BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

Council of the County of Maui

MINUTES

March 25, 2026

Online Only via Teams

CONVENE: **12:36 p.m.**

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Kauanoe Batangan, Vice-Chair
Councilmember Tom Cook, Member
Councilmember Gabe Johnson, Member
Councilmember Alice L. Lee, Member (Out 2:18 p.m.)
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez, Member
Councilmember Shane M. Sinenci, Member
Councilmember Nohelani U'u-Hodgins, Member

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

<u>Residency Area Offices</u>:
Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office
Keomailani Hirata, Council Aide, Molokai Residency Area Office
Chaelin Ryu, Council Aide, South Maui Residency Area Office

ADMIN.: Kristie Wrigglesworth, Deputy Corporation Counsel, Department of the Corporation Counsel
Lesley Milner, Budget Director, Office of the Mayor
Tiare Horner, Budget Specialist, 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

OTHERS: Dr. Carl Bonham, Executive Director, University of Hawai‘i Economic Research Organization
Jasee Law (BFED-20(25); BFED-1)
Others (29)

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

CHAIR SUGIMURA: . . .*(gavel)*. . . Okay. Good afternoon, everybody. Thanks for meeting. It's 12:35, and this is Budget, Finance, Economic Development Committee. It is March 25th. Today is a momentous day. We received the Mayor's budget, and we are ready to work hard. But first, we have two items before we go into our BFED-1 budget, which is our third item on the agenda. Chair Lee, you're not going to be here for that, but don't worry. We'll make sure you get all the directions.

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

CHAIR SUGIMURA: Yeah. Okay. So, this online meeting is being conducted in accordance with the Sunshine Law, and as a reminder...everybody is here. When your name is…oh, Member Paltin's not here. If [*sic*] your name is called, please identify if anyone is in the room with...in the room, vehicle, or workspace with you today, and minors do not need to be recognized. Oh, here's Member Paltin. So, first, we'll have my Committee Vice-Chair, Member Batangan.

VICE-CHAIR BATANGAN: Aloha kakahiaka kākou.

CHAIR SUGIMURA: Aloha.

VICE-CHAIR BATANGAN: Not even kakahiaka anymore.

UNIDENTIFIED SPEAKER: ʻAuinalā.

VICE-CHAIR BATANGAN: Aloha ʻauinalā.

CHAIR SUGIMURA: Aloha ʻauinalā. What does that mean?

COUNCILMEMBER RAWLINS-FERNANDEZ: Awakea is...

VICE-CHAIR BATANGAN: One is morning, one is afternoon, one is midday.

COUNCILMEMBER RAWLINS-FERNANDEZ: Awakea.

VICE-CHAIR BATANGAN: Awakea.

CHAIR SUGIMURA: So, this is awakea?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yup.

CHAIR SUGIMURA: Member Cook.

COUNCILMEMBER COOK: Aloha. Good afternoon.

CHAIR SUGIMURA: Good afternoon. Member Johnson, welcome. You made it on the ferry. Member Johnson?

COUNCILMEMBER JOHNSON: Aloha, Chair, Councilmembers, community members. There's no testifiers at the Lāna'i District Office, and I made it across the channel --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER JOHNSON: -- in the ferry. It was a little bouncy today, and, you know, there was some sunshine, so we're happy for that. Thank you, Chair.

CHAIR SUGIMURA: That's brave for you to take the ferry. Wow. Chair Lee?

COUNCILMEMBER LEE: Aloha awakea. Looking forward to your meeting.

CHAIR SUGIMURA: And Member Paltin?

COUNCILMEMBER PALTIN: Aloha awakea kākou. Streaming live and direct from the Council Chambers.

CHAIR SUGIMURA: Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: I'm in the mood for love. *. . .(laughing). . .* Aloha awakea, Chair. Happy to be here in person. *. . .(laughing). . .*

CHAIR SUGIMURA: What song was that that you guys were singing?

COUNCILMEMBER RAWLINS-FERNANDEZ: I don't know. Chair Lee wrote the song. *. . .(laughing). . .*

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

COUNCILMEMBER LEE: For Wayne Nishiki.

CHAIR SUGIMURA: Oh, for Wayne Nishiki?

COUNCILMEMBER RAWLINS-FERNANDEZ: For...for Wayne Nishiki. Yeah. For former Councilmember Wayne Nishiki. That was her love ballad for her other favorite Councilmember.

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

COUNCILMEMBER RAWLINS-FERNANDEZ: There are currently no testifiers at the Molokai District Office.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: And probably Gabe has no testifiers either, right?

