

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

**MINUTES**

**October 21, 2025**

**Online Only via Teams**

**CONVENE:** 9:01 a.m.

**PRESENT:** Councilmember Yuki Lei K. Sugimura, Chair  
Councilmember Tom Cook, Member (arrived at 9:04 a.m.)  
Councilmember Gabe Johnson, Member (left at 11:36 a.m.)  
Councilmember Alice L. Lee, Member (left at 10:20 a.m.)  
Councilmember Tamara Paltin, Member  
Councilmember Keani N.W. Rawlins-Fernandez, Member (arrived at 10:12 a.m.)  
Councilmember Shane M. Sinenci, Member  
Councilmember Nohelani U‘u-Hodgins, Member

**EXCUSED:** Councilmember Tasha Kama, Vice-Chair

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

Residency Area Office (RAO):

Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office  
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office  
Clyde “Buddy” Almeida, Council Aide, Makawao-Ha‘ikū-Pā‘ia Residency Area Office

**ADMIN.:** Kristina Toshikiyo, Deputy Corporation Counsel, Department of the Corporation Counsel  
Jade Rojas-Letisi, Economic Development Director, Office of the Mayor  
Lesley Milner, Budget Director, Office of the Mayor  
Cynthia Lallo, Chief of Staff, Office of the Mayor  
Marcy Martin, Director, Department of Finance  
Maria Zielinski, Deputy Director, Department of Finance  
Daniel Shupack, Capital Improvement Program Coordinator, Department of Management  
Erin Wade, Deputy Director, Department of Management  
Jolie Jenkins, CDBG Program Manager, Office of the Mayor  
Gail Rumbaoa, Housing Administrator, Department of Housing  
Shayne Agawa, Director, Department of Environmental Management  
Ortaine Acidera, Fiscal Officer, Department of Water Supply

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**OTHERS:** Jason Ushijima, Business Support Branch Chief, Business Development and Support Division, Department of Economic Development and Tourism, State of Hawai'i  
Jasee Law  
Junya Nakoa  
Others (17)

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

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CHAIR SUGIMURA: . . .*(gavel)*. . . Good morning, everybody. Welcome to the Budget, Finance, Economic Development Committee. It is now 9:01 a.m. And what a glorious day. We have a visitor in the Chambers today. His name is Ipo. So, Ipo, we'll say good morning. Good morning, Ipo. This is Tamara Paltin's little puppy.

COUNCILMEMBER PALTIN: Ipo's a she --

CHAIR SUGIMURA: . . .*(laughing)*. . . Oh, sorry.

COUNCILMEMBER PALTIN: -- and she says aloha kakahiaka kākou.

CHAIR SUGIMURA: Ipo's a she. I always thought Ipo was a he. Sorry about that. Good morning, Ipo. And from the Chambers, we have with us Chair Lee. Did you sign in yet?

COUNCILMEMBER LEE: No.

CHAIR SUGIMURA: Not yet? Okay. Member Paltin?

COUNCILMEMBER PALTIN: Aloha kakahiaka kākou.

CHAIR SUGIMURA: Aloha. Member Johnson, good morning.

COUNCILMEMBER JOHNSON: Good morning, Chair, Councilmembers, community members. There's no testifiers at the Lāna'i District Office, and I'm here and ready to work. Mahalo.

CHAIR SUGIMURA: All right. I just want to announce to the community, look at this lilikoi.

COUNCILMEMBER U'U-HODGINS: Oh, wow.

CHAIR SUGIMURA: Isn't it big? It looks like an apple, yeah, or a Christmas ornament. This came from Gabe's farm.

COUNCILMEMBER U'U-HODGINS: Oh.

CHAIR SUGIMURA: Yeah. Look at how huge it is.

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COUNCILMEMBER JOHNSON: The more they get ready, the more I can bring over, but I just only had a couple, so I...I gave it to the teacher like a...like an apple. . . .*(laughing)*. . .

CHAIR SUGIMURA: . . .*(laughing)*. . . You'll get an A today. . . .*(laughing)*. . . Thank you. And next we have...Tom Cook was here. Member...Member U'u-Hodgins. Good morning.

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

CHAIR SUGIMURA: Good morning, Member Sinenci.

COUNCILMEMBER SINENCI: Aloha and good morning, Chair. Happy to be here. No testifiers in Hāna, Chair.

CHAIR SUGIMURA: Good morning. And I guess I'll get to Member Cook. And Member Rawlins-Fernandez, is she excused or is she online? I don't see her. We will call her when she appears. Vice-Chair Kama is excused from this meeting. Today, leaving at 10:30, will be Chair Lee. Chair Lee, welcome to the meeting.

COUNCILMEMBER LEE: Thank you. Good morning.

CHAIR SUGIMURA: Good morning. And then at 11:00, Member Cook will leave us once he joins us. From the Office of the Mayor, thank you very much for being here, Jade Rojas-Letisi, who is the new Economic Development Director. Good morning, nice to see you here. As well as Lesley Milner, virtually. And we have sitting next to her is Jason Ushijima...Ushijima, Branch Chief, Business Support for the State Department of Economic Development, helping us with our enterprise zone. So, thank you very much for joining us in person. I was surprised to see you this morning. Thank you. Also joining us, from the Department of Management, is Dan Shupack. He's a County CIP Program Coordinator. Department of Finance, Marcy Martin, virtually. Maria Zielinski, virtually. And they're probably going to be there for the last item on the shortfalls. Department of Environmental Management, Shayne Agawa, regarding the shortfalls. Department of Housing, Jolie Jenkins, CDBG Program Manager, and Gail Rumbaoa, Federal Housing Programs Administrator. Department of Water is Ortaine Acidera, Water Works Fiscal Officer, virtually. Corporation Counsel, I always like to see her here in person, Kristina Toshikiyo. Thank you very much for making the effort to be with us. Other resources, I also...I already introduced Jason. Thanks again for...for being here, Jason. Members, if you will allow me to include Jason under Rule 18(A), Rules of the Council, to be part of the discussion, as he's an...he is the expert resource on enterprise zones.

COUNCILMEMBERS: No objections.

CHAIR SUGIMURA: Thank you, Members. Committee Staff, Lei Dinneen, Council Services Assistant Clerk; Peter Hanano, Legislative Attorney; Kirsten Szabo, Legislative Analyst; James Krueger, Senior...Senior Legislative Analyst; Pauline Martins, Senior Committee Secretary. And please see the last page on the agenda for information on meeting connectivity. Thank you, Members, for attending today's meeting. We have four items

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on the agenda. It should be a pretty exciting day, and we have lots of work to do before Members start leaving for other meetings. BFED-11 is Resolutions 25-193 and 25-194, Designation of Enterprise Zones on the Island of Maui. BFED-8, Bills 136 (2025) and 137 (2025), Relating to the Renovations of 60 South...South Church Street, Wailuku, Hawai'i. BFED-9, Bill 152 (2025), Amending the Fiscal Year '26 Budget, Appendix A, Part I, Department of Housing (Community Development Block Grant Program, County-Owned Senior Affordable Rental Housing, Program [sic]: Na Hale Kūpuna Operations). BFED-20(10), Fiscal Year '25, Estimated Revenue Shortfalls, is the last item on the agenda. Members, all three items which are first on the agenda will require a Committee vote, and the last one is just information only. So, we have a busy day ahead of us. Thanks, everyone. Are there any testifiers for before the meeting?

MR. KRUEGER: Chair, we currently don't have any individuals signed up, but there is an individual indicating they'd like to testify.

CHAIR SUGIMURA: We have one testifier, and please state your name, and you will have three minutes.

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

MR. LAW: Aloha ka 'aha o ke Kalana O Maui. It's Jasee Law again from Kula Uka, Waiakoa ahupua'a. It looks like from the...the kapapa (*phonetic*) kumumana'o, somebody's been busy over there in the Budget and Finance Department. And I just wanted to say some familiar words of advice for the Kingdom of Hawai'i...we got to get off the dollar and get on the kala. This goes to the last one, Chair Sugimura--oh, yeah, ohayō, Chair--for the estimated revenue shortfalls. I hope it's not too much. I'm pretty sure Alice Lee will back us up with her bank account on that one. But a familiar suggestion I made before was somehow to...I'm not sure if it's illegal or not, but we got to start making our own money, maybe a cryptocurrency. And then for the regular currency, like the stuff you want to keep in your pocket, I'm pretty sure it's not illegal to make bus tokens, and I recommend putting either Kamehameha or the daughter of Kamehameha, Lili'uokalani, on the coins. Thank you for your time.

CHAIR SUGIMURA: Any questions for the testifier?

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

CHAIR SUGIMURA: Seeing...seeing none. Thank you very much. Any more testifiers? If not, last call.

MR. KRUEGER: Chair, we don't have anyone 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 using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, there's no one else to testify.

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CHAIR SUGIMURA: Thank you. Members, with your permission, I'd like to close public testimony for the beginning of the meeting and receive written testimony.

COUNCILMEMBERS: No objections.

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

CHAIR SUGIMURA: Thank you. Thank you. So, before I go into the first agenda item, which is the designation of EZ zones, I just want to announce a bit of celebration we have for the State of Hawai'i, really, Island of Maui, which is Kurt Suzuki, who's a Baldwin High School graduate, is now the manager for the Angels baseball team. How's about that, right? So, when...when Kurt...well, I've known Kurt my whole life, so we're one of the proud aunties, you know. I know his mom. But he's an amazing catcher. So, when he would practice--listen to this--when he would practice...so you can, you know, squat the whole game and be the catcher, he had a swimming pool, and he used to jump out of the water just to strengthen his muscles. I said, whoa. But he's very, very smart, like his parents, Warren and Kathleen Suzuki. He has a sister. And just this most wonderful, wonderful person. He has three children. And he lives in the area, so he doesn't have to move, as Jordan Helle said this morning, who knows sports very well. But anyway, I wanted to send the congratulations out to him and his family. What an amazing guy, and we'll hear more from him.

**ITEM 11: RESOLUTIONS 25-193 AND 25-194, DESIGNATION OF ENTERPRISE ZONES ON THE ISLAND OF MAUI**

CHAIR SUGIMURA: All right. So, we're going to go on our first item, which is Resolutions 25-193 and 194, and Designation of Enterprise Zones. Resolution authorizes the Mayor to submit an application to designate Nāpili Enterprise Zone for 20 years, and 20...Resolution 25-194 authorizes the Mayor to submit an application to redesignate...redesignate the Greater Maui Enterprise Zone with adjustments for 20 years. State law authorizes the Governor, upon recommendation from the Department of Business, Economic Development, and Tourism, to designate up to six enterprise zones per county for 20 years based on county applications. The existing Greater Maui and West Maui designations expire on April 30th, 2026. Businesses in designated zones may receive various benefits, including State General Excise Tax exemption or eligible activities, and tiered State tax credits for up to seven years. The Administration has said that our applications must be submitted to the Governor with DBEDT's recommendation by November 15, 2025. So, thank you, Chair Lee, for direct referring this directly to this Committee so we can take action, and we hope that your November 7th Council meeting, we can take further action on this item. I'd like to also say that Cynthia Lallo is online, and if she'd like to join us for this item. So, assisting us with today's discussion is Cynthia Lallo, Jade Rojas-Letisi, Economic Development Director; Jason Ushijima from DBEDT, and he is the Chief Business Support...of the Chief...of the Business Support Branch. So, can you provide opening comments, and then we'll take testimony after. Thank you. So, you're getting a handout. Yeah, there's

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a PowerPoint presentation. Thank you very much, Jason. Take it away, Director and Jason.

MS. ROJAS-LETISI: Good morning, Chair Sugimura and Committee Members. And again, mahalo to Chair Lee for the direct referral. We really appreciate it, as we're on a tight timeline for this. But today's item relates to the Enterprise Zone Program, which is a State DBEDT program that provides important tax and business incentives that encourage job creation, private investment, and economic growth within the designated areas across the County. So, before you today is a resolution to propose amended enterprise zone boundary maps, which are required to be updated every 20 years under the program's renewal guidelines. These updates ensure our designations remain current, and continue to align with the County's evolving economic landscape and community priorities. So, we're happy to be here this morning to support this State-led initiative, and continue our strong partnership with DBEDT in advancing opportunities for Maui County's local businesses and workforce. So, joining us today, as mentioned, is Jason Ushijima from DBEDT, who will be providing a brief presentation on the proposed map amendments, and offering additional context on the State's programming and framework. So, mahalo again, Chair and Members, for your time and consideration of this item. And with that, I'll go ahead and turn it over to Jason for his presentation.

MR. USHIJIMA: Thank you, Jade. Good...

CHAIR SUGIMURA: Good morning.

