I know some of the other questions were about Fiscal Year '27 plans, we're probably going to award approximately the same amount, 50 to 60 amongst the three different sections, that doesn't include provisos. And in terms of administering, you know, it's important to get things on track and get things started when they need to start, you know, at the beginning of the fiscal year, when delays happen, then we have to issue time extensions, which prolongs the process in which we're administering multiple fiscal years of grants…which feeds into one of the challenges we see is collecting applications from provisos. So, a lot of times we get provisos and we're hunting down these, or it feels like we're hunting down the grantees to get their documents, to get their applications. We're almost situated with all of our provisos now, but there's, you know, a lot of capacity building, one would call it, to try to get the applications and get the documentation we need to get these funding opportunities executed and moving forward. Thanks.

CHAIR SUGIMURA: Thank you. So, we already heard from Managing Director regarding the Office of Recovery…Office of Economic Development.

MS. LALLO: Thank you, Chair. Carrie DeCoite is online, and apologies that Jillian isn't able to be with us today. Carrie is not feeling well, so she sent me some text messages and so, I'm just going to read those from her so that they're her words, right? As an update, total active grants, are a 150…a 112 of those are executed in FY '26. So, you see some from the previous fiscal year, as Will was just speaking about when we execute agreements late, right, we end up managing more grants that we expected to in a particular fiscal year, right? Currently, 22 are still in process to be executed, so those ones will bridge over, right? Reimbursement requests are a pain point, specifically for small organizations who have had executed agreements prior to the enforced guidelines. Does that make sense? Yeah, that's all. Thanks.

CHAIR SUGIMURA: Okay. Okay. So, Office of Economic Development then, you're saying reimbursement requests for small organizations…can you explain that again…that were awarded prior to what?

MS. LALLO: Right. So, as we are trying to hone in and fully enforce Maui County Code 3.36, and work with Corporation Counsel and Finance to really hone that in, it is a pain point for our small grantees who might have had grants from previous fiscal years, but have added additional time, right, to the timeline. So, when they first executed a grant, right, the rules of engagement were one thing. The Code was the same, but the rules of engagement were different. And now today, the rules of engagement are, you know, completely based on the Code. So, that makes it difficult for them to navigate because that additional documentation…if you could imagine when you go to Walmart, what do you do with your receipt, you know? That kind of thing, right? Does that make sense?

CHAIR SUGIMURA: Interesting for the change. Okay. So, Members, similarly the departments are kind of talking about their similar challenges, and part of what I wanted to do today is to look at the challenges and see how we…what we can do to assist. The other thing that we've been waiting for are admin rules from this "Committee," I guess, that was put together by the Administration for handling all of grants. So, is it…Chief of Staff, you want to talk about that and any kind of policy changes that you may have that we've been waiting for?

MS. LALLO: Yeah, thank you, Chair. For efficiency, we're going to start with Budget Director Milner, and then I'll go, and Budget Director Milner will talk about Code…Code amendments.

CHAIR SUGIMURA: Director.

MS. MILNER: Thank you, Chair. Thank you, Councilmembers. Just briefly, I think…just demonstrated on the conversation here, we can see the demonstrated need for a Countywide approach to these grants. I pulled a little bit of data. In Fiscal Year '21 budget, we had $44.1 million allocated to County grant subsidies, with three departments with $1 million or more in grants. In the Fiscal Year '26 budget, we had $123 million in grant funds, with seven departments administering over $1 million or more. That is a pretty significant growth over a pretty short period of time. So, that's really what led us to start trying to come up with a standardized approach because that is a lot of money to just have out in the wind. We want to make sure we've strengthened our fiscal oversight and compliance, and that we're consistent, transparent, and that we have crossed department coordination not only for our departments, but for our grantees. It's a process, we all know it's a process, but we want to make the process as easy as possible, both for our grant managers and for our grantees. I will have Chief of Staff Lallo talk a little bit about some of the things we've been working on over the last few months.

MS. LALLO: Thank you, Budget Director Milner. So, what's new for FY '27? I think that's what we really want to know…well, that's what we're focused on anyway. A Countywide grants network, and that network has all of the people that you see in front of you and a whole bunch more…both grant writers and grant managers. Countywide administrative rules under Maui County Code Chapter 3.36. A companion document with a Countywide grants policy manual. A new small grants program of grants that are $25,000 and less, with a simplified application process…but I want to note, this is a simplified application process, the grantees are still held to County Code 3.36. Countywide Grants Management Software and centralized grant tracking. Countywide grants website, with funding opportunities and grant writing resources. An annual Countywide grant summit and standard training…and this is in-house, right? So, all of our grant managers, all of our grantees, anybody related to grants sits in the same space at the same time and receives the standardized training. It's going to be much more exciting than that, by the way. Designated residency area grant manager. So, the residency area funds that the Councilmembers are…conditioning, thank you…will have one grant manager for all of that to just continue to go to the same person. Grantee readiness filter and a standardized application review. The grant readiness filter in relationship to budget preparations for Councilmembers is the best tool that you can use. Updated general terms and conditions, a 90-day documentation requirement for advancements. Right now, the general terms and conditions have a 30-day window. Hard to get all receipts collected in 30 days, so we're taking that out to 90 days.

MR. MILNER: Thank you. And just to follow up a little bit on the readiness checklist, we did talk to Corporation Counsel, and we will be transmitting a version of the readiness checklist which you already have in your BFED files, but we will transmit one. We are going to add some questions regarding what qualifies as a contract versus what qualifies as a grant to help Council throughout their process. And obviously, we will also be available for all of April to answer any questions you may have on that.

CHAIR SUGIMURA: Okay.

MS. MILNER: Just really briefly, a couple of Code changes that are coming down. As you know, currently 3.36 states that every agency that administers grants needs to have admin rules under HRS Section 91. We will be sending down a Code amendment to allow for Countywide rules rather than agency specific because it's quite a process to do admin rules under HRS. It's a…you post it for 30 days for public comment, you have a public hearing, and it doesn't feel efficient to do that ten different times. The preference would be to have one set of Countywide rules…and also, that will allow our grantees to just look one place to find out what the County standard is. The other thing I'm working on, which I've discussed with some of the Councilmembers, is to change the reimbursement from just the 25 percent up front to also provide an option for an installment payment. We've heard from Councilmembers and grantees that that seems to be a preference, so that is also with the Department of the Corporation Counsel, and I'm hoping to have that back soon to transmit to the Council. So, those are the two that are in process. We have some other things that we'll be happy to talk to you as we go forward, but those are the big ones. Thank you, Chair.