COUNCILMEMBER JOHNSON: That's correct.

CHAIR SUGIMURA: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Aloha awakea kākou. And yes, Chair, no testifiers in Hāna. Thank you.

CHAIR SUGIMURA: Okay. Very good. I hope everyone in Hāna is safe from the storm.

COUNCILMEMBER SINENCI: We're getting there.

CHAIR SUGIMURA: You're getting there? Okay. Good. And I see Member U'u-Hodgins traveling. She must be traveling to her office. Good afternoon.

COUNCILMEMBER U'U-HODGINS: Hi. No. Hi. Aloha awakea. I'm actually not traveling to the office. I am picking up children because today is Wednesday. But I'm in my car. I have one minor with me now, soon to have another in a few minutes. But I'm probably going to take some of the meeting with my camera off as I drive.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER U'U-HODGINS: I put it on right now to announce that I'm in my car with my child. But thank you.

CHAIR SUGIMURA: Okay. Great. Main thing, you're safe. So, be careful. And assisting us today's...with today's meeting is the competent BFED Committee Staff. Thank you very much for helping. They've been working really hard to get ready for BFED-1. Our other involved resource persons from the Administration include Budget Director, Director of Finance, Chief of Staff, and Deputy Director...Counsel Wrigglesworth. Welcome. You're the only one that gets named. Everybody else has just their title. So, you're special. To assist us today, I've also asked Dr. Carl Bonham. There he is popping up. He looks like he's on TV. Hello. Executive Director, University of Hawai'i Economic Research Organization, UHERO. Members, if there are no objections, I'd like to designate Dr. Bonham to be a resource person under Rule 18(A) of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR SUGIMURA: Thank you. And if you could look on the last page of agenda for information on meeting connectivity. We have three items on the agenda today, and that would be first of all, the presentation by Dr. Bonham from UHERO. The second item is Administration and Management of Grants with Cynthia Lallo, I think Ms. Milner will be presenting. And BFED-1 Maui, which is our main budget...proposed fiscal year budget for the County of Maui. Do we have any testifiers? We don't. Okay.

ITEM 20(25): COUNTY OF MAUI AND STATE OF HAWAIʻI ECONOMIC OUTLOOK

CHAIR SUGIMURA: I'm going to first ask Mister...Dr. Bonham if you could present first. And then the Members will ask you questions, three minutes apiece. And the first item is on a Rule 7(B) discussion on the economic outlook of Maui and the State of Hawaiʻi. Dr. Bonham, who we've heard about often, is from the University of Hawaiʻi Economic Research Organization, UHERO. We invited him to give us a brief Committee...to brief the Committee on UHERO's latest report on the broader economic conditions affecting our County in perspective for the upcoming budget session. I've also asked him to update the Committee on the estimated financial impact of Bill 9, which is Ordinance 5909 (2025), on transient vacation rentals. Dr. Bonham couldn't be here last week, so thank you very much for adjusting your schedule to be with us today. So, at this time then, I'd like to ask you to do your presentation, and then we'll take public testimony after. Good morning. Thank you very much. Or good afternoon. Thank you very much for being here.

MR. BONHAM: Good afternoon. Aloha. I'm happy to see all of your smiling faces after the ten days or so of rain, and happy to be here to share some insights. I assume that you can see my slide deck now?

CHAIR SUGIMURA: Yes.