MR. USHIJIMA: Oh, good morning, Madam Chair. Thank you very much for the opportunity. Councilmembers. Like everybody has mentioned, my name is Jason Ushijima, and I'm from DBEDT. And I'm going to be starting with a little bit of background about the Enterprise Zones Program, just so everybody here is familiar with it, and then hopefully we can understand better what...what the resolutions will be for. And feel free to stop us and ask any questions along the way. So, just begin. The enterprise zones is a program. So, it's the Hawai'i Enterprise Zones Partnership Program because it's a partnership between both the State and the counties, and also the small businesses who are participating in it. The program itself was created to encourage job activity...excuse me, encourage business activity, job sustainability, and job growth in economically-challenged areas of the State, and companies can join this program for up to seven years. It does this through offering companies incentives, business incentives that we'll go through, and benefits for...for, in turn, like I mentioned, business activity and job growth and retention. Okay. Sorry, is this better? So, some of the benefits, like the Chair had mentioned, with this program, companies who are qualified for this program and are a part of it receive 100 percent exemption from general excise taxes. In addition to that, any work that the company has done on their facility by a licensed Hawai'i contractor, they're also exempt from paying that contractor GE taxes. So, that 4 percent gets saved by the company. In addition to that, there are a couple of tax credits. So, companies who are in the program receive an 80 percent tax credit for both State income tax, and on their unemployment insurance premiums. And that begins to reduce by 10 percent every year that they're in the program, starting at 8 percent, and by their seventh year, they're down to a 20 percent. In addition to the benefits offered

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by the State, each county is also...each county offers additional benefits to the participating businesses. The...these benefits vary by county, and it just depends on the direction of the county, and what they are trying to accomplish through the program. As you can see through this slide, the different counties...this is what the different county benefits are. Hawai'i County and Honolulu County have an exemption on increases in property taxes, and Kaua'i County, Maui County, they have priority business permitting. So, in order to be a part of this program, there are two major requirements for the business. The first is, at least half of the...at least half of their business activity has to come from one of these following supported industries. The majority of the program...businesses who are in the program come from the agriculture, manufacturing, or wholesale...wholesale distribution categories. But these are the other categories, including biotech, aviation, and maritime repair, telecommunications switching and delivery, IT, medical research, clinical trials, for-profit training programs, maintenance of assistive technology equipment, certain types of call centers, and wind energy. The other part of the qualification to be a part of this program is why we're here today. This...the business must lie and exist in an enterprise zone, and the enterprise zone themselves are designated by the counties to go along with the county's economic plan. And as...as the counties are closer to...to the businesses and to the activities in the area, they would know best on to where to designate these geographic locations. In order to designate the...an area as an enterprise zone, it is divided up by Census tracts. And the eligibility requirements are, within that Census tract, the medium family income must be...25 percent of the residents within that Census tract must have a medium family income that's 80 percent of the county medium family income. And additionally, the other qualification, they...excuse me, the other...the other means of qualification is they could be...the unemployment has to be 1.5 percent higher than the State average. So, these are truly economically-challenged areas, which is why the State and the counties are encouraging business activity, job growth, job retention in these various areas within. So, Maui County has a total of four enterprise zones at the moment. There's one on Moloka'i, there's one on Lāna'i, and there are two on Maui Island. The two on Maui Island are up for redesignation. So, what that means is, an enterprise zone may last for 20 years at maximum. So, back in 2005, the Greater Maui and the West Maui enterprise zones were designated based on the 2000 U.S. annual Census. So, now that we are up to our 20 years, as the Chair had mentioned, in April of 2026, these...these zones will expire. The rest of the presentation is some just general information about the zones, and about the profiles, and about some of the companies who are in it. I'd like to draw your attention to the fact that at the time of our most recent annual report, there are 25 Maui companies in it, and the majority of them, as mentioned earlier, are in the agriculture and manufacturing sectors. Does anybody have any questions or can I assist with anything at this point? Yes.

CHAIR SUGIMURA: Thank you very much for your presentation. So, we'll take questions after --

MR. USHIJIMA: Oh, okay.

CHAIR SUGIMURA: -- you're done. Director, do you have any more to add to this?

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MR. USHIJIMA: Yep.

MS. ROJAS-LETISI: Not at this time, I think...well, actually, sorry, I do. You know, I think as we're revisiting this...these designation zones now, and we're looking at the recovery efforts, right, and what our economic landscape looks like for the future, we're really going to utilize this program to incentivize our small businesses, right, to expand growth. And we have an opportunity to be able to provide more incentives. So, other counties do offer certain incentives, including real property tax exemptions and those types of things. And currently, that's not something that we offer right now, but we're definitely exploring those opportunities to see how we can provide a whole incentive package for these small businesses. So, this is something that's going to come up in the near future. And I'd also like to add, too, that as this designation came up, we wanted to research what those specific needs are for these different industries. And I think that, you know, as I shared a couple of weeks ago with our new framework with the kama'āina economy, tech is definitely one of those, right? So, we wanted to explore what the needs are. And as Lipoa Parkway will be falling out of these designation zones, we have the opportunity to amend it later at the State Legislature. So, we're currently compiling as much research as possible to see how we can currently include those, and to get into specifics right now, too. So, as Jason had mentioned, the list of what is eligible to be a part of this program, there are a few things that we realize that need to be included too, as we identify these high livable wages that we can offer our local residents. So, a few of those include advance manufacturing. Manufacturing is on there, but we need to get into the specifics a little bit more. So, advance manufacturing, software and data science development and sales is one of them as well, too. Aerospace and creative digital media development and production. We're continuing to explore what the others will be too, and we're currently waiting for updates from those different entities within the Maui Tech Park too. And we can report to that later. So, I think right now, again, we're very crunched for time. So, we are expecting for that to come sooner than later. Unfortunately, I do not have that specific list at this time, but I'll definitely provide that once it becomes available.

CHAIR SUGIMURA: Okay. Thank you very much. Do we have any testifiers for...

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 11 . . .**

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 brief countdown...three, two, one. Chair, there is no one else to testify.

CHAIR SUGIMURA: Thank you. So, with your permission, Members, I'd like to close public testimony at this time, and we'll receive written testimony.

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 11 . . .**

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CHAIR SUGIMURA: And thank you very much. All right. So, Members, now you'll have three minutes to ask questions. Before you do that, I just want to verify then, with Director or with Jason Ushijima. If you...if...when you increase the benefits, that...it has...that will be done when?

MS. ROJAS-LETISI: We're hoping sooner than later. I don't have an exact timeline necessarily, but we're exploring many different opportunities. And like I said, we have an opportunity to actually bring something to the table that some of the other counties haven't. And we want to really make this a really robust program. So...

CHAIR SUGIMURA: Okay. So, are you...will you be bringing this back to us, or how does that happen?

MS. ROJAS-LETISI: Absolutely. I will. I do not have a specific time frame, but I'm hoping to have something together before the end of the year.

CHAIR SUGIMURA: Oh, before the end of the year. Because this...now, the time schedule that you presented, it was important that we take this up now because the dates that this needs to get before the Governor is in April, right? And ending of the year, this all has to be processed through us and then go to department...I mean DBEDT. Does...do these benefits have to be in the documents that you present, Mr. Ushijima?

MR. USHIJIMA: Yes, they do. So, once the...once your benefit is defined...so backing out. The Governor has 90 days to make his final approval of the...of the resolution...not of the resolution, but of the package that gets presented. And prior to that, the DBEDT Director has 60 days to make that. So, that is about a five-month timeline. So, we are...we're coming close to it. Not to say that the Governor or the DBEDT Director will take that full amount of time, and with our...with our and my boss's encouragement, we can hopefully expedite that as much as possible. But the final presentation, which will include the two resolutions which designate the enterprise zones, as well as the final designation of what the benefit from the County is going to be, all need to be put together for their application, for their viewing.

CHAIR SUGIMURA: Okay. So, what deadline do we have to work with, or OED has to work with, to get that benefit package to you?

MR. USHIJIMA: We'd like to see that in December, just to --

CHAIR SUGIMURA: December.

MR. USHIJIMA: -- make sure we don't miss any deadlines.

CHAIR SUGIMURA: Okay.

MR. USHIJIMA: And so, we don't want the zones to expire by the end of April and not have --

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CHAIR SUGIMURA: Okay.

MR. USHIJIMA: -- a replacement for that.

CHAIR SUGIMURA: Okay. Very good. And then as far as what the Director then announced for enhancing the proposed guidelines, or...or businesses, right? The breadth of businesses, advance manufacturing. You also said software data science development and sales, information technology design and repair or support for telecommunications. But this list then will be added to whatever gets presented to the Department?

MS. ROJAS-LETISI: Yeah. We would still need to finalize that based on the report that we receive from those in the space industry and tech industry. And we're currently waiting for all those businesses . . .*(timer sounds)*. . . to send us their needs, but that will be provided in this. But we've...it sounds like this will be the...the top priority.

CHAIR SUGIMURA: Okay. So, we'll look forward then to hearing...

MR. USHIJIMA: Point...point of --

CHAIR SUGIMURA: Oh, go ahead.

MR. USHIJIMA: -- just one point of clarity. So, right now, the business activities are defined by this, the --

CHAIR SUGIMURA: Legislature.

MR. USHIJIMA: -- excuse me, by the...the Hawai'i Revised Statutes. So, in order to have business activities added, such as the ones that Jade...ones that Jade had mentioned, it would need to be...the...the statute itself would have to be amended to include these. So, that would have to be a part of a legislator's package, or a legislative bill to go through the session next year.

CHAIR SUGIMURA: Okay.

MR. USHIJIMA: But that happens every year. So, they are...these...these different business activities can be amended --

CHAIR SUGIMURA: Okay.

MR. USHIJIMA: -- and different new ones can be added.

CHAIR SUGIMURA: Very good. All right. Questions? Member Paltin.

COUNCILMEMBER PALTIN: You know, when this was the...posted is the first time I heard about an Nāpili Enterprise Zone. Has there been any outreach to the community? The County holds monthly meetings, the Mayor has an advisory committee. Have they been

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consulted and asked for feedback on this?

MS. ROJAS-LETISI: From my understanding, no. So, we had another Staff member that was working on this that's no longer with our Department. So, I've just brought...been brought on recently. And because of the timeline, we haven't had a chance to schedule anything necessarily, but I think that as we're approving the Nāpili areas, really, it only is going to provide additional benefits later on.

COUNCILMEMBER PALTIN: I...I do know the Mayor has a standing meetings with his advisory committee, but it's never been brought up to them?

MS. ROJAS-LETISI: Okay. We can definitely...

COUNCILMEMBER PALTIN: No, that's what I'm asking. If it's never been brought up to them?

MS. ROJAS-LETISI: From...not that I'm aware of.

COUNCILMEMBER PALTIN: Okay. And then, you know, so Nāpili is Nāpili, but Lāhainā needs help. So, I just was wondering like why we're going to be building up Nāpili when Lāhainā needs help? And I can guarantee the first thing my community is going to say is, you're going to build up Nāpili, but not finish the bypass north. So, everything is funneling in through Keawe Street pretty much. And you're going to build up Nāpili, but you're not...the State's not going to finish the bypass north, and Lāhainā needs help. So, I just...I can anticipate that's what they're going to say. And then it's going to be like, make it make sense.

MS. ROJAS-LETISI: I think we're also trying to target the small businesses as well too. Like when we talk about the manufacturing part of it, a lot of that is like your grassroots businesses, you know, that are trying to create like locally-made products and things like that. So, that'll also include that. So, we're actually...it's...I think it's a very broad spectrum of who we're trying to assist.

COUNCILMEMBER PALTIN: And then there's no housing as well. So, I mean, I can kind of see what you're doing, but it...it...for the people that actually live in Nāpili, I don't see how it's going to work. You know, like we have jobs because we live there, and this is like you're trying to bring more something, I'm not sure --

MS. ROJAS-LETISI: Yeah.

COUNCILMEMBER PALTIN: -- exactly what, and there's not good infrastructure. It took like eight months to get a light pole changed. And so, everybody riding bike, trying to go around like this big thing, like there's just...the infrastructure isn't there, the outreach isn't there. And like before this passes on whatever November, I think a lot needs to be done to communicate and work with my community so that it's not being done to them, but being done with them. And so . . .(timer sounds). . . I'm just kind of disappointed with all the outreach that is done. This is the first we're kind of hearing about it. And I'll yield to Cynthia Lallo.

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CHAIR SUGIMURA: Did she pop up? Oh, there you are.

MS. LALLO: Thank you, Councilmember Paltin. I just wanted to jump in here and say that the criteria for these zones are...are really dictated by the State, right? So, it really is based on the Census. And when Jade's talking about, you know, adding additional industry to it, or...or additional sectors to it, that would be...I mean, that's going to take a really big lift to do that. But the framework is really dictated by the State.

COUNCILMEMBER PALTIN: Yeah. That's why I'm saying --

MS. LALLO: So...

COUNCILMEMBER PALTIN: -- the State is the very one seeing that they're not going to finish the bypass north. So, that's why I can imagine --

MS. LALLO: Right.

COUNCILMEMBER PALTIN: -- my community saying --

MS. LALLO: And I just...

COUNCILMEMBER PALTIN: -- make it make sense.

MS. LALLO: 100 percent. But Jade, I would yield to Jason to have... to have him address that.

MR. USHIJIMA: Yeah, sure. So, I just want to clarify. So, currently, Nāpili is a part of the West Maui zone. So, it was designated back in 2005 to have these enterprise zone credits. In the new designation, Nāpili will remain. Some of the surrounding areas, just due to the more affluency that it's gained, have fallen out of the program, like the Kapalua area. However, Lāhainā currently is not one of the zones. But based on the criteria, we are designating Lāhainā. Lāhainā is one of the areas that is up for designation in the next...in the 2026. So, in the new resolution, Lāhainā will be included.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: I'm not sure if that's Josiah with his hand up.

CHAIR SUGIMURA: Oh. So, do we have Josiah Nishita with us? No? Okay. Okay. So, you...we can come up with more questions, Member Paltin, next round. Member Johnson, do you have a question? I'll just go down the row.

COUNCILMEMBER JOHNSON: Sure. Okay. Of course, you know, I represent the Island of Lānaʻi. So, that's my...I'm looking at the map. The whole island of Lānaʻi is an EZ zone?