CHAIR SUGIMURA: Oh, wonderful. So, at this time then, I'm going to open up for public testimony.

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(12) . . .

MR. KRUEGER: Chair, we currently don't have any individuals signed up to testify on this item, so we'll do a last call. If there is anyone who would like to testify on this item, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a countdown…three, two, one. Chair, there's no one to testify on this item.

CHAIR SUGIMURA: Okay. At this time then, with your permission, Members, I am going to close public testimony, receive written testimony on this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(12) . . .

CHAIR SUGIMURA: And then all Members, if I can give you…since the time…can we give you like…okay, we'll just do three minutes still. Member Batangan, three-minute questions.

VICE-CHAIR BATANGAN: Thank you, Chair. Budget Director, very briefly, since I know it's coming in writing, can you tell us what the difference between a contract and a grant is?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. I think one of the major things is whether or not…so let's say we have an activity that's solely taking place on County property, that would most likely be a contract. So, say it's a contract for cleaning or something like that. Or you have one that's happening on a County property and also a significant amount of property that's adjacent, that could be administered as a grant rather than a contract. So, sort of a service to the County versus a more general service. Thank you, Chair.

VICE-CHAIR BATANGAN: Thank you. Okay. So, for Chief of Staff, is there any thought about having OED focus only on economic development grants and moving art and cultural grants to other departments?

MS. LALLO: Thank you, Chair. Thank you, Councilmember Batangan. That's the first time I've said that…that's cool.

MS. MILNER: *. . .(laughing). . .*

MS. LALLO: Anyway, that's a great question, and thank you so much for asking. Budget Director Milner and I, over the last two budget preparations, have been ripping apart OED. So, all grants that are in OED are focused on economic development, and the really cool community grants for cool community activities will be going to a general grants group. So, yes…for Fiscal Year '27, just to be clear.

VICE-CHAIR BATANGAN: Thank you. And then you mentioned upcoming training opportunities. So, are these going to apply to grants Countywide, or are these…are there going to be specific requirements for grants administered by specific departments?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. So, we have training opportunities internally for our grant managers and grant writers, but we will also have external training opportunities that will be administered by Chief of Staff Lallo and myself by the different departments, things like that, so people who want to apply for specific departments can ask those specific questions. For the most part, the intent is to really standardize it so you could go to any training and theoretically get the same answer. We do still have a few exceptions in the County Code. As you know, the Department of Agriculture is the only department allowed to issue sole-source grant agreements, so that's an exception we'll need to carve out, but ideally, these trainings can be applicable to any grantee.

VICE-CHAIR BATANGAN: And is there adequate staff to help our nonprofit partners understand our…how did you say…new enforcement guidelines? Because my understanding is that all of the grant managers in the County are focused on administering, but not necessarily equipped to help our partners. Is that correct, or is there an additional need? *. . .(timer sounds). . .*

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. Our grant managers do provide technical support to our grantees. They reach out if they haven't provided the right paperwork, they tell them what they still need to do, sometimes they will tell them where to go to get what they need to provide to the County in order to be able to execute a grant, and they work very closely with them. If they get a kick back from Finance, let's say, on a receipt, they'll work closely with them to try and get it to where it needs to be. I will say the Department of Finance is also working on some guidance for our grant managers to provide acceptable forms of payment for the reimbursement process. Thank you, Chair.

VICE-CHAIR BATANGAN: Thank you, Chair.

CHAIR SUGIMURA: Okay, thank you. Chair Lee, are you…not here yet. Okay. Next we have Member Paltin, followed by Member Johnson.

COUNCILMEMBER PALTIN: Thank you, Chair. Before you start my time, three minutes is fast, so if I cut you off, I'm not trying to be rude. First question, what is the software that…is it like a new software that you said about…and what is the name of it?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. The RFP should be going out shortly, so I cannot provide you with the name until we have gone through that process, because we don't know what it is. But yes, it will be --

COUNCILMEMBER PALTIN: We didn't get it yet.

MS. MILNER: Yeah, it will be a new software. We've been going back and forth with IT on the RFP, so I'm hoping it will go out soon, but it will be a new software that we're hoping to implement Countywide.

COUNCILMEMBER PALTIN: Okay, thanks. And then…so, nobody caught that we were out of compliance with 3.63 regarding administrative rules? I mean we've been giving out grants for…before my time. Is that a lawyer question?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. It may be a lawyer question, but I will it was only recently raised with me.

COUNCILMEMBER PALTIN: Okay. I personally think that every department should have their administrative rules updated and posted. I don't know if I would support something else. Maybe it could be administrative rules that don't go through the HRS process, but this is kind of a point for me, you know. Like so much is brought up about like institutional knowledge, which is good, but imagine if all of your departments had updated and current administrative rules when you folks came into office, you know, or you were the ones creating your administrative rules. Without administrative rules, to me, you're just doing whatever you feel like, you know? So, I don't know that I would be willing to change that, except to say like, you know, that it doesn't have to be the HRS process. I think each department should have current and transparent administrative rules so that we and the public knows how you're administrating or implementing things. Any feedback…I mean I ask Department of Ag every year, so, you know, they know how I feel, but I think that every department needs that.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. I think we should make a distinction here between administrative rules and policies and procedures, which is how we're looking at it. So, the administrative rules would be the Countywide rules that are under HRS Section 91, but each department would also then have policies and procedures that would be available to the public, that would be based on a Countywide template, but could be modified, if needed, for some of those special situations in the departments. And those would all be publicly available, which I think may address what you're asking. Thank you, Chair.

COUNCILMEMBER PALTIN: Yes, please. What do we need to make what you just said happen?

CHAIR SUGIMURA: Yeah.

MS. MILNER: Thank you, Chair.