MR. BONHAM: If at some point during this, if it stops moving or doesn't work, say something so I can try and fix things. You'll see from the...the title here that I...I basically took the title from our last forecast report, which came out in February, and added before the Iran war to the front of it, because obviously a lot has changed. And mostly what has changed is we've become much less certain about the outcome, and there's...there's many different paths that we could end up with. So, I'm going to talk about the forecast as we...as we saw it about a month ago, and talk about what we think may have changed and...and where that uncertainty lies. So, just jumping right in, so this is...this is probably the only slide in the deck that is Hawaiʻi...for the State as a whole. All the rest of the slides will...will be Maui-specific data, and the reason I...I'm showing this is really the...the theme for Hawaiʻi's forecast, Maui's forecast for the...for the last several years have been how important the resilience of the U.S. economy has been, primarily because we simply are relying more than ever on U.S. visitors, and...and obviously the tourism market, the tourism industry is still the primary industry driving our economy, and has the ability to move it the most in the short run. So, this is really a short-run business cycle forecast. At the end, I'll talk about some of the longer-run issues, but the...the main point is that if you look at the blue line, that's average daily visitor census, and that's U.S. average daily visitor census is measured on the left axis. So, for the State as a whole, that number is roughly 180, 190,000 visitors on average on any given day in the State, and it's been roughly at that level ever since it's...it's retreated from the post-pandemic revenge *(phonetic)* travel period. You can actually see...you can see the drop in...in 2023 that came about because of the wildfires, and we still have not completely recovered from that. And yet, if you look at all the other indicators, which are international visitors, and they're measured on the right axis, they have...they have not been as stable. Japan has been stable, but at a very low level, right? Japanese average daily visitor census is 10, 12,000 right now, and not nearly as important for Maui County as the rest of the State. Canadian visitors are important for Maui County, and you can see Statewide, those numbers have been in decline ever since the wildfires. So, that...the first drop in 2023 that you see in the green line, that's the wildfires, and we lost roughly 10 percent of our Canadian visitors in 2024, and we saw that happen again in 2025. And then the other international, all others, so other than Japanese and other than Canadian, what we saw is a very sharp decline in...in other international visitors, really associated with the new administration and some of the rhetoric and outright policies around custom and border protection and...and concerns about transiting through airports and...and just the rhetoric about, you know, taking over Greenland and...and Canada becoming our 50th State, et cetera. If you look at similar data, but leave off the international picture for the...for Maui, so the blue line here is Maui's U.S. average daily visitor census. The gold line is total daily census for Maui. And if you look at the gap, as it is in 2026, between those two versus what it looked like in 2019, you can see how much larger a share the U.S. market is. It's about five percentage points larger share of total than it was pre...pre-pandemic. So, as of the most recent data, and actually, yeah, this data goes through January, 87 percent of all the visitors to Maui are U.S. visitors. And so, what the point of this is that if the U.S. economy weakens considerably, and that turns into many fewer visitors, it has an oversized effect on our economy compared to the way it would have been in past decades. And unfortunately, it's not just the impacts to the visitor industry anymore, it's also cutbacks in Federal spending. I'll show you some slides in a little bit that show you that the Federal civilian workforce has been impacted more than...than any other sector of our economy over the last year. So, it's cutbacks to nonprofits, cutbacks in research dollars, and incoming cutbacks in spending in Medicaid and Medicare. And so, just one last time, essentially, where the U.S. economy goes, that's kind of where Hawai'i's economy is going over the next year or two years. So, unfortunately, this is all happening at a time when the U.S. economy is being tested. And probably the...the sort of poster child for how things have...have deteriorated in the U.S. economy is really the labor market. And this...this...this chart just shows the blue...the blue bars are the month-to-month changes in payroll jobs for the entire U.S. economy. And so, you can see in 2024, we added about 122,000 jobs per month on average. 2023, it was more like 140,000. And then in 2025, we added less than 10,000 jobs a month. And then the green line shows you the six-month average. And so, if you look at where things are over the last five months of this sample, and this goes all the way through, I want to say February--yeah, it should go through February of 2026--basically, we're not adding jobs in the U.S. economy. You have one month where they go up, one month they go down. We're essentially bouncing along zero. And so, that's...you know, that's a worrisome sign because, you know, once...once you're at zero, it doesn't take much to push you into continual loss of jobs. We're essentially in a position of businesses really aren't hiring. Fortunately, they aren't really firing that many people either. And so, we...we've sort of been stuck at close to zero job growth. But of course, with the Iran war now, there's more uncertainty and...and more risk. The...the overall outlook for the U.S. economy looks actually pretty robust considering how poor the job market is. And the reason for that is that businesses are still investing in a very large way, primarily in anything related to AI. So, the...the, you know, tens of billions, if not hundreds of billions of dollars are being invested in things like data centers across the continent is boosting GDP growth, even while there's...there's...there are no jobs being added. And so, the...the story for the U.S. economy has really been a combination of AI-driven investment growth and AI-driven stock market gains, which are pushing up spending by the wealthiest households. And by some estimates, the top 20 percent of...of households by income are doing more than 50 percent of all the spending in the U.S. economy from the consumption side. And with consumption representing almost two-thirds of the economy, essentially that's another story of...of vulnerability because we essentially have all of our eggs in this basket of high-spending visitors who are benefiting from stock market wealth that's being created in many ways because of valuations of the top AI firms. And at the same time, the rest of the economy and...and everybody else is sort of dealing with rising prices and are...are quite pessimistic about...about how things stand. So, I think that's all you wanted to hear about the U.S. economy, but I'm not done yet.