MR. USHIJIMA: Yes, that's correct. So, Lānaʻi was designated.

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COUNCILMEMBER JOHNSON: 2020.

MR. USHIJIMA: They're on a slightly different timeline, but they were designated previously. So, they're not up for designation during this...during this period. They already exist as an enterprise zone. I believe it was 2016.

COUNCILMEMBER JOHNSON: Okay.

MR. USHIJIMA: So, the entire island does qualify. It's just based on the...the Census from the 20...the most recent census that was done.

COUNCILMEMBER JOHNSON: So, you guys...and the State takes into account like all of the requirements, like you have to have kind of a lower, I don't know, business, you know, all the things that --

MR. USHIJIMA: Yeah.

COUNCILMEMBER JOHNSON: -- you said the requirements were, were a little bit lower than the rest of the state. So, that's why they make it an EZ zone. Or...but I look at the benefits of it. General Excise Tax exemptions, State income tax credits. Do you think a billionaire who owns the island needs these tax breaks?

MR. USHIJIMA: That's a good question. I...I don't think so. But by having them take advantage...or any business or enterprise take advantage of these, the goal is overall to stimulate job growth and job sustainability, and hopefully create jobs for the residents there...or bring the residents there.

COUNCILMEMBER JOHNSON: The...the island's owned 98 percent by a billionaire. I...I don't see the...the point of giving billionaires more tax breaks on income tax credit, unemployment insurance. I think they just laid...they just laid off like our rock and concrete guys. They...it doesn't make any sense to me for the whole Island of Lānaʻi to be like that because our entrepreneurs maybe need other tools in the toolbox because they're not large landowners. They're not...they're...they're a food truck business. They're, you know, folks who can do things that...sell jewelry in a...in a craft fair, those types of economic opportunities are...are what's needed. I don't think this is, but I guess that's, you know, we're talking about Nāpili. I saw that on the...on the agenda, but the whole Island of Lānaʻi, it surprised me because it...it seems like...I don't see the dire need to stimulate that. Because if...if Mr. Ellison wanted to do a call center, he can do a call center. He's got more money than countries, right? So, I don't...I don't see the...the...why the State was pushing for that. And like you said, in 2016, I thought I read it from 2020 to 2040.

MR. USHIJIMA: 2020. I apologize. Yes, you're correct. So, the zone itself was designated by the County Council in 2020. So, that's who it was decided by. Unfortunately, I wasn't here --

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COUNCILMEMBER JOHNSON: Yeah, sure.

MR. USHIJIMA: -- so I don't...I'm not privy as to who --

COUNCILMEMBER JOHNSON: Okay.

MR. USHIJIMA: -- that was and when it was, but I think at the time, whoever did designate it just took into consideration . . .(timer sounds). . . any...any and all tracks that they could --

COUNCILMEMBER JOHNSON: Yeah.

MR. USHIJIMA: -- just to help stimulate, whether it's another small business from starting or...

COUNCILMEMBER JOHNSON: Thanks. Thanks for your response. My time's up. Thank you, Chair.

CHAIR SUGIMURA: Thank you. So, I don't think Mr. Ellison would qualify to be an enterprise zone business if he's a quadrillion zillionaire, you know. This is for the small businesses like you're mentioning at the end.

COUNCILMEMBER JOHNSON: Right. Right.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: Well, it's been...it's been...

CHAIR SUGIMURA: So, let's not eliminate your island, right? Are you saying eliminate your island because you have the richest man in the world owning your island?

COUNCILMEMBER JOHNSON: Well, if...like say, for example, that food truck, what...I don't...they don't have the land, right? They don't have the...the space. They...they just own the food truck, right? And these...our...our entrepreneurs are probably renting from...the restaurant is renting from the company. They don't own the building itself. So, that's kind of like, I'm trying to find a place or a role for where this would fit in for John Q. Public.

MS. ROJAS-LETISI: May I add to that, Chair?

CHAIR SUGIMURA: Please.

MS. ROJAS-LETISI: I think...you know, as you use the food truck example, I think about how, you know, potentially this company would want to expand, right?...and create additional revenue streams. And so, if they want to go into the manufacturing part of it, or if this food truck owner is a farmer, right, and is using his own food products for his food, I

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see this as an incentive for him to be able to expand, and give him that opportunity for growth. And that's kind of how I think that we see it.

COUNCILMEMBER JOHNSON: Thank you. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Next, Member Rawlins-Fernandez sent me a text saying that she's helping do lunch distributions on Moloka'i. So, I don't think we'll see her for a while. Next, we have Member Cook.

COUNCILMEMBER COOK: Thank you, Chair. So, thank you for being here. My question, would food trucks qualify for the...I mean, not food trucks, slaughterhouses qualify for the agricultural production processing, wholesale value-added retail?

MR. USHIJIMA: Yes, they do. Yeah, it's any kind of food...food production.

COUNCILMEMBER COOK: So, commercial kitchens, possibly?

MR. USHIJIMA: Commercial kitchens...it would be the business using the food, the commercial kitchen to produce a product, not necessarily, say, the owner of the commercial kitchen renting it out.

COUNCILMEMBER COOK: So, what about a co-op, perchance? I'm just saying the two things that I recognize that the island really needs that I hear from is a...is a new slaughterhouse. We need additional capacity to be able to process. And the other thing that we really need is commercial kitchens that other people can use because of the shortage. The college has a great one. There's a couple of them. But anyway, that's just my...my...that's an area that could really benefit multiple small businesses, ranchers, variety of people. So, bumbai, get clarity on that. Thank you.

CHAIR SUGIMURA: Thank you. So, Staff, as the Members are speaking, maybe we could create a list that we can send to OED as their comments or inputs of different kinds of businesses --

COUNCILMEMBER COOK: Thank you, Chair.

CHAIR SUGIMURA: -- that they would like to have considered. Thank you very much. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. Thank you guys for being with us today. To make clear, this is two separate resolutions. One is specifically regarding Lāhainā...oh, I'm sorry, Nāpili, and the other one, the greater Maui County or whatever we're calling it. So, I can understand that these are two separate things. Okay. So, I can understand how this is going to work. Chair, were you asking about the County's benefits package and what we plan on providing them? And you don't have that answer just yet, or you have that answer?

MS. ROJAS-LETISI: So, when they created this 20 years ago, one of it was an expedited

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permitting process. So, we did check with the Planning Department, and they said they can support it. However, with a lot...yeah, they're inundated with a lot of things right now. So, we'd have to revisit what that exactly would look like.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ROJAS-LETISI: So, that's what's in effect right now, but we are looking to see how we can provide other incentives to this program too. And again, that would be before the end of the year.

COUNCILMEMBER U'U-HODGINS: Okay. But you only talked to Planning, not the other reviewing agencies that are going to have to review the building permit in order to make sure it's expedited?

MS. ROJAS-LETISI: We haven't gotten there yet, no.

COUNCILMEMBER U'U-HODGINS: Okay. I'd suggest you do that then. Because water, as we know, is always an issue. So, they're going to...we're going to have to work with Water if we're going to talk about ag, and you're going to have to work with DPS and DPW and all of...I mean, DPW. But if...is that the only benefit that we previously provided, that priority business permit processing?

MS. ROJAS-LETISI: Correct. And from my understanding too, that actually, when this resolution passed 20 years ago, while it was in the resolution, it actually wasn't officially enacted.

COUNCILMEMBER U'U-HODGINS: Yeah. Because I've never heard that before.

MS. ROJAS-LETISI: Yeah. Yeah. So, we've had to try to dust off some files to find it.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ROJAS-LETISI: But...so...

COUNCILMEMBER U'U-HODGINS: So, no detail was provided in how it's going to be expedited?

MS. ROJAS-LETISI: There was to a point, but we have to go in-depth a bit more, absolutely.

COUNCILMEMBER U'U-HODGINS: Okay. And moving on to the next page, when it says industry-supported, as Member Cook said, the slaughterhouse, and then we have manufacturing wholesale, and do we...is this what we're going to target, or are you making changes, and you're going to ask one of our State elected officials to make that change for us?

MS. ROJAS-LETISI: Yes, we're currently looking at...speaking with one of the State officials to champion this for us.

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COUNCILMEMBER U‘U-HODGINS: Okay. And then what other industries do you think we’re going to be requesting their support to change?

MS. ROJAS-LETISI: Right now, I think that we don’t want to overwhelm the State Legislature and come with all these different industries at once, so I think that we’re going to focus primarily on the tech industry --

COUNCILMEMBER U‘U-HODGINS: Tech.

MS. ROJAS-LETISI: -- and then look to expand after that too, but we’re worried that, you know, if we...it’s just going to be...it’s just going to be too much if we try to include all these different industries across the whole County.

COUNCILMEMBER U‘U-HODGINS: Okay. And can somebody define for me what kind of certain type of call centers are supported?

MR. USHIJIMA: So, it’s a call center that provides support and help versus a call center that is soliciting.

COUNCILMEMBER U‘U-HODGINS: Support and help. So, like if I call Spectrum and I need help or something like that?

MR. USHIJIMA: Yeah. So, for example, there’s a company, TC Kokua, based in Kihei.

COUNCILMEMBER U‘U-HODGINS: TC...

MR. USHIJIMA: They do support for...I want to say it’s Mokulele Airlines, and they’ve worked with a another...a number of local companies.

COUNCILMEMBER U‘U-HODGINS: Oh, they must be busy with Mokulele Airlines.

MR. USHIJIMA: Yeah, to do that kind of help and --

COUNCILMEMBER U‘U-HODGINS: Okay.

MR. USHIJIMA: -- consumer support -- . . .*(timer sounds)*. . .

COUNCILMEMBER U‘U-HODGINS: Okay.

MR. USHIJIMA: -- and not sales.

COUNCILMEMBER U‘U-HODGINS: Okay. I have one more question, but I can wait until my next round. Thanks, Chair.

CHAIR SUGIMURA: Okay. You want to go with your question?

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COUNCILMEMBER U'U-HODGINS: Sure. So, I understand the timeline is getting close. We are going to be near expiration April 30th of '26. We are almost there. The holidays are going to eat up a huge portion of our life and our time. So, how quickly can this move? The Director...we're going to submit our package. We're almost pau, I'd assume? State is going to do opening pretty soon, so we're going to have to get our stuff to them within, I'm assuming, the next few months so they could write it before opening session begins. And then you folks will work with...as DBEDT, work with the person, whoever we're working with on the State-elected side, to get this done, and it'll be done before April?

MR. USHIJIMA: Yes, I hope so.

COUNCILMEMBER U'U-HODGINS: What happens if it's not?

MR. USHIJIMA: If it's not, then...

COUNCILMEMBER U'U-HODGINS: And we have a lapse in timeline. Do we start from scratch?

MR. USHIJIMA: -- then...then...unfortunately, the Maui zones will expire. They can be designated at a later date, but there will be a lapse in time, so...

COUNCILMEMBER U'U-HODGINS: Okay. Okay. And then when the benefits package is pau, are you guys going to come back to us so we can figure out what it's going to include?

MS. ROJAS-LETISI: Yes.

COUNCILMEMBER U'U-HODGINS: I guess that was several questions. Okay. Thanks. Thanks, Chair.

CHAIR SUGIMURA: Thank you. So, the legislator that we're working with is Senator Hashimoto, Troy Hashimoto. So, he's...this is already on his radar, you know, and I think it was more on his radar than our radar, and the push really came from him, so I...I would be shocked if it doesn't get done. He's already working on it.

COUNCILMEMBER U'U-HODGINS: Sounds good. Thank you.

CHAIR SUGIMURA: Member Sinenci?

COUNCILMEMBER SINENCI: Okay. Thank you. Just for clarity, so this resolution doesn't extend the expiration date? That would be, you said, at a later time?

MR. USHIJIMA: Well, it...the expiration date of the current zones is the end of April 2026. So, what it does is, it redesignates the new zones that do qualify to take over. So, starting May 1st, 2026, the new zones will be established.

COUNCILMEMBER SINENCI: And...and that...that's another resolution?

MR. USHIJIMA: Another 20 years.

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COUNCILMEMBER SINENCI: That's another --

MR. USHIJIMA: Oh, from...

COUNCILMEMBER SINENCI: -- 20 years, and that's --

MR. USHIJIMA: Excuse me, off of the same --

COUNCILMEMBER SINENCI: -- the one you said...

MR. USHIJIMA: -- resolution. Once these resolutions go to the DBEDT Director and then get approved by the Governor, then they'll take effect.

COUNCILMEMBER SINENCI: And you mentioned Lāhainā would be on the next 20 years?

MR. USHIJIMA: That's correct.

COUNCILMEMBER SINENCI: Okay. Chair, I did...I know at some of our last NACo conference, there was a lot of talk about these data collection centers throughout the...the...the country where, because of AI and ChatGPT, it requires a lot of storage and power generation. Is that being promoted here? I just was curious.

MR. USHIJIMA: Not to --

COUNCILMEMBER SINENCI: No?

MR. USHIJIMA: -- my knowledge --

COUNCILMEMBER SINENCI: This is just more for smaller --

MR. USHIJIMA: -- as an industry.

COUNCILMEMBER SINENCI: -- businesses?

COUNCILMEMBER PALTIN: I wouldn't support the data processing centers because they use a crazy amount of energy, water, and not all of them are ethically responsible, so...

COUNCILMEMBER SINENCI: You wouldn't support, right?

COUNCILMEMBER PALTIN: I wouldn't support that in Nāpili, no way.