COUNCILMEMBER PALTIN: For each department and division and section and whatnot. Because I mean we're talking about continuity, right? Like this is an election year. If everybody is gone *. . .(timer sounds). . .* our concern shouldn't be for the politician, but for the government that serves the people. And without knowing what the administrative rules are for each department, each section, each division, you could have some new person come in and say, oh, they painted all the walls pink, I don't know what to do, you know…like as had happened in the past. Thank you. I heard the bell.

CHAIR SUGIMURA: *. . .(laughing). . .* Good answer.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Paltin. Just briefly. Yes, I think that's part of what's driving our desire for these Countywide policies is to ensure that things don't change just because an administration changes. And I would also just add that one of the things we are also working on, and that I've asked our grants management group to look at, is a hand-off procedure…so even if it's not an admin change, but somebody retires or somebody moves to another department, there's a process for them to hand-off their portfolio. Thank you, Chair.

CHAIR SUGIMURA: Okay, thank you.

COUNCILMEMBER PALTIN: Thank you. I support that. Let me know what you need to make it happen.

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

COUNCILMEMBER JOHNSON: Thank you, Chair. Okay. This is an ongoing thing, and I know I didn't speak to my presentation, but for Members and the public, it is on Granicus if you want to look at it, it's towards the end. In January 2025, I met with the departments and the administration on this issue and how our grants are not getting their funds. I wanted to work with them on a bill then, and they told me we've got this. I had a second meeting in June, and once again, I was told, we've got this. And then it's now March, and now the bill that I'm trying to work with on you guys, you've said you're making your own bill. I'm the policymaker, this body is the policymakers, we make the policy. I've always tried…and you guys heard me on the floor many times, I try to make policies that the Administration can administer. You guys don't write policy, we do, but I'm willing to work with you. And that's the thing is, I feel all of a sudden I'm left on the sideline where you guys are coming in and saying you have this, once again that you have your own bills, so… And are you guys…do you want to work with me, or any Councilmember…it doesn't have to be me…on making this a better system, or are you guys going to introduce your own bill now, which one is it?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Johnson. Yes. So, I wanted to make sure we had language that was approved by Corporation Counsel before I discussed it with your office any further. But I just want to assure you that my intent is --

COUNCILMEMBER JOHNSON: As do I.

MS. MILNER: -- as soon as I get that language back, before it is sent to Council, I do plan to reach out and make sure that you don't have any concerns before it comes down so it can be a joint effort. We do want to work together going forward, and I apologize if you think you've been cut out of that process. Thank you, Chair.

COUNCILMEMBER JOHNSON: Okay. I'd support a summit…I'll say it again. I like the idea that you guys are going to have a summit, I support that. $25,000 or less, you want a special streamlined process? Why not maybe 25 percent of the bottom grants? I'm just curious of why you chose $25,000?

CHAIR SUGIMURA: Department?

MS. LALLO: Thank you, Chair. Thank you, Councilmember Johnson. The $25,000 or less was selected as a result of assessing the current grants that we have Countywide, and trying to find a threshold that makes the most sense for the grantee, and we selected $25,000 and below as a result of that.

COUNCILMEMBER JOHNSON: Okay. All right. I'm going to kind of…if you can't tell by my tone, I'm sorry, I try to be…I'm trying to keep a level head here, but I don't unders…I'm trying to work with you guys on this bill. Are you going to introduce your own bill? Why don't you just work off the bill that I have been working with you guys on? *. . .(timer sounds). . .* I mean, what…Miss…Director Milner.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Johnson. After discussions with Corporation Counsel, it was determined that it needed to have multiple sections in the bill to allow for the allotment payments, so I wanted to get language from them that they felt would adequately address the concerns that have been raised not only by the Council, but by our grant managers before going further. So, it just needed to have more…I don't know the word I want to use, I apologize.

COUNCILMEMBER JOHNSON: Okay.

MS. MILNER: But they needed to have more language in it, and so I wanted to get it from Corporation Counsel so that we didn't end up having to go back and forth with them later. Thank you, Chair.

COUNCILMEMBER JOHNSON: Well, I could certainly take that on. You know, it's been…again, it's been over a year. I've been trying to work with this Administration on this. I heard my time, Chair, but I just think, you know, this doesn't make me feel good, Administration, I want you to understand that. I've always been open and tried to work with you guys, and it doesn't seem like I feel like you guys are willing to work with me. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you, Member Johnson. Member Rawlins-Fernandez, followed by Member Cook, and U'u-Hodgins.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Administration. Mahalo for being with us today and answering our questions. Okay. I'm trying to process everything that we're discussing right now,. One of the big things that I've heard from grantees is…I guess Chief of Staff Lallo, when you mentioned that one of the biggest challenges is the grantees that received grant agreements before the rules changed, and so that it's consistent with the feedback that I've been receiving from grantees is that the rules changed midstream, which made things really difficult. Would you be able to provide some comments on why that decision was made?

MS. LALLO: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. In relationship to the change…so again, we're talking about rules of engagement and not about Code, right. So, the interpretation and application shifted. And the reason why it shifted is because we had staffing changes, and we all know what those staffing changes are, right? And so, in relationship to the grantees that were impacted, you know, the effort is to first understand what the need is from Finance and Corporation Counsel, and then work with the grantee to get there, and that has absolutely been a challenge, yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo. And then whoever wants to respond to this question. So, when I was Chair of the Economic Development and Budget Committee in 2020, Budget Director Milner, who was my Legislative Analyst at the time, and I introduced a bill, EDB-87, which changed the disbursement. So, it amended 3.36.190, which reads, "Recipients of grants are eligible upfront…for up front disbursements of 25 percent or more of grant funds, and any remaining grant funds must be paid through the agency's reimbursement process." And in the meeting minutes from June 4th, 2020, I, as Chair and introducer of this bill, explained that this bill is to help our organization *. . .(timer sounds). . .* help our community to remove some barriers to funding the organizations that are serving our community, particularly after the shutdown of the pandemic. The intention of that was to, you know, provide the initial capital for organizations that did not have the initial capital, and perhaps I, you know, didn't go far enough, and maybe that's what Member Johnson is working on, where it could be a quarterly upfront…because that's the feedback that I've been receiving by grantees is that the initial upfront is helpful, but after that, they still don't have the capital to upfront and wait for reimbursements. But what I've heard is that the 25 percent upfront is, the grantees are being asked to spend and report on within a month. So, I guess confirming that that is the case, and if so, if you could provide an explanation as to why that is the case now. And Chair, I did hear the timer, so this is…I'll stop after the response. Mahalo.