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

MR. BONHAM: So, now to introduce some of the...of the uncertainty. This is...this is oil price data. It's a little dated. The...everything to the right of the vertical history line are futures prices. And I pulled this a little over a week ago, actually quite a bit more than a week ago, but it hasn't changed that...I mean, it changes every single day by 5, $10, basically every news pronouncement about whether or not, you know, there's going to be a ceasefire, whether there's going to be some kind of an agreement, you know, an offer to escort ships through the Strait of Hormuz. All of those things are...are causing these to bounce all over the place. But the...the...the fundamental issue is, how long is this going to last and how much damage is being done to energy infrastructure in the Gulf region. And so, I know that many of you have heard these numbers over and over on the nightly news, but the Strait of Hormuz is essentially closed. There's a very small amount of oil and...and natural gas flowing through the Strait of Hormuz, primarily to allies of Iran. And the Strait of Hormuz represents about 20 percent of all global oil supply and roughly the same in terms of natural gas. It also represents a...a sizable amount of fertilizer, exports go through the Strait, among other things. And so, this...the real question is, how fast are oil prices going to come down, and that depends on when the hostilities end and also how much damage has been done to the infrastructure. So, just taking this...this particular pattern for oil prices, what...what you...what you get when you look at the...the gold line here is UHERO's forecast for the U.S. consumer price inflation. And you might notice that it was...we had it rising, and that's measured on the right axis. So, we had...our forecast for inflation was increasing in 2026 because of ongoing pass-through of tariffs. And in fact, that's what we've seen in the early data with basically, by our estimates, the U.S. consumer price index is closer to 3 percent inflation right now than it is to 2. And 2 is the...is the Fed's target. So, that's an important...an important metric. And now, what we're talking about with the oil price shock is adding, for the whole year, about 50 basis points of an increase in inflation. So, that gets us to closer to 3-1/2 percent. And with...with peak inflation being closer to 100 basis points higher, I think it's 80 basis points higher in the third or the fourth quarter. And that all relies on that path of oil prices coming back down relatively quickly. So, if...if, you know, the war drags on, if there's more destruction of infrastructure, then these prices will be even higher. And...and oil prices actually are higher in the rest of the world. This is West Texas Intermediate. If you look at some of the sour crudes that are...are sold around the world that originate in the Gulf, they're much, much more expensive. And so, the rest of the world is actually much more likely to be headed for a pretty sharp downturn and higher inflation than the U.S. is. But having said that, the...this is fairly similar to what we would experience in Hawaiʻi. Hawaiʻi's inflation rate is likely...or the Honolulu CPI is likely to jump further simply because we have a greater reliance on oil than the U.S. continent does. And so, where this starts to matter a lot for Hawaiʻi is both...oh, so I should mention, so if we have oil prices right now are roughly $40 above where they were in end of last year. And if they stay that way for an extended period of time, I think our...our forecast right now is the average oil price will be something like $25 higher than it was at the start of year for the whole year. So, that...that is how you get to that 50 basis points increase in inflation. And you also get a slowdown in overall U.S. GDP growth from that. So, the U.S. economy will slow. Interest rates are already rising without the Fed doing anything. And our forecast has been revised to one where the Fed doesn't lower interest rates at all until December. And...and that forecast is very, very tenuous. It depends on the event being over relatively quickly. So, you notice the title here says, even a four-week closure. Well, we're already there, right? This is the fourth week. And it's...I mean, there...there has been...you know, there have been news reports that there were negotiations going on that might end this quickly. But there have also been news reports that say well they're not...Tehran and...and the administration aren't even talking. So, basically, if anybody tells you they know what's going to happen, you shouldn't listen to them.