COUNCILMEMBER SINENCI: Yeah. I mean, I'm just bringing it up because there was a lot of talk at the national conference on these huge data centers.

CHAIR SUGIMURA: Yeah.

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COUNCILMEMBER SINENCI: So, nothing...

COUNCILMEMBER PALTIN: Data processing centers.

COUNCILMEMBER SINENCI: Data processing centers.

CHAIR SUGIMURA: Okay. All right. So, I...Member Paltin, you had another question. Did you, or are you done?

COUNCILMEMBER PALTIN: Yeah. You know, on the approval of the enterprise zones, and the things that it's listed that it could be used for, is it possible...like is this just you want to hear yes or no from us? Because knowing my community, I don't know that GMO would go over well. Like can we cross out some of the things on the list?

MR. USHIJIMA: The current activities on the list are a part of the State statute. If you would like some of them removed or reconsidered, that's something that a legislative package could...could address --

COUNCILMEMBER PALTIN: Yeah.

MR. USHIJIMA: -- and it would be discussed on the...in the State committee, I believe.

COUNCILMEMBER PALTIN: I think, I mean, people could be supportive of ag or watershed, re...re...watershed, making it better, but we don't have GMOs in West Maui that I'm aware of, and I don't think we want them. And, you know, like we do...we do have an issue with EV batteries, car batteries. There's no place to dispose of that, but it's also my understanding that it's very dangerous to dispose of it. So, I don't know if we want it in Nāpili, but we will...we would like to address that. And just...I mean, I guess before we...like wind energy producers also can be very controversial. So, that's why I just think...like, you know, if we're going with this list, and then there could be folks new to our community, I think there just needs to be a lot more dialogue, outreach, and communication with the residents. They're...not just the industries, but the residents, of what's happening in their backyard, and how it will personally benefit the residents and not just, you know, corporations and things like that.

CHAIR SUGIMURA: Okay. So, Director, loud and clear, right? You hear that? Okay. So, this...further the communication that you have with the community.

MS. ROJAS-LETISI: I think...yeah, we'll continue to collaborate, of course, with the State on this. But, you know, as we talk about Nāpili and the data processing centers, we definitely don't support something like that either. And I...I don't think we necessarily envision this to take over. Again, we're kind of providing these tax exemptions for these businesses to be able to grow, but I...I don't think that we're envisioning the corporations to take advantage of this. Again, we're really targeting more so small business entrepreneurs so that they can succeed in this current climate. So, that...yeah. Yeah.

CHAIR SUGIMURA: Okay. You will come back with whatever list you come up with. And then

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in the meantime, you will be communicating with the...the different communities. And I will offer to help you, yeah, with...with, you know, my Upcountry community. And I'm sure any of the other Members, if they have communication links that they would, you know, also help any way you can...any way we can.

MS. ROJAS-LETISI: Thank you.

CHAIR SUGIMURA: Yeah. Okay. Members...

COUNCILMEMBER U'U-HODGINS: I have one more question.

CHAIR SUGIMURA: Oh, go ahead. Member U'u-Hodgins.

COUNCILMEMBER U'U-HODGINS: Thank you. This is, I guess, kind of what Member Johnson was asking, and to dovetail off of what you just said about the small businesses. Is there a requirement for the businesses, is there...how they're going to qualify? Or is it just any business in these areas?

CHAIR SUGIMURA: Jason?

MR. USHIJIMA: It would be any business who 51 percent of their business activity is one of those on the list, that's established in an enterprise zone, with a minimum of one employee.

COUNCILMEMBER U'U-HODGINS: Minimum of one employee.

MR. USHIJIMA: So, any small business.

COUNCILMEMBER U'U-HODGINS: Okay. Okay. How are we going...how are we going to target them, the small businesses?

MS. ROJAS-LETISI: I think a lot of it is, you know, as Councilmember Paltin mentioned is the outreach too, right, and having --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ROJAS-LETISI: -- these discussions with them. So, as I've mentioned, we have been talking to the Maui Tech Park to get a better understanding of what the needs are. And really, the main thing too is to promote the workforce, our local workforce. And, you know, we're continuing to have those discussions with the colleges, and really understanding what the pipeline looks like, right, from when these kids are in middle school, high school, and allowing them to stay here and live where we're so centered in our values and our culture, again, and not have to leave home.

COUNCILMEMBER U'U-HODGINS: Yeah.

MS. ROJAS-LETISI: So...yeah.

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COUNCILMEMBER U'U-HODGINS: Okay. Just making...just wondering how this is going to work. But I look forward to having you folks come back and seeing what our benefits package are, and how it's going to really impact our communities. Thank you. Thank you.

CHAIR SUGIMURA: Okay. Very good. Anybody else have a question? Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I'm...I'm looking at some of the benefits that is...are offered, and I'm curious if you have the data of how many of these small businesses have taken advantage. Because of some of these EZs--I keep wanting to call it EZ zone, but that's double--so how many small businesses are using it? And how many employees, you know, are...are we affecting? And I know that in the presentation, it says this is what we offer. So, maybe do you have the actual data of "X" amount of people? I...and I did see the slide where it says here's a list of how many ag, how many this and that, but I'm curious to...like down into the data of it all.

MR. USHIJIMA: We do have that data, and I'm happy to provide that...pull some reports and send that over to...to the...the Chair and the Council.

COUNCILMEMBER JOHNSON: Chair, is that okay that we ask?

CHAIR SUGIMURA: Yes.

MR. USHIJIMA: Absolutely.

COUNCILMEMBER JOHNSON: All right.

CHAIR SUGIMURA: Yes. So, we'll send a letter, yeah, along with everything else.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR SUGIMURA: Yeah. He's really good at collecting all kinds of information. So, he even did an update before he stepped foot in this meeting. Appreciate it, Mr. Ushijima. So, we'll send a letter to you.

COUNCILMEMBER JOHNSON: Okay.

CHAIR SUGIMURA: And we'll get it to the Committee.

COUNCILMEMBER JOHNSON: Like take, for example, Moloka'i being the whole island EZ. What's...what's...what did they get out of it for being in there for so long? And I know this...it doesn't have it in here, it just says...not by island, but I'm curious of what they actually got out of all of the...you know --

CHAIR SUGIMURA: Benefits.

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COUNCILMEMBER JOHNSON: -- the...the time period that they have been on this...in this list or whatever, in this EZ, what they actually got out of it. So, that's where I was headed. Thank you.

MR. USHIJIMA: Yeah.

COUNCILMEMBER JOHNSON: Thank you, Chair.

MR. USHIJIMA: Absolutely.

CHAIR SUGIMURA: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I didn't have any questions, but I would support for agriculture in East Maui. That's always a growing for...for East Maui, food sustainability. But I would want to see more businesses and recycling, waste-to-energy, those types of conservation types of things. We live in an island, and hopefully, you know, if...if we can promote that kind of business that would be for us, I'm sure the entire island would benefit from it. Thank you.

CHAIR SUGIMURA: Thank you. Okay. Members, any more questions before I go into my recommendation? Seeing none. Okay. So, at this time, I'd like to entertain a motion to recommend the adoption of Resolutions 25-193, 194, incorporating any nonsubstantive revisions.

COUNCILMEMBER COOK: So moved.

CHAIR SUGIMURA: So moved --

COUNCILMEMBER U'U-HODGINS: Second.

CHAIR SUGIMURA: -- Member Cook, second by Member U'u-Hodgins. Any discussion? Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. I'll support it at this time to move it forward within the given time frames and deadlines, but before anything is finally voted, I would like to see some outreach and feedback from the Nāpili community. Thank you.

CHAIR SUGIMURA: We heard you loud and clear. Appreciate that. I think all of us would want to do that same kind of outreach in our communities. Anybody else? Okay. Seeing none. You know, Cynthia Lallo logged in. I don't know if she wanted to say anything. Okay.

MS. LALLO: Thank you, Chair. I'm good.

CHAIR SUGIMURA: Okay. Thank you very much for logging in. So, at this time, Members, all in favor, raise your hand and say "aye."



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CHAIR SUGIMURA: Thank you.

MR. USHIJIMA: Thank you. Thank you, all.

CHAIR SUGIMURA: Very good.

**ITEM 8:           BILLS 136 (2025) AND 137 (2025), RELATING TO THE  
RENOVATION OF 60 SOUTH CHURCH STREET, WAILUKU,  
HAWAII**

CHAIR SUGIMURA: So, next, we're going to go on to Bill 136 and 137 (2025), Relating to the Renovation of--I don't think we have them here--60 South Church Street. Are they here? We were only going to have...oh, there's Dan Shupack. Okay. Dan Shupack, you're next. And then we're going to follow with CDBG, and I see them sitting in the...

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

CHAIR SUGIMURA: Okay. All right. Okay. Thank you, Mr. Shupack. So, this next item on today's agenda, Bill 136 (2025) and 137, Relating to the Renovation of 60 South Church Street. Bills...both bills amend Fiscal Year '26 Budget and the...and the related general bond authorization ordinance to appropriate \$1.1 million for additional renovations at the building of 60 South Church Street. So, today, we have with us Dan Shupack, who everybody knows as...he's our CIP Coordinator. Marcy Martin is also on for questions, and does...Lesley Milner too? Yeah. Okay. And Lesley Milner. So, Mr. Shupack, please explain to us what the \$1.1 million is going to do, and if you could give us a summary of where we are.

MR. SHUPACK: Thank you, Chair.

CHAIR SUGIMURA: Thank you.

MR. SHUPACK: Thank you, Chair. Thank you, Members of the Committee. Yes, this budget amendment request is, as stated, for an additional \$1.1 million to complete the renovations at 60 South Church Street, aka the Hawaiian Tel Building, as it's known to...around the County. As you know, we've...we've come in previously for budget amendments, and I kind of give you...run down some of this, which I explained during previous requests. So, just a quick summary of that project itself. The County purchased the building in late 2020, approximately 18,000 square feet on the second and third floor. A portion of the facility...the overall facility is, I think, over 40,000 square feet, much of it which is occupied by Hawaiian Telcom. The design went on for quite some time. Construction began in January 2023. However, I guess there was delays from the start due to building permit reviews. Then there were subsequent delays due to a Federal funding review for a \$1.4 million grant that the County received from DHS. So, those reviews kind of compounded...added to...kind of delayed the project for many months, led to a lot of extended overhead and materials escalation charges. The...of course, there's also been a lot of...just due to the...the building itself being over

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50 years old, there's been a lot of change orders as would be expected, but probably more than...more than expected, just due to, I guess, the nature of the building being like a telecom facility. There's a lot of things in the walls that were unanticipated. There was... (pause) sorry... (pause) sorry, I totally lost my train of thought, but there's been numerous change orders due to...oh, yeah, deferred maintenance...sorry. There was a lot of deferred maintenance. The building, over a 50-year lifespan, the...that led to structural kind of issues, unaddressed water intrusion into the building over time. It's caused leaks, and a lot of water damage inside the building, which needed to be addressed during the renovation process. Certain imperfections in the building, such as floor leveling that were discovered post...post-contract needed to be addressed. And I'm not sure if the Committee received the response. There was an inquiry that was sent out last week, which we put together a response, but in that response, we kind of listed out all the previous funding, as well as kind of what the \$1.1 million is...is expected to cover. A lot of that is kind of due to change orders that have come up. Some of them are to address some of the deferred maintenance items in the portions of the building which Hawaiian Tel occupies. There's been leaks reported in Hawaiian Tel's equipment rooms over the life of the project, which, you know, is outside of the scope of this project. However, they need to be addressed because, you know, being that the County is the landlord, we are responsible if..you know, if there's damage to Hawaiian Tel's equipment. So, it's a critical facility, I might add, for Hawaiian Tel. It's the hub for all their service on the island. That includes like their commercial side, like their, you know, home internet, telephone service, but also, you know, services, critical systems such as the 911 emergency...you know, 911 service. So, of course, you know, it's critical that the facility remains in working order. So...so, a lot of the...I wouldn't say...yeah, a significant portion of...of the 1.1 is going to address those items which will need to be addressed, you know, anyways in the next couple of years. So, that's all I have for now.

CHAIR SUGIMURA: We have Erin Wade here to also represent Management. Thank you very much.

COUNCILMEMBER PALTIN: No objection.

CHAIR SUGIMURA: I saw you sitting there, so I'm calling you up. Thank you. Thank you, Mr. Shupack. You want to give opening comments, Ms. Wade?

MS. WADE: I have no opening comments except to say that when we inherited the building, it wasn't...you know, it probably wasn't a building that we would have chosen, had it not been in proximity to the County, and...and have the square footage that was needed for the expansion of the campus. We didn't have the opportunity at the time to do the condition assessment that we have since implemented. And I think this was quite a learning process for all of us in terms of rehabbing old buildings that frankly were designed to do something very different than we needed it to do moving forward. So, while...while it's been sort of an evolution in terms of the final build-out of this facility, ultimately, you know, we're looking forward to bringing new folks through it. It's going to be a really excellent asset for the County of Maui and for our emergency operations. But it has been a journey. Thank you.

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CHAIR SUGIMURA: . . .*(laughing)*. . . Thank you. You have a question for her? Member Sinenci?

COUNCILMEMBER SINENCI: It's just a clarifying question for Ms. Wade. When you...when you say we inherited it, you...this Administration inherited from the last Administration?

MS. WADE: Yeah, that's correct.

COUNCILMEMBER SINENCI: Correct?

MS. WADE: Yes.