CHAIR SUGIMURA: Okay.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. As Chief of Staff said earlier, the general current terms and conditions currently require the documentation for any upfront disbursement is provided within 30 days. The intent for Fiscal Year '27 is to change that to 90 days to allow them more time to do that because we realize 30 days has not been achievable, but that was the general terms and conditions. I don't know that that was always enforced, so that was another thing, I think, that was a change for some people. But in order to accommodate the fact that it's very hard to provide receipts in 30 days, the intent is to change that to 90 days. Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that response. I really appreciate that. And next round I'll be asking if the quarterly upfront could be achievable. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Member Cook, followed by Member U'u-Hodgins.

COUNCILMEMBER COOK: Thank you, Chair. Thank you all for being here and for all of your work. For my question, the difference between a grant and a contract, you've addressed that a couple of times, but I want to drill down to it a little more. We appropriated funding for a grant in Kīhei, a safe and clean program. It started off as a grant, the grant was awarded, received a grant award notice, shortly after, our office was notified the services did not qualify for a grant, it had to be a contract. So, that required a different process. But then last week, a press release was sent out by OED requesting applications for a grant under this program. So, I'm just wondering why it happened? Our office wasn't notified, and if we could get clarification. We've had the discussion before, and I know it's frustrating, and I'm just trying to get clarity on clarity. Thank you.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Cook. And I promise, you're not the only one who's frustrated. *. . .(laughing). . .* My understanding of what happened in that situation is, it was issued as a grant, but when the agreement went to Corporation Counsel, and they reviewed the scope of work, it was solely on County property, so they felt it needed to be a contract. In preparing for that and reviewing where the work was actually taking place, it wasn't solely on County property, which is why it has now reverted to a grant. We hope this will not be an issue in future fiscal years now that we have come to this determination on where the work is occurring. Thank you, Chair.

COUNCILMEMBER COOK: Thank you. So, we've touched upon why the rules keep changing. First, I want to say, because you guys…kind of catching a lot of heat, $103 million in grants is a very large amount of taxpayer money, and the responsibility and accountability that we all in office share on that is huge. So, I just wanted to share with you my eyes are like opened brighter and wider, understanding the magnitude of what you're addressing and what you're managing, and the fact that it is grown over the last five years, like four to fivefold, really clarifies and highlights why we're having these challenges. Because the management of them, the issuance of them, the compliance with County responsibility and laws is huge. So, I'm going to continue to be a pain, but

I want to let you know I'm supportive, and hopefully we can work it forward. I have a question though, and we'll put it…we'll ask for it…the answer in writing. I'm curious for past years, like FY '22, '23, '24, '25, the value of grants that were approved *. . .(timer sounds). . .* but not fully funded or paid. And if I may, Chair, the reason for what isn't just nitpicking on numbers, it's trying to get some clarity on how much money was allocated and would it be Carryover/Savings or whatever, and then for us to have kind of an idea of what occurred during those times, whether it was people didn't satisfy the criteria, whatever, so that I would have better clarity on the challenges that you're facing. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Okay, so you want that in writing, sent to them. You got that? Okay.

COUNCILMEMBER COOK: And I mean tweak it…I hope you get the idea what I'm asking for. Thanks.

CHAIR SUGIMURA: Okay. Thank you. Member Uʻu-Hodgins.

COUNCILMEMBER UʻU HODGINS: Thank you, Chair. Thank you, everyone, for being with us today. I hope your wet weekend was safe enough. I know DEM, you guys are probably taking some cracks right now. So, thank you for being with us. I'm looking at, I think it's number 20 in Granicus, which is probably what Chief of Staff Lallo was explaining, dated 3/10/2026. This is what we're going to expect in the next fiscal year, and it's grants and you're rolling out this come July 1, yeah? Your Countywide grants modernization plan. Okay. And then I think if I could hear some of the issues is basically just consistency in what we expect from our grantees and what they expect from us. Do you think we're going to get to that with this…what's your plan? We're going to have some consistency. Okay. And then, you know, the changes mid-stream, I guess, as Member Rawlins-Fernandez put it, which is…I was trying to write it, but mid-stream is probably a better saying. How do we communicate those changes with our grantees? When we do those changes, and then they submit the information that they thought was acceptable the month previous, do we go, oh, hey, sorry, this doesn't work? Or do we let them know of the changes so that we…you know, we can be on the same page? How does that work when you folks make changes?

MS. LALLO: Thank you, Chair. Thank you, Councilmember Uʻu-Hodgins. So, when a grantee signs an agreement, all of that information is in there. They sign off on the terms and conditions and Maui County Code 3.36. So, if something changes in relationship to the technicalities of their grant in relationship to an advancement…let's take an advancement for instance, right? So, an advancement needs to be in the contract and the executed agreement.

COUNCILMEMBER UʻU HODGINS: Okay.

MS. LALLO: If it's not in there, and they say, oh, by the way, I want that, right? Then we have to go through a revision of the agreement. So, I will say in relationship to what's signed and all of that, right, all of that information is out there. Now, whether they understand it or not, right, you know, and have read it is another story. When there is a request for additional supporting documentation and information, then what happens is a phone call is made, an email is sent, that says, hey, we need this. Often it's an email, and then it's some follow-up conversation on the phone about what exactly do you mean, walk me through this. So, that's how that happens.

COUNCILMEMBER UʻU HODGINS: Okay. So, not all contracts have an advancement clause? Okay. So, I can assume if I was a grantee and I'm talking to my friend who is another grantee, and they're like oh, did you get your advancement? And I was like, oh, no, I don't even have that, which is probably what spurs that. *. . .(timer sounds). . .* So, again, it kind of brings it back to consistency. So, who…can I finish this question, and then I can be pau. How is it determined who gets an advancement and then who doesn't get an advancement?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Uʻu-Hodgins. I'll start and then I'll hand it over to Chief of Staff. I did just want to briefly add that one of the things we're trying to do with that County grants lending page --

COUNCILMEMBER UʻU HODGINS: Yeah.