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

MR. BONHAM: What we do know is that mortgage rates are already up 40 basis points from where they were. Obviously, not a...a good situation for...for homebuyers. Ten-year treasury notes are up about 40 basis points from where they were. And essentially, we expect them to stay elevated for...because inflation will...the inflation will come down if the...as...if the strait opens and oil prices come down. But it won't come down nearly as fast as oil prices will, and interest...interest rates are likely to remain elevated. So, let's turn...and I know that's probably more than you ever wanted to hear about the U.S. economy for a Maui-focused talk. But there's just such an important connection right now that I think it's important to have some understanding of...of what the dynamic is. So, this is a chart of real visitor spending on Maui. And this is monthly data, seasonally adjusted, and...and we deflate...we...we deflate this using the Honolulu CPI because that's the only price index we have. And the...the red line here that shows what was happening in 2025 is...is just to highlight that the whole State was experiencing declining real visitor spending in the first half of 2025. And Maui, less so than the rest of the State, because Maui is in a different dynamic because of the continued recovery post-wildfire, right? The rest of the State wasn't dealing with that particular dynamic. And actually, most of the gains that we saw in visitor spending in the second half of the year and most of the gains we saw, to the extent we saw any gains in...in visitor arrivals, was the result of Maui's recovery and a surge in spending in the second half of last year. When that spending surge initially started happening, we didn't really believe it, and we spent a fair amount of time digging, because the...the visitor numbers were still falling across the State, but the...the spending numbers were rising. And we basically came to the conclusion that we're experiencing the same phenomenon that...that I referred to earlier, which is high-income spenders, in this case, high-income visitors, are doing the bulk of the spending. And if you look at the data on...on hotel occupancy and room rates and things like that, what you see is that only the very high-end properties are experiencing rising occupancy rates and rising room rates. On Maui, actually, the...the occupancy rates remain weak, and room rates...room rates have come down in...in part to...to try and fill those rooms. But still, the revenue is primarily showing up, or the...the improvements are showing up primarily in the...the high-end market. And so, that...that's in part what caused us to change our forecast from...from one of a mild recession to one of very modest growth for 2026. So, this...this slide looks back a little bit. It looks back at the...the path of visitor arrivals to Maui County and various forecasts. So, the...the light blue line was the very first forecast we released after the wildfires, and that was too pessimistic, right? At the time, we didn't know when...when we actually made that forecast, we...we didn't know when tourism would reopen on the West Side. And when we released our next forecast, the green dotted line, you know, we...we didn't have the sharp...the continued sharp drop in Q4 of 2023. We had some recovery. And the dark blue line here shows actual visitor arrivals. So, what you can see is that, at least after adjusting for the excessive pessimism immediately after the fire, the...the two different forecasts that we released actually tracked what happened reasonably well. If you go to the pre-fire forecast, it was...it was one of, you know, limited growth, basically hovering around or approaching the previous 2022 peaks of visitor arrivals. Now, what we have is we're still converging on that in the long term. The...the red line is a very preliminary version of the forecast we're working on for our next release, and there's a number of things going on. The...the monthly visitor data, we'll get...we'll get the February data at the end of this week, but the January data was...I was going to say unbelievably strong. Maybe that's too strong, but it's surprisingly robust. And basically, January...the January growth in visitor arrivals versus December was the largest it's ever been in the data. And so, it leads us to...to...to wonder what's driving that. But the...over this whole forecast horizon, the red line is just showing you that we're...that we're still essentially forecasting a slow, but ultimately a recovery to about 2022 levels. And that's actually what we assumed when we did the analysis of Bill 9, our...our Minatoya list report that we released...actually, I can't remember when released...when we released it, but sometime last year. And so, these forecasts are essentially consistent with what we assumed in that report, but without the effects that might...might show up from loss in visitor plant inventory from the phasing out of short-term vacation rentals in the Apartment zone districts. So, a quick look at what...what's happened to jobs since the...since the fire. And I mentioned earlier that Federal civilian jobs have taken a big hit. So, these are all indexed to 100 in July of 2023, so pre-fire. So...so, in other words, federal government jobs, the index value is now around 87, I'm guessing, from looking at the chart. So, if that's the case, then we're talking about 13 percent below, right? 87 is 13 below 100, so that's a 13 percent drop from pre-fire. Now, some of that happened as we were going into 2024, but then the sharp drop happened with the DOGE...the hiring freezes and DOGE cutbacks, and this is true...true Statewide. Basically, outside of healthcare, outside of State and local, but outside of construction, there's no...there has been relatively little recovery. Total nonfarm is the gray dotted line. That's about two-and-a-half percentage points below where it was pre-fire. So, that's roughly 18 to 1,900 jobs fewer in December of 2025 than there were in July of 2023. And where...you know, where the biggest losses have been or the continued losses are in food service, transportation, trade--that's retail and wholesale trade--and of course, accommodation, with the biggest...biggest impacts being on food service and...and transportation. But those are in percentage terms. So, there's still a long ways to go. Incidentally, that 1,800 nonfarm payroll job loss relative to July of 2023 is roughly what our report on the Minatoya list said would be the impact of...of shutting down all 6,000 or so short-term vacation rentals that had been operating in the Apartment zone districts. And essentially, that report said that the phasing out of all those units, which when we did the analysis, it was to happen in 2026, would essentially lock in those job losses because it would lock in a reduction in visitor spending. And...and then that would mean less food service jobs, less accommodation jobs, et cetera. So, a couple more slides, then I'll...I'll go back to the...to the Bill 9 analysis. This is looking a little longer term. And it starts to get at some underlying trends that we're seeing really across the whole State, where we're dealing with an economy that has relatively little to almost no labor force growth. And that implies that these...these gold bars, the growth rates of nonfarm payrolls...and in case someone's wondering, you know, we don't choose to use nonfarm payrolls because we don't want to count farm jobs, it's just they're not counted in this data set. And in fact, there...any data you would have on farm employment is going to be very dated. The nonfarm payroll growth has to be at relatively low levels because population growth is either extremely low or even negative. And that...if...if you're not growing your labor force, if it's just stagnant, and in fact, it can be declining if your population is aging, then it's very hard to generate much overall economic growth. And so, the blue bars are real income growth. And you notice the horizontal line at the top that says...I don't know why that says U.S. It's not U.S., I think I just copied it from an earlier slide. Compound annual