COUNCILMEMBER SINENCI: Okay. Thank you.

CHAIR SUGIMURA: Okay. And if there are no other questions for you, then I'm going to open up for public testimony, and then we'll continue on with questions.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 8 . . .**

MR. KRUEGER: Chair, we have one individual signed up to testify, that'd be Junya Nakoa.

CHAIR SUGIMURA: Mr. Nakoa? *(pause)* Mr. Nakoa? He doesn't look like he's there, although we can see his video on.

MR. KRUEGER: Yes, Chair. We...Junya Nakoa, it's your time to testify. We see your camera, but you're muted on your end. You'd have to unmute.

CHAIR SUGIMURA: Okay.

MR. KRUEGER: Okay. Last call for Junya Nakoa. If not, then we'll proceed with last call for any other testifiers. If there is anyone else who'd 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 brief countdown...three, two, one. Chair, there is no one else to testify.

CHAIR SUGIMURA: Thank you. All right. With your permission, I'm going to close public testimony and receive written testimony.

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 8 . . .**

CHAIR SUGIMURA: Thank you, Members. I see also Marcy Martin. Did...or I don't see her, but did you also want to speak on this item? I guess not. Okay. I guess we're fine. We did send questions to Management, and I...we haven't received their responses yet. And

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I think it's going to answer a lot of the...the money part that we're asking and, you know, like kind of the big question. So, is it almost ready to be transmitted to us?

MS. WADE: Thank you, Chair. Thank you, Chair. I apologize. The...the letter did go upstairs, but Mayor is on Moloka'i, and we didn't get the signature before he left. So, it's being signed now, and we should have it down here shortly.

CHAIR SUGIMURA: Okay.

MS. WADE: Thank you.

CHAIR SUGIMURA: So, we'll get it, and then we'll post it on Granicus, Members. Because it does ask the kind of questions that you're wondering about. But we'll just go through the questions then. So, at this time, I'm going to start off with...oh, there's Chair Lee. So, Chair Lee, then Member Paltin, and go down the row. Chair Lee?

COUNCILMEMBER LEE: I don't have any questions right now. Thank you.

CHAIR SUGIMURA: Thank you. Thanks for joining us. Member Paltin?

COUNCILMEMBER PALTIN: Thank you. Would you say majority of the change orders are due to running into unanticipated stuff, or is it also change in cost of building supplies and labor?

CHAIR SUGIMURA: All of the above.

MR. SHUPACK: Thank you, Member Paltin. Yeah, I would say a little bit of both. Yeah, there's been...the...the increased materials and labor has result...has been a factor, has resulted from the delay charges that we've incurred. A lot of that, you know, which I previously discussed. And of course...

COUNCILMEMBER PALTIN: And then I was wondering too, if...is this an enterprise zone where we could expedite the permitting process and not pay the GET tax?

MR. SHUPACK: . . .*(laughing)*. . . Fortunately, we're past all the permitting.

COUNCILMEMBER PALTIN: Oh, we're past.

MR. SHUPACK: Yeah, yeah. So, although there are some permit compliance that we...that's part of the...the...the final funding that's going to bring us into compliance with some of the departments.

COUNCILMEMBER PALTIN: Okay. The other question I had was like, so we bought this building from Hawaiian Tel, and we allowed them to lease out some of the space back, and they deferred the maintenance. And so, if their equipment gets damaged by their deferred maintenance, we're on the hook for it because we leased it back to them. We couldn't put in the contract like, hey, if your equipment gets damaged by your deferred

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maintenance, you're responsible? Or we didn't know that they deferred maintenance so bad? Or is that a lawyer question?

MR. SHUPACK: . . .*(laughing)*. . . Yeah, that might be. Can we defer to...

MS. TOSHIKIYO: Thank you. I did work on that transaction back in 2020, and I don't recall what the process in the contracts were. And I don't know if the deferred maintenance issues are in the space that Hawaiian Telcom is occupying or the space where the County is occupying. I wasn't sure. So...but yeah, I'm sorry. I don't remember five and a half years ago.

COUNCILMEMBER PALTIN: I mean, we don't want our 911 system to go down again, so we can't let it get damaged. But it's kind of disappointing if they were the ones to defer the maintenance, and now we're on the hook for it, that's a little bummers. But I...I made the switch to Hawaiian Telcom, so hopefully they don't go down because of all of our neglects, I guess.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Is...is the deferred maintenance on their side?

MR. SHUPACK: It's on both. Yeah, it's affected all...all the buildings on the...in the facility, so...

COUNCILMEMBER PALTIN: How long would . . .*(timer sounds)*. . . you say it was deferred for? Like, extra five years, ten years?

MR. SHUPACK: Yeah, I would say...I mean, some of it, you know, there were issues that were never addressed, I mean, such as the...the roof, the...especially in the three-story building, has never been replaced. It was given a coating about 10 years ago, but they didn't address some of the underlying issues with the roof that you should address before you apply coating. So, it didn't really help as far as extending the...the life of the roof. Something like that. And other items that were, I guess, more recent, like...like the HVAC system, you know, they...which was, you know, nearing the end of its life, probably should have been replaced a few years ago, but it was, I think, possibly, you know, deferred for, you know, the County or whoever, you know, purchased the building to take responsibility for, so...

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Pretty difficult. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Thank you, Deputy Managing Director Wade and Mr. Shupack, for joining us today. I know you're busy, so appreciate your time.

CHAIR SUGIMURA: Oh, excuse me. Member Rawlins-Fernandez? Sorry,

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Member Rawlins-Fernandez popped up. Good morning.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, or awakea. E kala mai for my tardiness. I'm alone on my side of the district office. Mahalo, Chair.

CHAIR SUGIMURA: Thank you. Sorry, go ahead.

COUNCILMEMBER JOHNSON: Yeah. Okay. Some of my questions were answered, but I wanted to clarify a little bit about the permits. You said you're past the permits, and we're talking about monies today. There's no money that you need for the permits? We're all good with that?

MR. SHUPACK: Thank you, Member Johnson. That's correct. Yeah, I just mentioned the permits to say that, you know, there's been delays that were, you know, set off by the permitting, and that it put us past the...the original contract end date. So, being that we're still beyond that contract end date, every month we have to pay, like extended overhead to the contractor. So, it's all kind of ripple effect from those permitting delays. But currently, yeah, we are...we're beyond all permitting requirements. Everything's been --

COUNCILMEMBER JOHNSON: Okay.

MR. SHUPACK: -- been approved.

COUNCILMEMBER JOHNSON: I...I just know that the...in the...in the literature here, it says that this is for construction, and was it design? But either way, it doesn't say permitting. So, I just want to make sure that that money's not going to be used for permitting. I haven't done a tour of the building. I don't know what's inside. If you're free, I...I wouldn't mind. But I'm just curious, is there rooftop solar? Is there solar panels on the roof?

MR. SHUPACK: There was a...a leased rooftop solar system, which we had removed from the three-story roof as...in order to re-roof, it had to be removed.

COUNCILMEMBER JOHNSON: Okay.

MR. SHUPACK: And the decision was made not to reinstall it because of cost, and reports that we got from the solar company that many of the panels or...and inverters were...would need to be replaced. So, the...the cost to restore the system would have been, like, comparable to purchasing --

COUNCILMEMBER JOHNSON: Okay.

MR. SHUPACK: -- a new system, basically. So...yeah.

COUNCILMEMBER JOHNSON: All right. Well, it sounds like there might be an opportunity to do something on the roof with you guys. I'd love to hear what you had in mind if

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you're interested in doing something there. But those were my questions. Appreciate your time. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Member Johnson. Next, we have Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I don't have any questions at this time. Mahalo.

CHAIR SUGIMURA: Okay. Member Cook.

COUNCILMEMBER COOK: Thank you. So, from your observation, is there additional potential not visible corrosion or water damage? I mean, how...how close are we to the finish line on this?

MR. SHUPACK: Yeah, we...thank you, Member Cook. Thank you for the question. Yeah, we...we...we feel that as far as the building envelope is concerned, especially on the third...the three-story building, that we have addressed or identified all the...the sources of...of, you know, leaks and water damage in the past. And we've addressed most of them. We've completed the external kind of structural improvements, repairs, and the building's been repainted. The...the roof...the roof replacement still has yet to be performed, but we haven't seen any sign of leaks or water intrusion in probably a year and a half since we began initial waterproofing inside the building, so that's a good sign. Of course, the Hawaiian Tel portion, we're probably just going to address the areas of...where the known leaks have been occurring. That...you know, that's --

COUNCILMEMBER COOK: So...

MR. SHUPACK: -- to say we're not...we're not reroofing the entire facility just because of, you know, scope creep and all that, but we're going to address the...the worst areas. So, there's a potential that there could be other areas that need to be addressed in the future, but we're just taking care of kind of the most critical areas right now.

COUNCILMEMBER COOK: Okay. Thanks. Are they redoing the aluminum storefronts and whatnot that are there? The windows and...and doors?

MR. SHUPACK: Yeah.

COUNCILMEMBER COOK: They look kind of old.

MR. SHUPACK: Yeah. Well, actually...

COUNCILMEMBER COOK: It's part of the...it's part of the building envelope. I'm just curious.

MR. SHUPACK: Yeah, we actually...that's one of the items that we're...we're looking at in this...this request is...well, not to, I guess, replace, but to address the...like replacing window gaskets, and retinting the windows just to make sure that they're watertight and...you know.

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COUNCILMEMBER COOK: Okay. Thank you for everything you're doing. I know you...this has been a learning experience for everybody, and that's a really tough building to kind of know what's going on. So, what's...do we know what...I'm just curious, and we can put this for a question, Chair, what the appraised value of the property is, what we paid for it, and then what the subsequent repair and maintenance costs have added up to. And...and it doesn't really matter because we have what we have, but I would like to know how that kind of penciled out. Thank you very, Chair...thank you very much.

CHAIR SUGIMURA: Oh, thank you. So, do we have Marcy Martin on the line? Does she want to answer those questions? And that was kind of the questions that we had sent that we haven't received yet...answers. Director Martin, are you here, or did you hear the question? *(pause)* I guess she...oh, there...there you are. Did you hear the questions?

MS. MARTIN: Yes.

CHAIR SUGIMURA: Okay.

MS. MARTIN: Thank you, Chair. So, you wanted to know the --

CHAIR SUGIMURA: The money.

MS. MARTIN: -- the value of the property versus what we have spent on it so far?

CHAIR SUGIMURA: The kind of the rundown of, yeah, how much did we pay, and the value, and how much have we spent? . . .*(inaudible)*. . . question.

MS. MARTIN: We can...if you put that in writing, we can address how much we paid for the building, but as far as how much has been expended, I think that Dan would probably be a better person for that. And right now, the fact that the building is under construction would make it extremely difficult to value. So, you know, I don't think that the Real Property Assessment Division is keeping track of that, so you probably have to order an appraisal. Again, I...I would kind of agree with Councilmember Cook that, you know, we already have the building, so I don't know if it would be worth our time and money to have the property valued as is, considering that we're working to complete the building and make it available for occupancy.

CHAIR SUGIMURA: Okay. Member Cook?

COUNCILMEMBER COOK: Thank you. Just clarification. My question was what it was valued at when we bought it. I understand now that it's during construction, it's variable. I was curious when we purchased it --

CHAIR SUGIMURA: Yeah, that...

COUNCILMEMBER COOK: -- what it was appraised at.

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CHAIR SUGIMURA: Oh.

COUNCILMEMBER COOK: And...and . . .*(timer sounds)*. . . it doesn't have to be an answer now. It could be doing, you know, follow-up . . .*(inaudible)*. . .

CHAIR SUGIMURA: Mr. Shupack has the answer.

MR. SHUPACK: Thank you, Member Cook and Chair. Yeah, the...the...I have the purchase. The purchase price was 3.74 million. And to date, the amount encumbered for the project is a little over 22 million...22.

CHAIR SUGIMURA: \$22 million.

MR. SHUPACK: That includes the purchase. Yeah. Yeah.

COUNCILMEMBER COOK: Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. Member U'u-Hodgins, followed by Member Sinenci.

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. And thanks for being with us today. So, this is going to be an additional \$1,100,000, yes? And you're going to be fixing HVAC, parts of the roof, electrical, security updates...upgrades, and floor plan changes to accommodate MEMA. Do you have a breakdown on how much that's going to each cost?

MR. SHUPACK: Thank you, Member U'u-Hodgins. Yeah. Actually, in the response that we...we put together for the BFED inquiry, it includes a list of...

COUNCILMEMBER U'U-HODGINS: I don't have that.

CHAIR SUGIMURA: Yeah, they didn't --

MR. SHUPACK: Yeah.

CHAIR SUGIMURA: -- submit it to us yet.

COUNCILMEMBER U'U-HODGINS: Oh.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER U'U-HODGINS: Okay. You can tell me now.

MR. SHUPACK: It's on the Mayor's desk, and yeah, it should be down shortly. I have a copy here.

COUNCILMEMBER U'U-HODGINS: Okay, 'kay, 'kay.

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MR. SHUPACK: I'll be happy to let you look at...but it lists, basically, all the items, kind of the cost estimates that are covered by the 1.1 million. So, I can kind of run down real quick if --

COUNCILMEMBER U'U-HODGINS: Yeah.

MR. SHUPACK: -- if you'd like.

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: So, yeah. There's some add-ons to the scope of security improvements that were requested by MEMA to provide further security for the third floor, and as well as a portion of the second floor, which probably...we...we recently, because of MEMA's, you know, rapid growth, their org charts...