MS. MILNER: -- is to provide a draft of the contract you'll be expected to sign, so they have plenty of time to review that.

COUNCILMEMBER UʻU HODGINS: Okay.

MS. MILNER: Along with the budget template and other things, and examples of acceptable proof of payment and things like that to try and make that very clear.

COUNCILMEMBER UʻU HODGINS: Okay.

MS. MILNER: But to your current question, we make it very clear that an advancement is allowed, but that you have to request it and provide the documentation that I think was talked about earlier. So, it's not a de facto thing that happens, you have to request it and prove the need for it, but that is communicated to the grantees during the application process.

COUNCILMEMBER UʻU HODGINS: You have to prove the need?

MS. MILNER: Yes.

MS. LALLO: The justification for the need is incredibly important…because 3.36 says so is not enough.

COUNCILMEMBER UʻU HODGINS: Okay. Thank you. Thank you so much. I do understand. We're all trying to thread this needle of being fiscally responsible with our taxpayers' dollars, meanwhile, you know doing what we need to do for grants and the grantees. Thank you, Chair. Thank you very much for being with us, I appreciate it.

CHAIR SUGIMURA: Member Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair, for my opportunity, and mahalo to the Departments and the Staff for coming and sitting in and sharing your experiences with us. I think our grants program gives the County an excellent opportunity to expand and extend the County's work beyond, you know, just our barriers and right into the local communities, who we see as kind of boots on the ground. They're there doing the work, they're willing to do the work, they're representatives of their own communities, and they understand their own communities much better than, you know, some of us do. So, mahalo for that. The other advantage is that some of these small nonprofits also use County grants to leverage…you know, to get other larger grants, like state and federal grants. So, I did want to mahalo for…to the departments for, you know, putting out all those grants in an efficient and timely manner. We did see during Maggie Willis' confirmation that specifically, sometimes a certain type of narrative, like I think it was the Housing First initiative, can also be a barrier for people that are applying. So, how do we…and I see in Member Johnson's a cultural shift where nonprofits are viewed as trusted partners, rather than approached solely through a compliance lens. How do we kind of let them…let them know, or put it out there, even if they're not…they're trying to help, but they're not complying with certain narratives that the County grants have?

CHAIR SUGIMURA: Department?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Sinenci. I think first and foremost, at least when I'm reviewing grants that come across my desk, I look at the intended legislative purpose of those grants. So, if something is line itemed specifically for workforce development and it doesn't seem to align with that, it would get flagged. If something is for a hygiene truck and it's not for that, you know, we would reach back out to the Councilmember who made that line item to have that discussion. I can't speak directly to how the review process works for Department of Human Concerns, since you were discussing that --

COUNCILMEMBER SINENCI: Yeah.

MS. MILNER: --- but I will defer if any of the departments want to discuss their review process and what lens they use.

MS. LALLO: I would just jump in here and add that, you know, we're really looking at shifting . . .*(timer sounds)*. . . the culture of grants management, which is a huge lift, right, and all of the departments that are involved with it…with a real customer service partnership lens. Nevertheless, the compliance components are important. As Lesley was saying, you know, the legislative purpose, as well as, you know, the insurance, all of the things that are on that readiness checklist, right, need to be in place in order for us to allocate the grant. In addition to that, there is particular criteria that is used to assess the grant, and also the capacity of the organization to manage the grant, and that is a scale. A lot of times when we have line items or residency area requests, we have to work with the applicant at that point, right, to get to a 70 percent or greater on the application. We want to make sure that we're setting everybody up for success, and it's important that they understand exactly what it is they're getting into. And also, it's not just about the application, right, it's about the management of it. And if we can't get through the application process together, then the management is going to be really tough.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR SUGIMURA: Okay, thank you. So, it is now 11:50. Who had another question was Member Rawlins-Fernandez, and then Member Johnson also had another question. Yeah, okay. Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I have two questions. My first question, so I've heard from some philanthropic organizations that have provided some bridge grants, as well as our Molokaʻi Credit Union that's offered loans to help bridge that gap. And so, I'm curious about how the determination of need to prove our…for proof in order to qualify for the upfront payment for the grant would be considered. If you could share how that…what you look for.

CHAIR SUGIMURA: Go ahead.

MS. LALLO: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. That's a great question. So, the justification can come in a couple of different ways. A lot of times people will…grantees will say I need to put a deposit on a tent, and this is how much this is, and those kinds of things, right? Or, we've got to order the shirts before the event. That's enough, right? And often they provide a quote, and then they've already got their 30-day paperwork, right, ready to go and rockin' in place. A justification can also be about the fact that the organization is unable to provide the upfront cost because they don't have the operating capital, and this is specifically what those funds are going to be used for. And I don't know if anybody else has anything else to add. *(pause)*

CHAIR SUGIMURA: Nobody else? Okay. Member Rawlins-Fernandez, are you done, or do you have another question?

COUNCILMEMBER RAWLINS-FERNANDEZ: No, I have my second question. So, my second question, following up on my first round, is regarding the 3.36.190, recipients of grants are eligible for upfront disbursements of 25 percent or more of grant fund. The feedback that I received was that it would be more helpful if instead of exclusively 25 up front in the beginning of the year, that it be each quarter. And if I were to amend…would be it helpful if I amended this Section 3.36.190 to strike any remaining grant funds must be paid through the agency's reimbursement process…striking that section, and replacing it with that 25 percent or more of grant funds each quarter?