growth rate of 2.8 percent. That's the average growth rate of real labor...real income on Maui over the 2000 [*sic*] to 2019 period. And so, you can see that, you know, we're forecasting numbers sub 2 percent, so quite a bit lower than that. And that's primarily happening because if you went back to the 2000, 2019 period, Maui was adding population. The population grew by a little bit less than 1 percent. And our forecast for the rest of this decade is continued small population loss. So, one of the things that's...that's going on is basically...so this is natural population change. So, in other words, births minus deaths. And Maui and...and Kaua'i and Big Island are all measured on the right axis, O'ahu on the left axis because it's...just because the scale differences. Notice they all have a very similar trend. And essentially, Maui, Kaua'i, and Big Island are very, very close to zero natural population change. And so, what that...so if you look at Maui's number, it's maybe 150 births exceeded deaths in 2025. That's our estimate for 2025. And if you look back at what it was in 20...2010, that number was more like 850. So, this is a big change. And without natural population growth, the only way your population can grow and the only way your labor force can grow long term is through migration. But we've actually been seeing out-migration. And we saw out-migration in 2024. And we estimate that in 2025, we probably saw something close to 1,000 people leaving the island, and...and many more leaving the State as a whole. We may have some updated estimates of that in...in coming weeks. We're working on...working on...and we released a report in the past using tax data to try to estimate migration flows, and we're working on doing that as well. So, now I want to turn to the...this is a preliminary look at how the different phase-in in Bill 9, right? So, when we did our...our Minatoya list report, we assumed that all 6,000-plus active TVRs in the Apartment zone districts were going to be phased out in 2026. So, if you look in the upper left corner of this chart, this is a different set of assumptions that basically says the West Maui units will start to leave the market in 2026, and be completely phased out by 2029. Now, this is...this is an assumption. We basically are assuming that some people will begin to transition their units to long-term rentals. They'll transition them to owner-occupied or to for-sale or vacant. And that will be spread out over time rather than all happening in 2026. And then we assume in this particular version that these would begin to phase out the rest of Maui a little bit later. And so, that's just purely assumptions changing those. What that does is it changes when you see the lost visitor spending relative to what would have been if the units weren't phased out. And so, the total lost visitor spending here out in 2031 when all of the units would have been phased out is the exact same number, about 900 million. It's the same number that we released in our report that assumed all the phase-out happened in 2026. It's just now it's being spread out over multiple years. So, that phase-out makes everything more gradual. And there are some caveats to that. But...and so, the...I mentioned earlier about an 1,800 job loss associated with that smaller amount of visitor spending. So, again, that would then be spread out over time. And, you know, obviously, spreading...spreading out these...these phase-outs essentially dampens the blow to the economy. And one...the one caveat to that is that in the real property tax estimates that we had before, I'm now including the two different scenarios. Scenario B was the one...it was essentially one where we...we...that scenario had condo prices falling, I think it was 25 percent, but they fell...but...by 25 percent out in...I don't remember what year it was, late this decade or early next decade. And then Scenario A was a more pessimistic scenario, which would basically come about if more and more of the units transitioned to for-sale instead of, say, vacant or owner-occupied. And in Scenario A, we had median condo prices falling by 37 percent. So, what's happening now is that, you know, we've already seen condo prices fall. And in fact, if you look at the second half of 2025, we're...we're basically down 23 percent on median condo prices from '24 to '25. And so, that reduction in value is going to show up in real property tax collections sooner than we would have...have expected. So, these numbers show that the one thing that has...where the impact has been accelerated is the hit to...and this is a shortfall, this is a reduction in real property taxes. So, what we're doing is in fiscal '26, we're using the...the historical...I think it's 23.3 percent drop in...in values and looking at what that would do to real property taxes right away, and then phasing to 25 percent reduction in 2031, and to 37 percent reduction in 2031 for the...the...the more pessimistic scenario. And then there's...there's an offset because with the slower phase-in of people...of people repositioning their properties, you...you know, you have fewer properties initially that are transitioning from a TVR property tax rate to, say, a...a Residential or Long-Term Rental rate. And so, we will be working on refining these. This is our first cut, and I believe we'll be releasing at least some...some version of this in our forthcoming housing factbook and our housing dashboard, which will be out later this spring. And so, that's...actually, I have one more slide if I still have enough time. Since it's in there, I probably should talk about it. *. . .(laughing). . .* So, this is not Maui County data. This is Statewide data, and what it shows is a cost-of-living adjusted real GDP per capita. You can also think of it as...as income per capita. It's...it's very, very similar that the graph would look exactly the same…well, almost exactly the same if I used income instead of GDP. And...and basically, what it shows is that in the decades leading up to the '90s, Hawai'i's economy, the green line, grew much, much faster than the U.S. economy. It grew by 2.6 percent, while the U.S. economy grew by 1.9 percent. This is the average annual growth rate. And so, if you look at the gap between the U.S. and Hawai'i back in 1964, that gap shrank over the next roughly 30 years. It shrank a lot to where by 1990, the green line and the blue line are almost the same. And we think of that gap as what some people call the price of paradise. In other words, it reflects how much less income per person you would earn living in Hawai'i after taking into account the cost of living. And so, essentially, you would be giving up a few thousand dollars in income, cost-of-living adjusted income, to live in Hawai'i. Well, that's...that's quite a bargain, right? I mean, we...we...we love to live here and we're willing to pay some cost for it. But since the '90s, because Hawai'i's economy has grown so slowly, an average of 6-1/2 percent over...you know, from 1990 until today. So, 45 years, you know, even after the lost decade of the '90s, Hawai'i's economy just didn't grow very much. And in contrast, the U.S. economy grew by over 1 percent. So, now that gap that was just a few thousand dollars in 1990 is, you know, closer to $25,000. And so, the price of paradise has grown dramatically. And this is not because prices in Hawai'i rise faster than they do on the continent, because they don't. This report by Steven Bond-Smith goes into great detail looking at prices across markets. And he does...he does look at prices for Kahului. And essentially, the conclusion is, our prices do not grow...are not growing faster. They've always been higher, but they're not growing faster. The problem is our incomes are going up more slowly, because we haven't diversified our economy, because, you know, we...the tourism industry has largely stagnated since the '90s in terms of real visitor spending. And so, the...the key impediment is to change this dynamic, and that's something that we're actively working on some research on that. And we will be...we'll be happy to share that in the future. And I should probably stop now, leave time for questions.