COUNCILMEMBER U'U-HODGINS: They're going to go in there.

MR. SHUPACK: Yeah.

COUNCILMEMBER U'U-HODGINS: But how much is that going to cost now?

MR. SHUPACK: That's about \$107,000.

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: There's...

COUNCILMEMBER U'U-HODGINS: 170,000 [sic]?

MR. SHUPACK: Oh, 7, sorry.

COUNCILMEMBER U'U-HODGINS: \$7,000?

MR. SHUPACK: Yeah. And then there's also...actually, there's an additional estimated 50,000 in electrical infrastructure improvements --

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: -- door hardware retrofits --

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: -- for...for MEMA as well.

COUNCILMEMBER U'U-HODGINS: Roof?

MR. SHUPACK: So --

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CHAIR SUGIMURA: I just saw you sent me something.

MR. SHUPACK: -- yeah, there's about 40,000 in modifications to the existing three-story roof --

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: -- which includes the installation of gutters, downspouts.

COUNCILMEMBER U'U-HODGINS: Okay. How much is the floor plan changes costing us?

MR. SHUPACK: The floor plan changes. That's difficult to...I guess that's spread out amongst a few different items.

COUNCILMEMBER U'U-HODGINS: And this is design changes, plus like the...the fire sprinklers to accommodate the design change? Or is that just plans? I'm assuming that's interior nonstructural walls to accommodate for the floor plan changes.

MR. SHUPACK: Yeah. I'd say the floor plan changes, somewhere in the order of about, hmm...yeah, if you include *... (timer sounds) ...* the changes to the electrical infrastructure, we're looking at about, I'd say, 700,000 or so.

COUNCILMEMBER U'U-HODGINS: Electrical?

MR. SHUPACK: Yeah.

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: Yeah. Including...

COUNCILMEMBER U'U-HODGINS: And that includes the HVAC?

MR. SHUPACK: No, it does not include the HVAC.

COUNCILMEMBER U'U-HODGINS: Okay. What is the HVAC?

MR. SHUPACK: The HVAC, well...yeah. I mean, if you're talking about the new chillers, I mean, I think the...the...it was around, I want to say, 3, 3-1/2 million for the...the...the new HVAC system.

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: But there's...there's been other issues that have arisen with the existing HVAC system that...basically that the existing chiller failed.

COUNCILMEMBER U'U-HODGINS: Okay. I see that.

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MR. SHUPACK: So, we had to bring in a temporary chiller --

COUNCILMEMBER U'U-HODGINS: Yeah, running on...

MR. SHUPACK: -- which there's one on site right now.

COUNCILMEMBER U'U-HODGINS: Okay.

MR. SHUPACK: So, there's monthly costs for that as well.

COUNCILMEMBER U'U-HODGINS: And all of those, they're all permitted, and they're ready for construction, we just need this money to accommodate the construction?

MR. SHUPACK: Yes, that's correct.

COUNCILMEMBER U'U-HODGINS: Okay. Thank you.

MR. SHUPACK: Yes.

COUNCILMEMBER U'U-HODGINS: Thanks, Chair.

CHAIR SUGIMURA: I'm just wondering if you want to defer this item until we can get, you know, the letter and, you know, your questions, all these number kind of construction answered, and then I can bring it back. Just from listening to what you're asking. Member Sinenci?

COUNCILMEMBER SINENCI: Do we know...do we...I heard that we lease it back to Hawaiian Telcom. Because...how much do we lease it to them for? Does it pencil out? . . .(laughing) . . .

MR. SHUPACK: Yeah. Yeah, I'd defer that...that question to...to Finance.

COUNCILMEMBER SINENCI: If...if...I mean, Chair, if that can be part of the...the questions.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER SINENCI: And then, Chair, request that...just the breakdown of the 20 million. And I...I supported...I supported the purchase back in 2021 beca...one, because of the proximity to the County campus, and also, you know, to...to build a new building would probably exceed, you know, twice that amount. So --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER SINENCI: -- those were some of my...my reasons for voting for. I would like to see the breakdown, and --

CHAIR SUGIMURA: Okay.

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COUNCILMEMBER SINENCI: -- maybe reassess my decision. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. I think...I think, you know, we are with you.  
...*(laughing)*...

COUNCILMEMBER PALTIN: Chair --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: -- if we defer this, is it going to make it that much longer before MEMA can move into the building? Is...like, I mean, we can get the answer before first reading or second reading. I...I just don't want to hold up MEMA any longer before they can occupy the building. Because like you said, time is money. We're paying every time just to...every month the contract gets extended. So, I don't want to hold this process up any longer. And I'm assuming, since it's waiting on a signature, we can get the answers before first reading. And --

CHAIR SUGIMURA: So, we'll add more...

COUNCILMEMBER PALTIN: -- since she's not here right now, we can always do Committee work on the Council floor.

CHAIR SUGIMURA: ...*(laughing)*... Well, she's here. Oh, she's not on this...right now. Okay. So, we'll do that. I will ask for whatever responses we have not received. We'll add more. So, before you send it to us...or you can send it to us, but we're sounding like we want more comprehensive information. Sounds like what you were reading off is in that letter that we haven't received. And I will call you before next time I schedule this just to be sure we have all the information. I...I did check, and I thought it's going to show up with us this morning. But Members, so at this time then, any more questions? Otherwise, I'm going to call for the question. Member Cook?

COUNCILMEMBER COOK: Okay. So, we're going to vote, right? So, there's no delay?

CHAIR SUGIMURA: Yeah, yeah, yeah. Oh, okay. All right. Are we all on board? Okay. So, at this time...well, why don't you tell us when you anticipate moving into the building?

MR. SHUPACK: Thank you, Chair. Yes. Currently, the prime contractor is expected to reach significant completion end of December this year. Furniture and technology installations for the EOC are going to commence in December, expected to complete in January, possibly early February, with move-in...you know, ready for move-in in February, 2026.

CHAIR SUGIMURA: Okay. February, 2026. And then when you do send back responses, I'm going to add these questions. What is the current balance of temporary transfer or loans to the Bond Fund, and what is the next planned bond issuance? Based on year-to-date activities, do you expect the temporary transfer or loan limit in Section 19,

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General Budget Provisions, to be exceeded before the end of the fiscal year? So, that's about the bonds, that's not for you, but we'll get that...okay, we'll add that as far as questions. So, Members, at this time then, I'm going to call for the question. All right. So, at this time then, I'd like to entertain a motion to recommend passage on first reading Bill 136 (2025), and Bill 137 (2025), incorporating any nonsubstantive revisions.

COUNCILMEMBER COOK: So moved.

COUNCILMEMBER U'U-HODGINS: Second.

CHAIR SUGIMURA: Member Cook, seconded by Member U'u-Hodgins. And is there any further discussions? Anybody have any further questions you want to add that we're going to send to the departments? None. Okay. All in favor, raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: So, who we're missing is Chair Lee and Member Kama. So, seven "ayes," two excused.

**VOTE:       AYES:       Chair Sugimura and Councilmembers Cook, Johnson, Paltin, Rawlins-Fernandez, Sinenci, and U'u-Hodgins.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:     None.**

**EXC.:       Vice-Chair Kama and Councilmember Lee.**

**MOTION CARRIED.**

**ACTION:     Recommending FIRST READING of Bill 136, CD1 (2025) and Bill 137, CD1 (2025).**

CHAIR SUGIMURA: Thank you very much, Members. Okay. So, keep on working hard.

MS. WADE: Thank you, Chair. You should have the...the letter that we developed with the attachments this afternoon, and then the additional questions that are going to come in, you'll have later this week.

CHAIR SUGIMURA: Okay.

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MS. WADE: Great.

CHAIR SUGIMURA: Very good.

MS. WADE: Thank you so much.

CHAIR SUGIMURA: Thank you very much. Thank you for joining us.

COUNCILMEMBER PALTIN: If they...

CHAIR SUGIMURA: So, you want to take a break?

COUNCILMEMBER PALTIN: Oh, sure, yes. But I just wanted to clarify. So, they'll send the answer to the Committee Staff, and then the Committee Staff can upload the answers to Granicus when we're not in budget, or would they upload it to the e-testimony?

CHAIR SUGIMURA: James or Kirsten?

MR. KRUEGER: Chair. So, Staff's understanding is that we're anticipating one letter in response to the letter that, Chair, you sent previously. And then I think Staff will just...I think Chair's going to be sending a second letter with the additional questions, and then we'll be able to upload the response to that letter like we normally would.

COUNCILMEMBER PALTIN: Can...can you remind us what the normal procedure is?

MR. KRUEGER: Oh, just...since the item, it wouldn't be like posted on agenda or anything. So, you know, our current...those like board packet procedures that we have to do when there is something scheduled on agenda, we wouldn't have to do that. So, we'd be able to just --

COUNCILMEMBER PALTIN: Upload it to Granicus.

MR. KRUEGER: -- upload it normally. Yes.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Okay. Very good. Thank you very much for being with us. And so, continue on. We're all cheering for you. This has been a good example of why we need to do the site visit and do the assessment before we make the purchase, right? And that's standard practice now, which it never was before. Okay. Thank you. Okay. We're going to...yes? Yeah, we need to take a break. So, it's 10:32, so you want to come back at 10:45? 10:45. This meeting is now in recess.

**RECESS: 10:33 a.m.**  
**RECONVENE: 10:50 a.m.**

CHAIR SUGIMURA: ...*(gavel)*... Okay. Welcome back to the Budget, Finance, Economic

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Development Committee.

**ITEM 9: BILL 152 (2025), AMENDING THE FISCAL YEAR 2026 BUDGET, APPENDIX A, PART I, DEPARTMENT OF HOUSING (COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, COUNTY-OWNED SENIOR AFFORDABLE RENTAL HOUSING, PROJECT: NĀ HALE KŪPUNA OPERATIONS)**

CHAIR SUGIMURA: We have the third item on our agenda, which is Bill 152, Amending Fiscal Year Budget, Appendix A, Part I, Department of Housing (Community Development Block Grant Program, County-Owned Senior Affordable Rental Housing Project: Nā Hale Kūpuna Operations). So, this item proposes to amend Appendix A, Part I, Fiscal Year Budget for a CDBG program by deleting the overall program total, and increasing the individual appropriation for Nā Hale Kūpuna operations by \$51,151. The funding comes from unspent balances from completed and closed projects. Ka Hale A Ke Ola Renewal Project Phase 2, Building 6, \$46,178. Lāhainā Surf Preservations, \$1,550. Hale Makua Kahului fire alarm system, \$910. And Molokaʻi Landfill, \$2,512. The additional funds will be used to pay for homeowners' association fees and utility costs incurred before the tenant moved in at Nā Hale...at Nā Hale Kūpuna. Joining us today to assist us with our discussions is Jolie Jenkins, CDG...CDBG Program Manager; Lesley Milner, online; Marcy Martin, Director of Finance, also online. And I'll ask for opening comments from the CDBG Program, Ms. Jenkins, and please introduce your guest.

MS. JENKINS: Aloha and good morning, Chair Sugimura and Committee Members. My name is Jolie Jenkins, I am the CDBG Program Manager. It is great to see you all, and mahalo for allowing me to appear today for Bill 152. I am accompanied by the Department of Housing's Federal Housing Programs Division Administrator, Gail Rumbaoa. So, as Chair Sugimura stated, the purpose of the bill is to allow CDBG to reprogram remaining funds from closed projects to reimburse the Department of Finance for costs incurred while the Nā Hale Kūpuna units were vacant at the beginning of the program's implementation. The payments the Department of Finance made were for homeowners' association fees and electricity. Until a tenant was moved into a unit and Cameron Center took over property management, the CDBG office could not make these payments directly. Since these are costs associated with project implementation, we do not foresee needing to reprogram any more funding for Nā Hale Kūpuna operations. Mahalo for, again, allowing the Department to speak on this bill today, and I humbly ask you, the County Council, for your support. And I welcome any questions or comments that you may have.

CHAIR SUGIMURA: Thank you. Ms. Rumbaoa, do you have any comments?

MS. RUMBAOS: Thank you, Madam Chair. And thank you, Councilmembers. I want to say thank you today for giving us the opportunity and your time today, and I do support Bill 152.

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CHAIR SUGIMURA: Thank you. Thank you very much. So, I'm going to open up for public testimony.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 9 . . .**

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 anybody who would like to testify on BFED-9, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, there's no one indicating they'd like to testify on this item.

CHAIR SUGIMURA: Thank you very much. With your permission, I'd like to close public testimony, receive written testimony on this item.

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 9 . . .**

CHAIR SUGIMURA: Thank you, Members. Are you guys okay? Okay. So, I'm going to ask the Members if they have any questions, but before I do that, I...we did receive answers to the questions that we turned in, and is it available for the Members?

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

CHAIR SUGIMURA: You have it? Okay. So, do you need to look at it before we go through questions? Do you want like a five-minute recess? Okay. So, at this time then...thank you very much. I will open the floor up for questions. We don't have Chair Lee, we have Member Paltin. Go ahead. I'm going to go straight down.

COUNCILMEMBER PALTIN: Thank you, Chair. My...my question was the last part. You said that you don't anticipate more, but...so that means, to me, that you have a process to...like with a wait list to move someone in right away if something should happen?