CHAIR SUGIMURA: Go ahead.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. That's what we've been discussing with Councilmember Johnson's office, a way to enable those installment payments, again, as well as an option for disbursement, because some organizations don't want installment payments. So, that is the language that once I receive from Corporation Counsel, I'm going to work with Councilmember Johnson's office to make sure there are no concerns before that gets sent down. . . .*(timer sounds)*. . . Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So…and I did hear the timer, but just to, you know, close the loop on this. Does 3.36.l90, that section that says that it must be paid through the agency's reimbursement process, it…does that hinder you folks?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Rawlins-Fernandez. I think what part of the issue that came up was that it said 25 percent disbursement…single disbursement, so I think that was a concern. I think…we do, you know, have a County reimbursement process, so I think that's fine, but we really want to make sure that it's written in a way to allow for those installment payments. Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Budget Director. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. Yeah, I…I…we could have been discussing this bill all together, and we could all be on one page, but to answer Councilmember Sinenci's question, he brought up something, 93 percent of the grantees that we surveyed in that survey got funds from other sources…just to let you know, 93 percent that's coming off of what Councilmember Sinenci said. Well, in my notes, I wrote, is this Administration hostile to my policies? If I look at the record, saying that we can work together on policies and doing the opposite is what I've been finding. But Bill 111 on Maui Store, folks who have been…when we move their stuff, they threw me under the bus right before Bill 111 was introduced to receive when I was…and they rescinded their support on that one. Now, after one year, I've been working with you guys on this bill, and I just all of a sudden, where you folks were interested in your no bill…your new bill, this is a little bit upsetting to me. Blaming your…the staff changes on why some of these policies come up? When we talk about staff changes, are we talking about Scott Teruya and Luana Mahi, the mayoral appointees who messed up so much and now our nonprofits are suffering? I don't think that's a good policy to move forward on. And then the open mic before we went to recess, I could hear the other departments saying how they don't…they think we're not doing a good job, they don't think we understand. It is an ongoing theme that I'm finding here, that you guys aren't looking at us as equal partners and trying to solve the community's needs. And I don't want to look adversarial and have us…you know, us against them. That's not how we serve our community. So, I guess moving forward, when is it…when are you guys…after Corporation Counsel, you're going to send it to the Committee, or are we going to have a meeting, or what's the plan moving forward?

CHAIR SUGIMURA: Department.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Johnson. After Corporation Counsel, my intent is to reach out to your office directly, not to send it immediately to Council. I want to have a conversation with you, if you are amenable. I'm happy to have you introduce it, I just wanted to have language approved by Corporation Counsel before we had another conversation so that we could possibly skip that step if we can find something that we can agree on. Thank you, Chair. *(pause)*

COUNCILMEMBER JOHNSON: Okay. I was waiting for the feedback from Administration before we sent it on to Corporation Counsel, but if that's the leapfrog route you want to go…I'm trying to get this stuff done, you know, and I'm going to say it for the third time, we've been meeting on this for over a year now and we can't seem to put it . . .*(inaudible)*. . . disbursements, ooh, this is such challenges. Okay, that's enough. Thanks, Chair.

CHAIR SUGIMURA: Okay. Any more questions, Members? Okay. Oh, sorry, Member Cook.

COUNCILMEMBER COOK: Thank you, Chair. I'll try and be brief. As far as like the 25 percent deposit and the advancement and the reimbursements, where at all does like the fiscal sponsorship component come into it where somebody who is experienced, knowledgeable, trustworthy, certifiable, to enable that? Some of the grants are quite large, and the time frame is very compressed when this application approved, executed, implemented, ordered, completed, finished, and the cash flow…the responsibility for us is to make sure that it's accountable every single way and we're not giving money away that we have to like somehow try and claw back, but it's not there. So, my understand [*sic*], the fiscal sponsors is kind of like an official certifiable entity that can assist with that. So, briefly, could we just touch upon that? Because the 25 percent deposit…25 percent advancement being extended from 30 to 90 days is part of the solution. The other part of the solution is, how do they fund the balance of it? Thank you very much.

MS. MILNER: Thank you, Chair. Thank you, Councilmember Cook. And I…just briefly, you could have a long conversation with Susie Thieman over at Lokahi Pacific about this, but the purpose of the fiscal sponsor is not to act as a bank for these smaller entities. The purpose of the fiscal sponsor is to provide the necessary grant oversight for the entities. So, unfortunately, it doesn't alleviate the funding needs of the smaller entities. But I know we are working on a fiscal sponsor policy, so I will hand this over to Chief of Staff.

MS. LALLO: Thank you for that question. So, we have never had a fiscal sponsor policy. We don't have anything that really allows for it. It's kind have been a duct tape and bubble gum thing. So, we have created a fiscal sponsor policy, as well as a fiscal sponsor allotment or the quarterly disbursement policy as well. We have to have the framework and structure in order to be fiscally responsible with the significant amount of taxpayer funds, so we have created that policy so it will be…so fiscal sponsors know what it means to be a fiscal sponsor, right, and the agreements that need to be between the fiscal sponsor and the grantees to provide all of the things that you just said.

COUNCILMEMBER COOK: Thank you. Any…yeah, legislatively, it sounds like we're going to have to collaborate and work to massage a lot of this, and if we could…anyway, any way can be helpful, let us know. Thank you.

CHAIR SUGIMURA: Okay. Anybody else have questions? All right. So, this is a great discussion. I really appreciate the departments' participation and the Councilmembers with…all your years of experience it's showing, right, and your reach into the community. So, what I'm gathering is, Chief of Staff, your admin rules, you will process…and it's going to be done by when?

MS. MILNER: Thank you, Chair. It will be going down to Corporation Counsel this week for their review, at which point it will be posted for the 30-day notice, and we will conduct the public hearing before they can be formally adopted. Obviously that is contingent on passage of a Code amendment allowing for Countywide admin rules, so that'll be a discussion…I should have that bill back from Corporation Counsel shortly as well, to send out to the body for discussion. Thank you, Chair.

CHAIR SUGIMURA: Okay. So, you're saying you're going to have a policy for the Council to approve for this Code amendment?

MS. MILNER: Thank you, Chair. Yes. The Code amendment will come to the Council for approval, but I do not believe the Council has a formal role in the adoption of admin rules, that is solely a departmental responsibility. Thank you, Chair.

CHAIR SUGIMURA: Okay. And to…Member Paltin was asking about will these admin rules be universally applied to every…every department that is doing grants?