CHAIR SUGIMURA: Okay. Thank you very much, Dr. Bonham. So, I'm going to open this up for public testimony, and then the Members will come back with questions for you. So, at this time, do we have any testifiers?

MR. KRUEGER: Chair, we currently don't have any individuals signed up to testify, but there is an individual approaching the podium.

CHAIR SUGIMURA: Okay. Okay. We have a testifier. Please state your name. And you'll have three minutes, and if you're not done, then 30 seconds.

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(25) . . .

MR. LAW: Thank you. Mahalo, Dr. Carl.

CHAIR SUGIMURA: Oh, we can't hear you. Is it...

MR. LAW: Hello?

CHAIR SUGIMURA: One moment. Oh, there.

MR. LAW: Thank you. Mahalo, Dr. Carl. That was a pretty good presentation, even though it seemed like there was a lot of bad news. I know the...the old saying, don't kill the messenger, right? The...the Hawaiian --

MR. BONHAM: Please.

MR. LAW: -- the Hawaiian word for...hi, everybody out there in TV land. This is Jasee Law. The Hawaiian word for doctor, it looks like it comes from a translation from the English that says kauka, K-A-U-K-A. So, theirs was probably something more like kahu, lapaʻau, something. It was...your...your...your presentation was pretty good. I could see all the slides from the back of the room, and the colors were...helped out a lot to discern the different stuff you were talking about. I always use a purple color when I'm thinking about Liliʻuokalani, and I heard you say all that stuff about 87 percent of visitors are from the United States, and when is the hostility going to end. And once again, I go back to...with Liliʻuokalani. When is the hostility going to end? It's been like 133 years, something like that. County Council, you heard of the American saying, kicking the can down the road, but what do you do when there's no more road? That looks like about all I got there. Oh, so, in my personal experience, same thing. I've been telling you a couple...I've been having trouble here with the State of Hawaiʻi, BB-1, basic business application. I would love to get a job and work with the Governor to pay taxes and help out. Address is one thing, but it's actually the second thing for me, because the first thing is like I'm loyal to Liliʻuokalani. Every time I ask the tax office across the street if I could get a ʻŌlelo Hawaiian translation of the application, they get real mean. Today, I saw her...or one of the workers over there, I won't mention her name, but she used that...the word that I'm not allowed to say in the Chamber. And I don't know, it seems like the State's kind of blocking us from doing something. So, I hope somebody out there is watching from the State, and learn ʻŌlelo Hawaiian, that might help.