MS. JENKINS: Yes, we do. So, we will actually be appearing in Council later this year to renew leases for three of the units where the lease ends December 31st. So, we're already in the process...like even beyond just those three units, reassessing if everyone currently living in a Nā Hale Kūpuna unit wants to renew. And if not, we'll take the first 10 people on the wait list, and recertify their eligibility. And with the remaining people on the wait list, we go and just asking generally, like have you found housing? Are you still interested in giving them a rundown of the status of the units as is?

COUNCILMEMBER PALTIN: And how many names do we currently have on the wait list?

MS. JENKINS: Thank you for the question, Councilmember Paltin. The last time I checked in with Cameron Center on the wait list, we had around 90.

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COUNCILMEMBER PALTIN: And that's all fire survivors...these housing is for fire survivors?

MS. JENKINS: Correct.

COUNCILMEMBER PALTIN: And when was the last time you rechecked on the 90? Has it been done within the last year?

MS. JENKINS: So, that is what we are currently doing. So, I can get you a firmer answer once that is complete.

COUNCILMEMBER PALTIN: Okay. Great. And these are...is this the only resource we have for those 90 folks on the wait list?

MS. JENKINS: For this program, yes. Where it's just wildfiber [sic]...residents who are displaced by the wildfire, they are kūpuna, and they are low-moderate income.

COUNCILMEMBER PALTIN: Does it matter if they had FEMA eligibility, or no FEMA eligibility, or like Ka La'ī Ola or anything? If they're in the temp housing, they can remain on the wait list because that's just temporary, and this is permanent?

MS. JENKINS: Correct, yeah. The Nā Hale Kūpuna is a long-term rental housing solution, so the only...

COUNCILMEMBER PALTIN: If they're in temp, they still qualify to --

MS. JENKINS: Correct.

COUNCILMEMBER PALTIN: -- remain on the list? Okay. And do you know a total number of individuals being housed in the Nā Hale Kūpuna program?

MS. JENKINS: Last...12.

COUNCILMEMBER PALTIN: Okay. Thank you.

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

COUNCILMEMBER JOHNSON: Thank you, Chair. When is this scheduled to end? Is it October 31st? Wait, no...when is that?

MS. JENKINS: Are you referring to the property management contract?

COUNCILMEMBER JOHNSON: The...yeah, exactly.

MS. JENKINS: Okay. Yeah. The original end contract date was end of October, but we did an amendment to extend to October 2026.

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COUNCILMEMBER JOHNSON: So, the...the Council's going to be debating Bill 9, which would potentially free up units, and we often talk about the cost of those HOA fees. Can we tran...can...is that something that these funds could address if that were to fall all the way through, or we eliminate the whole list because all these units are coming up, paying HOA fees, get...get those folks in those homes? Is that something that we could use on the strings attached to the money?

MS. JENKINS: Thank you, Councilmember Johnson, for the question. Sorry, I had trouble understanding. Could you repeat that, please?

COUNCILMEMBER JOHNSON: So, like let's say Bill 9 passes, and all of these units come up for sale. One of the pushback is, no one could afford the HOA fees. These funds pay for some of the HOA fees. If the County or a nonprofit bought some of these units, and they turn to you guys with this fund and say, if you could pay these HOA fees, we could eliminate those people on the list so they could be housed in those places.

MS. JENKINS: Yeah. That's definitely something that I would love to look into, especially since with the decision to move CDBG under the Department of Housing so that we could do more housing projects. I don't know off the top of my head if it's an eligible expense that we can do directly, perhaps as a program, a subsidy program, but...

COUNCILMEMBER JOHNSON: I think Councilmember Paltin . . .*(inaudible)*. . .

CHAIR SUGIMURA: So, what if we ask Corp. Counsel?

COUNCILMEMBER PALTIN: Mr. Mitchell previously answered that, and said that they would have to look at what the HOA fees cover, and some things may be eligible and some things may be ineligible. Like you know, if it's low-income, and electricity, and --

COUNCILMEMBER JOHNSON: Right.

COUNCILMEMBER PALTIN: -- things like that, subsidy. But if it's for like a weight room, or a jacuzzi, or those types of things, possibly not. So, that was the previous answer.

COUNCILMEMBER JOHNSON: All right. So, we got to find that round peg for that round hole. Otherwise, it doesn't fit. Thanks so much. Those are my questions. Thank you, Chair.

CHAIR SUGIMURA: I like that analogy.

COUNCILMEMBER JOHNSON: Oh, and by the way, I...I don't know if all these...these papers that have been handed out to have reached our folks online.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER JOHNSON: Councilmember Rawlins-Fernandez is online, and I thought I saw Chair Lee online, but just letting you know.

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CHAIR SUGIMURA: Yeah, Member Rawlins-Fernandez, you get the...is it uploaded to Granicus? Oh, it is. Did you get that, Member Rawlins-Fernandez? Your time for questions.

COUNCILMEMBER RAWLINS-FERNANDEZ: Is it the correspondence dated October 20?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: The last item on Granicus, I think that's item 4, or...oh, 6.

CHAIR SUGIMURA: Okay. You got it. Very good.

COUNCILMEMBER RAWLINS-FERNANDEZ: Is that the correspondence --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- that everyone's looking at?

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: That Member Johnson's referring to?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Yeah, I got it on Granicus.

CHAIR SUGIMURA: Very good.

COUNCILMEMBER RAWLINS-FERNANDEZ: I don't have any questions. Thanks.

CHAIR SUGIMURA: Okay. Next we have Member Cook, followed by Member U'u-Hodgins, and Sinenci.

COUNCILMEMBER COOK: I don't have any questions right now.

CHAIR SUGIMURA: Thank you. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you very much, and thanks for being with us. So, while relatively minimal, who's going to cover the \$257.24 of the monthly deficit?

MS. JENKINS: Thank you, Councilmember U'u-Hodgins, for your question. So, every year following the existence of this program, 100...\$100,000 is set aside from CDBG's annual allocation for Nā Hale Kūpuna operations. Understanding that this is a subsidized rental program, we take on the cost from that \$100,000 appropriation. So --

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COUNCILMEMBER U'U-HODGINS: Okay.

MS. JENKINS: -- property management fees is around \$64,000 a year, and the remaining goes towards these subsidy payments, as well as any repairs that come up.

COUNCILMEMBER U'U-HODGINS: Okay. So, 64,000 probably...for right now is going to go Cameron Center because they're our property manager, and then that's what the deficit of 51,000 is we're talking right now, and then that will cover the 257 monthly deficit? Okay.

MS. JENKINS: Correct.

COUNCILMEMBER U'U-HODGINS: And what kind of repairs do you think we're going to need to these units? And we have enough funding allocated to complete the repairs required?

MS. JENKINS: Thank you, Councilmember U'u-Hodgins, for the question. Yes. As of right now, the repair costs have been very minimal. When we purchased the units, they...a lot of them had been newly renovated, so --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. JENKINS: -- they're up to date in terms of appliances and things like that. So, we shouldn't need any huge repair --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. JENKINS: -- hopefully, anytime soon, but when that does come, we have...that would be when we would come back to you to reprogram fundings, barring it's a huge expense that we can't foresee or --

COUNCILMEMBER U'U-HODGINS: Sure.

MS. JENKINS: -- allocate for.

COUNCILMEMBER U'U-HODGINS: Okay. And then we're going to keep some reserves for those unforeseen small repairs, and that's what --

MS. JENKINS: Correct.

COUNCILMEMBER U'U-HODGINS: -- that 51 is for. Okay. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Okay. Very good. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Just following up on the...the monthly costs, what is the \$700 for, for each unit?

MS. JENKINS: So, \$700 refers to the fee of property management. So, Cameron Center

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determined that for each unit, the fee would be \$700 to address that.

COUNCILMEMBER SINENCI: Oh, okay. And the...the monthly rent is what we're bringing in from the...from the residents?

MS. JENKINS: Correct.

COUNCILMEMBER SINENCI: Okay. All right. Thank you for that clarification.

MS. JENKINS: Thank you.

COUNCILMEMBER SINENCI: Thank you.

CHAIR SUGIMURA: Thank you. Okay. Members, anybody else? I don't see Chair Lee. Anybody else have any questions for this? It's pretty clear-cut, right? Any...anybody else? You...you want me to propose? Okay. So, Members at this time, then I'd like to entertain a motion to recommend passage on first reading Bill 152, incorporating any nonsubstantive revisions.

COUNCILMEMBER JOHNSON: So move.

COUNCILMEMBER COOK: Second.

CHAIR SUGIMURA: Thank you. Member Johnson, followed by Member Cook...I mean, second by Member Cook. Any more discussion before we take the vote? Seeing none. All right. So, all in favor, raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: So, who's missing is Chair Lee. Oh, Member Rawlins-Fernandez...oh, there. Okay. Member...Chair Lee and Member Kama, excused. That's seven "ayes" and two excused. Motion carries.

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**VOTE: AYES: Chair Sugimura and Councilmembers Cook, Johnson, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins.**

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Vice-Chair Kama and Councilmember Lee.**

**MOTION CARRIED.**

**ACTION: Recommending FIRST READING of Bill 152 (2025).**

CHAIR SUGIMURA: Thank you. Thanks for waiting all morning with us. Nice seeing you again.

MS. JENKINS: Thank you.

CHAIR SUGIMURA: Thank you. So, keep up your good work, and helping broadband too. Appreciate that.

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

CHAIR SUGIMURA: Yeah, appreciate that a lot.

**ITEM 20(10): FISCAL YEAR 2025 ESTIMATED REVENUE SHORTFALLS**

CHAIR SUGIMURA: Okay. So, we are down to the last item on the agenda. It's a 7(B), so no votes will be required. And so, this is BFED-20, Fiscal Year '25 for Estimated Revenue Shortfalls. And we have online with us Director Agawa. Who's here? I can't see. He is? Okay. Director Agawa is here, as well as...do we have Director Marcy Martin, and as well as Budget Director? Oh, Maria, that's right...Deputy Director Zielinski. All right. So, this item is a 7(B), and it's talking about estimated revenue shortfalls. In May 2025, County Communication 105-25 reported a revenue shortfall of 2.8 million in the Sewer Fund. The Administration attributed the shortfall to lower wastewater revenues from reduced water use, and said it would offset the difference with savings in salaries, fringe, overhead, and operations. Today, we can discuss the actual Fiscal Year '25 shortfall, if any, and any other shortfalls that may be...that may have occurred. On September 10th, County Communication 177-125 reported General Fund transfers to several programs, including the Department of Water Supply, for debt services and personnel costs. We will ask Finance to clarify whether there were...they were routine

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Section 20 adjustments, or responses to revenue shortfalls. So, at this time we have Director Agawa. Nice to have you online. And do we have from Water, Fiscal Manager, Officer Ortaine Acidera, Lesley Milner, as well as Maria Zielinski. Anybody would like to give opening comments? Oh, there's Director Agawa. Good morning.

MR. AGAWA: Good morning. Good morning, Chair Sugimura. Good morning, Members. I don't have any opening comments, but I'll be available to answer any questions that you may have. Thank you.

CHAIR SUGIMURA: Okay. Nice to see you. Ms. Milner?

MS. MILNER: Aloha, Chair. Aloha, Councilmembers. Here on Moloka'i today, so sorry I can't be with you in person. But yes, as you said, there was a shortfall for the Sewer Fund, and then for the others that you were talking about, those were budgetary reallocations from the General Fund. So, it was not a movement of funds. It was just a budgetary thing. Water Fund had sufficient funding to cover it. If we had known about it prior to June 30th, we would have sent in a resolution. But because it was not until after June 30th, we followed the general budget provisions that allow for a transfer of a budgetary allocation from the Countywide costs to the relevant line item. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you very much. How about Maria Zielinski, Deputy Director? This sounds like... *(pause)* Deputy Director Zielinski?

MS. ZIELINSKI: Yes.

CHAIR SUGIMURA: Oh, okay.

MS. ZIELINSKI: Do you hear me?

CHAIR SUGIMURA: Now I can hear you.

MS. ZIELINSKI: Yeah. So, I think which is...what's already been covered by DEM Director, as well as the Budget Director, there was a shortfall, which we discovered...we found out about, of course, with DEM, it was because of insufficient revenue, which they, you know, they anticipated, I guess, because of the reduction in...of accounts. But with regard to water, there was a shortfall because of the...it was GASB 101, which relates to compensated absences for...for the fiscal year. So, it's basically sick leave, and you have to record it as an expense and a liability. So, as a result of that, there was also a...a shortfall, if you will, after we had already...after June 30th, that we had to...to obviously remedy. So, in all of the cases, as...as Ms. Milner explained, we were able to...the budget...budget was sufficient to move monies from Countywide. So, there were...there was no reason to make any supplemental transfers. And this was all in accordance with General Budget Provision 21. So, we didn't see...we don't see any issues with it. Of course, it had to be remedied before fiscal year and before our...you know, our audit. But other than that, no concerns.

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CHAIR SUGIMURA: Okay. All right. So, at this time, I'd like to open up the floor for any testimony...not the floor, any testifiers.

**. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(10) . . .**

MR. KRUEGER: Chair, there's currently no one signed up to testify, so we'll do a last call. If there's anyone who'd 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 is no one else signed up...there's no one signed up to testify.

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

COUNCILMEMBERS: No objections.

**. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(10) . . .**

CHAIR SUGIMURA: Okay. And then we'll continue with the last item on the agenda. So, at this time, can you tell us in Granicus what is there that...do we, again, receive documents last minute? Are we fine?