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

CHAIR SUGIMURA: Okay. And so, the fiscal sponsor and the advancements from 30 to 90 days?

MS. MILNER: Thank you, Chair. Yes, the 30-day requirement changing to 90 days is in the general terms and conditions, so that is something that Corp. Counsel will be updating in the grant agreement template and the fiscal sponsor policy. We've already sent it out to a couple of our fiscal sponsors to get feedback on it, and we would be happy to share it with the Council once it's finalized. Thank you, Chair.

CHAIR SUGIMURA: Okay. And the other thing you mentioned is quarterly advancements, which you're going to work with Member Johnson.

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

CHAIR SUGIMURA: Okay. Members, any more questions on this? All right. Okay. So, thank you very much. I'm going to defer this, and we probably need to bring this up. I want to know, Members…we're trying to poll, I don't know if we heard from all of you, but on the 25th, after we receive the Mayor's budget, 10:00 press conference, and at 12:30 if we could reconvene…well, if we could talk about this item and finalize it because we will need it for…the budget review with grants is a big thing. So, whatever we can do to get us closer to where we want to be in the grant process. So, who is available at 12:30, if we could find out? Thank you, Member Batangan. I'm available. 12:30, is anybody else available?

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

CHAIR SUGIMURA: Oh, I'm sorry. The 25th, so in the morning at 10:00, we have…we will receive the Administration's…or the Mayor's budget, and then after that press conference, I wanted to see if we could have a meeting for BFED…12:30.

COUNCILMEMBER UʻU HODGINS: It's a Wednesday and a school day. And my husband is working and school is pau 12:25 for my youngest, so I could take it on the road, but that's…I wouldn't be in person.

CHAIR SUGIMURA: Okay, thank you. Member Cook. So, Member Batangan's available, I'm available, Member Paltin…Member Johnson is good, okay. Thank you, Member Sinenci is good. Member Paltin, are you available? Thank you, Member Cook, you're available. Okay. So, on the road. So, Member Paltin, Member Rawlins-Fernandez, not available? Are you? You are? Okay, thank you. Thank you. All right. So, on the 25th at 12:30, were you taking down the information as people were giving us the thumbs up? Thank you very much. So, we're going to defer this item. Chief of Staff, I'll look forward to whatever you can submit to us, policywise, and your admin rules. Whatever you could share with us as…and that whole thing that we learned today about contract versus a grant. I think that's a very important differentiation that we now understand. So, that could also be in writing, that would be nice so that we have it in our budget process.

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: AL)

ACTION: DEFER.

CHAIR SUGIMURA: Okay. So, this item is now deferred.

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

CHAIR SUGIMURA: And Members, what I'm not going to take up and I will take up is the last item on the agenda, which is our budget process. So, there is a document that's in Granicus that basically talks about the rules that is all of importance to us, like when we…conditions and all the fun…yeah, you can all go. Thank you. All the fun things that we will be experiencing, the budget resource documents. Oh, okay. So, in Granicus, Members, it is 19, 20 and 21. 21 has the contract…the calendar, 20 is the budget process procedures, and 19 are the general questions that we are going to be asking the departments. And I guess the Granicus numbers have changed, but in there is also a summary of what the departments will be asked when they come and do presentations with us on the designated calendar days. So, if you would look at the calendar because we have determined that some departments are not going to be coming before us based upon whatever needs that you decided. So, we're recognizing that in the calendar that you will be looking at. Okay, I think that's it. Do we have to take up anything else?

MR. KRUEGER: So, Chair just before you defer this item, we'll just need to take testimony.

CHAIR SUGIMURA: Oh, true, we still need to take testimony. I guess we had one, yeah. So, open for public testimony.

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

MR. KRUEGER: Chair, there is no one signed up to testify on BFED-1, so I'll do a last call. If there is anyone 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 to testify.

CHAIR SUGIMURA: Okay, thank you. With your permission, I'm going to close public testimony and thank you, Members.

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

CHAIR SUGIMURA: It is now 12:07. So, on…

COUNCILMEMBER SINENCI: Chair?

CHAIR SUGIMURA: I'm sorry, I heard somebody.

COUNCILMEMBER SINENCI: No objections.

CHAIR SUGIMURA: Oh, Member Sinenci. Member Sinenci.

COUNCILMEMBER SINENCI: Yeah, real quick, Chair. I just wanted to mahalo everybody for your understanding of us cancelling the WASSP Committee meeting yesterday. We were still trying to get power to our community. But I did want to say that both the Department of Human Concerns and the Department of Parks presentations are on there so that you can at least look at their presentation when they do come into the Chambers. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you very much. Anybody else? Okay. And because of the weather and the conditions, thank you also…Member Cook also postponed your meeting?

COUNCILMEMBER COOK: Thank you for that. I'll just give a brief update. I talked to Jordan Molina, and it's probably going to take up to eight weeks or more, as far as for getting to South Kīhei Road. It's pretty much from like past Long's to the intersection by ABC Store, but I want to commend them. This morning when I came to work, there was a small army of equipment and personnel and workers starting from that intersection working back. Apparently they're going to clean all of the roads. If people clear their driveways and their yards and stock it on the edge of the road, they'll haul it away for the public. They're not going to go on private property and clean it, but they will be hauling away. So, anyway, Public Works has their hands full, and I just commend them. I think they're doing a good job.

CHAIR SUGIMURA: Okay, thank you for that update. Thank you very much. All right, Members, so I'm going to…oh, I'm sorry. Oh, sorry, Member Johnson, I didn't see you. Go ahead.

COUNCILMEMBER JOHNSON: I did see Councilmember Paltin's hand before mine.

CHAIR SUGIMURA: Okay, Member Paltin.

COUNCILMEMBER PALTIN: I just was wondering, are we still yet on BFED-1? I just had one question. Quick question.

CHAIR SUGIMURA: Yes, yes.