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

CHAIR SUGIMURA: Oh, okay. They've been distributed in the meeting. Okay. So, that is the October 15th, 2025 letter, as well as the June 27th, '25 letter. So, these two are...does Ms. Rawlins-Fernandez...Member Rawlins-Fernandez have it? Everybody has these documents, right?

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

CHAIR SUGIMURA: Oh, she's passing it out. Okay. So, you will then distribute it. Okay. So, Members, anybody have questions? You want to look at this letters...these letters first? Take a short recess? It looks like you're all in...in deep thoughts. So...okay. So, we'll come back at 11:15. . . .*(gavel)*. . .

**RECESS: 11:12 a.m.**  
**RECONVENE: 11:25 a.m.**

CHAIR SUGIMURA: . . .*(gavel)*. . . Okay. Welcome back to the Budget, Finance, Economic Development Committee. It is now 11:25. And Members had an opportunity to receive the letters that we just got. So, does anybody have questions from it? Okay. So, I have a question. So, based upon the correspondence--and it sounds like it might be for Deputy Director Zielinski--is that...is a supplemental transfer from the General Fund to the Water Fund needed for this transaction? And you answered, your response. So, can you answer it online? Do you...are you there, Deputy Director? I see you.

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MS. ZIELINSKI: Yes.

CHAIR SUGIMURA: Okay. Good.

MS. ZIELINSKI: Yes, I'm here. Yeah, no...no supplemental, as I...as we responded, no supplemental transfer was required because in the Countywide, it was Countywide appropriations available for water that we were able to utilize. So, as a result of that, those...basically that budget moved and...and offset that...that shortfall of, I think it was 348,000...yeah, 348,000. So, there were...there were no issues. We didn't have to make any sort of a general or a supplemental transfer at all.

CHAIR SUGIMURA: Okay. So...and of course you know, Members, the supplemental transfer, we would have seen it, right, in budget. But we didn't see it, but we got the County communication --

MS. ZIELINSKI: Yes.

CHAIR SUGIMURA: -- which then generated various questions. So, Department of Water Supply, in your letter, October 21st, that was transmitted to us, is dated September 10th, 2025, is the letter. It states that Department of Water Supply, Department Expenses Program 953706B for \$42,273 due to unbudgeted additional State revolving loan funds, F...SRF, drawdown resulting in an increase in the debt service payments. And Department of Water Supply, Operations Program 953307A for \$206,088.73 due to unbudgeted engineering personnel salary increases, and the implementation of the Government of Accounting Standard Board, GASB Statement 101 compensated...oh, what?...compensated absences that now require sick leave liability recognition. Please explain. You see that in your letter? For Finance, it's on page 2 of that letter.

MS. ZIELINSKI: Oh.

CHAIR SUGIMURA: Please explain.

MS. ZIELINSKI: Okay. You're asking for Finance. Okay. I thought you were asking Water. Yeah. What basically would have happened is, as you may know, from...from a financial reporting standpoint, we've always had to show...reflect expenditures that relate to vacation accruals. But the new GASB, the new Governmental Accounting Standards Board, has a new...new and improved . . .(timer sounds). . . pronouncement that says...stated that we have to also record expenditures that relate to sick leave that people have accrued. So, what that really does is, it basically increases our expenditures for the whole County, for all of the departments, not just Water, of course. But in this particular case, it pushed Water over the edge, if you will, as far as having...as a result, having a shortage. So, that's really the primary reason for that...that shortfall, was because of that. But I believe there was...I'm actually looking at our explanation. I do see we did have some CTO accruals as well. And again, some...many times, the departments won't know until they actually finalize everything. And, you know, you

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have to go person to person, and just look at every single person, and then, you know, add it all up and see what that...that accrual is, or what that liability is. And then you offset as the expenditure. So, that's really what it comes down to. Hard to really...you know, typically, departments will look just from one year to another. But because of this unusual...you know, the pronouncement coming in, and they might have made an adjustment or made an estimate, but it was not sufficient. So, it's totally...you know, it's...anytime you have a new pronouncement, sometimes you have something that you don't necessarily expect.

CHAIR SUGIMURA: Okay. So, I ran out of time. I'm going to go to Member Paltin and come back. Member Paltin.

COUNCILMEMBER PALTIN: Thank you. So, I just wanted to clarify what you were saying, is that there's new accounting standards, governmental accounting standards. But on the CTO accruals, don't the supervisors have to sign off on whether or not they're going to take overtime pay or CTO? And...and so, you're saying they don't keep a running total, and that's why it was unbudgeted for? Or how...how...it says this is a one-time thing, it's not going to be every year. And is it...they have a way to account for it so that we're not getting a shortfall in the future, like in relation to the new accounting standards?

MS. ZIELINSKI: Yeah. Thank you, Councilmember. Yeah, the CTO should be something they always have. I suspect what threw them off was the...and what are...I don't know if they're on the call or not, but they might have a better...a better...they can explain it perhaps a little better. But...but on the compensated absences for...you know, for the sick leave, that was something that was new. And I suspect they...they didn't know until they finalized everything up. But you're absolutely right. The CTO shouldn't have been a surprise, but I suspect the sick leave is what pushed them over. They wouldn't have had an issue otherwise. That's...that's...that's what I'm conjecturing.

COUNCILMEMBER PALTIN: Yeah. It says additionally, a portion of the total DWS shortfall was due to unbudgeted vacation --

MS. ZIELINSKI: Yeah.

COUNCILMEMBER PALTIN: -- and CTO accruals. And...and vacation is earned at a standard rate, and CTO has to be approved if you're not going to take the holiday pay. So, they have a methodology for this upcoming year to keep account of it so that there isn't a shortfall? They have...they have addressed this new accounting standards?

MS. ZIELINSKI: They...they should. I mean, again, I can't speak for Water, but we do, you know, work with Water, and...and counsel them on, you know, how to best, you know, make...how to budget and how to accrue. And so, I...I can't imagine that they would have a problem. But again, not...you know, we don't...we don't look at the books of Water, per se. So, I couldn't tell you specifically, but I have to assume that --

COUNCILMEMBER PALTIN: So, then...

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MS. ZIELINSKI: -- with the new GASB with sick leave was probably what threw them. And then the CTO just was kind of followed, and exacerbated that it might not have been as large a --

COUNCILMEMBER PALTIN: I guess --

MS. ZIELINSKI: -- shortfall.

COUNCILMEMBER PALTIN: -- my concern would be if...if you don't know, then how is it that your response is it's intended to be a nonrecurring transfer for Fiscal Year '25? Like if the problem has been addressed, then we would anticipate it being a nonrecurring transfer. But if you're not sure that they've developed a methodology, then it could potentially be a recurring transfer, right?

MS. ZIELINSKI: Anything is possible. We're hoping...we're hopeful that it isn't. I mean, we've spoken to them. . . .*(timer sounds)*. . . And keep in mind, Councilmember, it's every department has the same...they're subject to the same rules. So --

COUNCILMEMBER PALTIN: Oh, everybody else --

MS. ZIELINSKI: -- you know, whether...

COUNCILMEMBER PALTIN: -- can just move from general funds more easily.

MS. ZIELINSKI: Yeah. Water may be fine next...yeah, Water may be fine, and another department may not be. So, you know, it's...it's...you know, we...we try to give them direction, but at the end of the day, they're the ones that are monitoring their...their...you know, their CTO and their...you know, their sick leave, or whatever...or vacation.

COUNCILMEMBER PALTIN: So, this could be a Countywide problem potentially that may not have been addressed?

MS. ZIELINSKI: Hopefully not. I mean, we...we try to work with all of the departments. And if we see something like this, as in this case with Water, they're aware of it now. And my assumption is, is that they would...they would address it. But as I say, we don't...we don't...we're not in there with their...in their books. So, we have to rely on their expertise, just like every other department that handles their fiscal, you know, operations.

COUNCILMEMBER PALTIN: And generally speaking, do you know what the policy is for approving CTO? Is there...is there a policy? Like is there a max limit of 90 days, or something like that?

MS. ZIELINSKI: I'm...I'm sure there is, but I'm...I...I...I'd be making it up. I don't know. I don't have that information.

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

MS. ZIELINSKI: -- I'd have to speak with our...our --

CHAIR SUGIMURA: It's in the question.

MS. ZIELINSKI: -- our DPO. Okay.

CHAIR SUGIMURA: So, we'll send a question to the Administration.

COUNCILMEMBER PALTIN: And then maybe --

MS. ZIELINSKI: Okay.

COUNCILMEMBER PALTIN: -- Ms. Ortaine can --

CHAIR SUGIMURA: Is she on the call?

COUNCILMEMBER PALTIN: -- respond from Water?

CHAIR SUGIMURA: Is she on the call? Yeah. Okay.

MS. ACIDERA: Yes, I'm here, Council. Thank you so much for the question. As far as Water, we have planned to try and calculate maybe the sick leave by the end of December to anticipate for this GASB 101 journal entry that is required at year end so that we can then be able to submit, in a timely manner, a budget amendment to increase our A Account budget.

COUNCILMEMBER PALTIN: Okay. And then what is your policy and procedure for CTO accumulation?

MS. ACIDERA: It's a maximum of 240 hours. And an employee who work overtime, they have a choice to either request for a CTO, or . . .*(inaudible)*. . . OT . . .*(inaudible)*. . .

COUNCILMEMBER PALTIN: Okay. So, basically like 30 days max?

MS. ACIDERA: Yes.

COUNCILMEMBER PALTIN: Okay. All right. Thank you.

MS. ACIDERA: And none...and none...yeah, none of our employees have the...more than 240 hours CTO.

COUNCILMEMBER PALTIN: Okay. Great. Thank you for answering my questions. I really appreciate it.

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CHAIR SUGIMURA: Thank you.

MS. ACIDERA: You're welcome --

CHAIR SUGIMURA: Oh.

MS. ACIDERA: -- Councilmember.

CHAIR SUGIMURA: Thank you. Anybody else? Member Johnson?

COUNCILMEMBER JOHNSON: Chair, I...I...I'm going to...I don't have any questions, but I have to leave to go to the Maui Legislative Forum on Disabilities right now. So, I'll be listening in the car as we continue.

CHAIR SUGIMURA: Okay. Thank you very much.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR SUGIMURA: Anybody else? Member Cook, you have to leave too, yeah? No. Member...

COUNCILMEMBER COOK: I'm going to stay.

CHAIR SUGIMURA: You're going to stay? Okay.

COUNCILMEMBER COOK: I'll be staying, but I don't have any questions.

CHAIR SUGIMURA: Okay. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. I have a quick question for Sewer. Do we still have Director Agawa on?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER U'U-HODGINS: Okay. Great. I see him. Thank you so much. I'm reading your letter, and I see that as of May 31st, 2025, delinquent sewer accounts total up to 1...\$1.59 million. Have...since then, have you recovered some of that? And I see you guys are partnering with Water Supply to address those collections, but what do we do in those instances? That's a pretty big number to be short.

CHAIR SUGIMURA: Department?

MR. AGAWA: Thank you, Chair. Thank you, Member U'u-Hodgins, for that question. You are correct. That is one of the contributing factors to loss of revenue. There's a couple of bigger accounts that have outstanding balances that we have not collected, and a whole bunch of smaller ones, as you can imagine. But we are working with Water Fiscal to recoup some of that...that funds, those...those payments that are outstanding. Letters have been going out. I've seen them from Water. As all of you know, Water Fiscal

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handles our billing for sewer. So, those letters have been going out.

COUNCILMEMBER U‘U-HODGINS: Yeah.

MR. AGAWA: I know in the past, there has been an increase in compliance when there is a warning that water meters shall be turned off or locked. In the new letters, it also states that sewer service could be halted as well. So, we have talked to our operations, and we actually could do that. It’s very rare. I don’t think we’ve ever done it recently, but we have the ability to stop sewer service to a property. Thank you.

COUNCILMEMBER U‘U-HODGINS: Do you guys assess a fine when people are so many days past due?

MR. AGAWA: I don’t know if --

COUNCILMEMBER U‘U-HODGINS: Especially for like if there’s --

MR. AGAWA: -- sewer...

COUNCILMEMBER U‘U-HODGINS: -- a trigger, and it’s a lot of money that we’re waiting on payment for?

MR. AGAWA: I don’t know offhand if we...Wastewater assesses a fine. Maybe Ortaine can maybe add a little more from the Water side, but I don’t think we assess a fine.

COUNCILMEMBER U‘U-HODGINS: Oh, okay. RPT? Yes.

MS. ACIDERA: May I...may I --

CHAIR SUGIMURA: Yes, please.

MS. ACIDERA: -- add? We don’t assess any penalty for delinquent account, but there was recently a discussion to perhaps adopt a penalty or fine for nonpayment of water and sewer outstanding receivables.

COUNCILMEMBER U‘U-HODGINS: Okay. Thank you so much.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER U‘U-HODGINS: That’s really all I have, Chair. Thank you.

CHAIR SUGIMURA: Okay. Any other questions, Members? Okay. So, this...I’m going to defer this item. There’s no action that we will be taking, but it is something I think we need to pay attention that happens, and...and we will. So, if we have any questions, we’ll forward it to the department. And so, Members at this time, I’m going to defer this, and thank you very much for working hard. It’s now 11:39. This meeting is now adjourned.  
...*(gavel)*...

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**ADJOURN: 11:39 a.m.**

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Transcribed by: Daniel Schoenbeck

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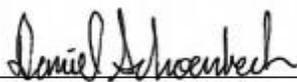
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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 56 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 2nd day of December 2025, in Wailuku, Hawai'i



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Daniel Schoenbeck