COUNCILMEMBER PALTIN: You know, what Member Batangan said earlier about the 75-25 and I forget who mentioned that was in result of us wanting to essentially raise the pay for some of our workers because we have such a hard time recruiting workers versus the private section. We were kind of offered that, like copying off of County of Kaua'i, but we never really got to discuss the policy end of it, like if we want to do it? I mean of course we asked like well, what about the other 80-20 or 90-10, but it was like kind of we didn't have time because were just taking Kaua'i's template. Is there going to be opportunity…like I understand why Member…when Member Rawlins-Fernandez was the Budget Chair, the way we did it, there were like five or six of us kind of just coming on and learning about the departments and like that, so it made sense at that time. Now, majority of us, maybe except one, but he's done the work from the other end, the back end, and so I was wondering if there's going to be some time, like Member Johnson always says, what you care about is how you make your budget…like what's important to you, your budget should reflect it. So, in addition to talking about numbers and accountability, is there going to be time set aside as to like what our policies are regarding what is important to us? Because we didn't get to really dive into the policy of supplementing our employees in the way that we wanted to. And, you know, I know you praised Director Takakura, but what she was saying is not…that study that was done for the director should have been done…should be done for all the employees. And I agree with that, but what we came up with instead was healthcare for some people. The copay paid. So, I was wondering, is there going to be opportunity like on these things that we think are so important to us about the policy of how we're going to allocate that money during the budget, instead of…you know, like I think that there's some sort of feeling that a budget is going to be done the same every year, but we're not the same people every year. And, you know, like the tiering of the system gave us a big windfall that first year, and it's not quite the same now because the windfall came the first year of the tiering. So, I'd like to have some time scheduled in where we talk about the policy of what is important to us as how we direct our money and how that equates to like either percentages spent on what we say is important to us and how we determine the policy of how it meets what we say is important to us.

CHAIR SUGIMURA: Okay. Good point. So, we begin our budget process on April 1 with Countywide…we're going to be talking about Countywide on that first day, and of course, that's Finance. So, at this time, we can…we can discuss how we will proceed forward, but that seems like a good starting point for all of us to start with on the budget process. We'll already have received the Mayor's proposed budget, and we'll have the first several days so that we can, you know, read into it, and study, especially that program budget, and then we'll move forward. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, appreciate it.

CHAIR SUGIMURA: Yeah, good point. You are right in that when we were doing the budget process, Member Batangan was not with us when we got the letter from Administration saying that, you know, the health benefits will be covered and this is what it was, right? It was so fast. I guess they were just trying to fit us…fit it into our process. But…so, can you please look at the calendars because we're going to finalize it and the calendar is on item number…is it 19? Is it 21? Look at that. Because the departments that you designated that you…will not be coming before the Council is Council Services, Prosecuting Attorney, Corp. Counsel, Liquor, 'Ōiwi Resources, County Clerk, Auditor, and East Maui Water Authority. So, if there is a change after you look at the budget, please let us know because these are the departments. We already heard from the Administration that some departments, some directors or departments had preferences for days that they may not be available, so at least we could make the change now instead of, you know, shifting around as we're already in the process. I will be taking up, at the October 25th meeting at 12:30, the procedures for budget, and you already have this that you can review, that we can talk about further. But I really appreciate this discussion, and you are right in terms of priorities and what we need to do. Things changed over the weekend too, right? There's that emergency funds that we're going to be looking at. Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. I don't want to hold up the meeting. I know everyone is getting ready for lunch, I know I'm ready. Real specifically, you'd asked for our amendments and our priorities to be handed in by April 14th. However, we're still doing our budget district hearings…and for me, I like to hear what the community has to say and that would move my budget priority. So, don't you think, Chair, we could have…we finish our district hearings before we say our priorities to do…because what would be the point of the public coming out and saying, please help us with this, and we're all like we're done with that phase, you see what I'm saying? That's my concern. Just…if we move it up a bit so we can at least be finished with the district hearings.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: That's all. I don't want to waste everyone's time.

CHAIR SUGIMURA: Okay. So, okay, we'll look at that. So, you're saying you don't want to submit any of your budget priorities until you have all the residency area meetings? Is that what you just said?

COUNCILMEMBER JOHNSON: That would be my preference. I mean, I'm sure the public would want to have a say, you know? So, yes, please.

CHAIR SUGIMURA: Okay. All right. So, we'll look at that and then we'll talk about it. Member Paltin.

COUNCILMEMBER PALTIN: Thank you. I just was wondering the temperature about moving the Friday night public hearing on the 17th to the 16th, if there is any support for that. Because it did say tentative on your first handout. And like, you know, I mean the kids come out sometimes, it's a Friday night, and there's other things going on, and...

CHAIR SUGIMURA: Football...no.

COUNCILMEMBER PALTIN: And it would help Member Johnson's cause because if we're hearing it on the 16th instead of the 17th, then we could potentially turn it in on the 17th. But I mean it's obviously not my main call, but just throwing it out there. Who wants to stay in the Chambers all night on Friday night? Not me.

CHAIR SUGIMURA: *. . .(laughing). . .* But I heard Member Batangan was going make stew. Just kidding.

VICE-CHAIR BATANGAN: Well, that was before I got the memo about us having money from the Chair's contingency account. But I can make stew on a Thursday, I can make stew on a Friday...I guess I would just like to say that I agree with Member Johnson --

CHAIR SUGIMURA: And Member Paltin.

VICE-CHAIR BATANGAN: -- and...yeah, and Member Paltin.

CHAIR SUGIMURA: Okay. So, we'll look at that too, moving the Wailuku-Kahului to the 16th. Okay. Okay. Any other comments?

COUNCILMEMBER JOHNSON: Thank you, Members.

CHAIR SUGIMURA: All right. Great discussion today. So, we'll see you at 1:30 for the GREAT Committee meeting, and we'll make these...take into these considerations the suggestions that you had. I'm really glad to hear what we just did regarding the grants process, and look forward to the meeting that we have after we receive the budget.

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: AL)

ACTION: DEFER.

CHAIR SUGIMURA: So, at this time then, it is 12:18, and this meeting is now adjourned. . . .*(gavel)*. . .

ADJOURN: 12:18 p.m.

bfed:min:260317:ta

Transcribed by: Terianne L. Arreola

CERTIFICATION

I, Terianne L. Arreola, hereby certify that pages 1 through 52 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 14th day of April 2026, in Makawao, Hawai‘i.

Terianne L. Arreola