CHAIR SUGIMURA: Any questions for the testifier? Seeing none. Thank you. Any more testifiers?

MR. KRUEGER: Chair, there's currently no one else signed up to testify, 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 raising your hand. We'll do a countdown...three, two, one. Chair, there's no one signed up...no one else signed up to testify.

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

COUNCILMEMBERS: No objections.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(25) . . .

CHAIR SUGIMURA: Thank you. All right. Members, so…thank you very much, Dr. Bonham, for…for your presentation, and I would like to open up discussion for the Members. You can have three minutes each, starting with Chair Lee. And then we'll go down, Member Paltin, and end up with Vice…Vice-Chair.

COUNCILMEMBER LEE: Thank you, Dr. Bonham, for your…I was going to say explanation, on your extensive report. Appreciate it. When you talked about concluding that the reason why our economy was still rather strong in the last couple years, it's attributable to high-end visitors. Didn't you say that?

MR. BONHAM: Yes, that's…that's really a Statewide phenomenon, and I mean the Maui…I wouldn't call the Maui economy strong the last couple of years. Really, the…the Maui economy is obviously still in recovery mode, and the…you know, the job picture that shows that we really haven't improved the job picture much over the last year, year and a half, is, I would say, we wouldn't call that an overly strong economy.

COUNCILMEMBER LEE: Okay.

MR. BONHAM: It's really…I…I guess I should really say that…that the reason our economy hasn't been worse off than it…than it could have been is because high-spending visitors really showed up in the second half of last year and…and bolstered our visitor spending numbers.

COUNCILMEMBER LEE: Okay. So, I was just wondering if you're just surmising that rather than knowing that. Because my thought was one of the reasons why our economy didn't dip so badly is because of all the added construction that was occurring.

MR. BONHAM: No, you're absolutely right. You're absolutely right that that's…that's been a very important piece. So, essentially, the…the added construction was going to be there because of the rebuilding that's going on, because of federal spending on everything from DOT projects to work at Pearl Harbor, et cetera. And that was really the…the one bright spot in our economy, and has been for the last several years. And you saw it in the…in the jobs graph, where construction jobs were one of the few…basically, construction and healthcare were the two private sector areas where Maui economy jobs are higher than they were pre-fire. And what…and yet, if…if, you know, tourism spending had…had headed down and continued to head down, it would have offset some of those gains. And so, yeah, you're absolutely right. Construction is…is a very important piece of…of why our economy has held up.

COUNCILMEMBER LEE: Okay. A lot of people say that one of the reasons folks are leaving Maui is because of the high cost of housing. But before that, wouldn't you say the high cost of living all together, plus the low-paying jobs. I mean, in order to have a house --

MR. BONHAM: Yeah, it's --

COUNCILMEMBER LEE: -- you have to have a decent…

MR. BONHAM: -- it's both of them.

COUNCILMEMBER LEE: Yeah.

MR. BONHAM: That's right. Yeah, you . . .*(timer sounds)*. . . it takes both. You can't...I mean, it's...it's true and so --

COUNCILMEMBER LEE: But it's not --

MR. BONHAM: -- that's why...

COUNCILMEMBER LEE: -- unique to Maui, right? It's not unique, it's Statewide.

MR. BONHAM: No.

COUNCILMEMBER LEE: Okay. Thank you.

MR. BONHAM: Sure.

CHAIR SUGIMURA: Thank very much, Chair Lee. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Aloha, Mr. Bonham. Good to see you, and thank you for your presentation.

MR. BONHAM: Aloha.

COUNCILMEMBER PALTIN: I wanted to pick up where you left off on your last slide, and...and that this is kind of like a broad overview of...of the State; is that correct?

MR. BONHAM: That's right.

COUNCILMEMBER PALTIN: Okay. I was wondering, you know, how you said that incomes are going up more slowly, and if...if it matters, if you take a granular view of professions that help society to function, and then the individual cost of living in each island, or, you know, for Maui County, we're allowed to adjust HUD guideline prices for Lānaʻi and, I think, Hāna and Molokai, and it reflects the differences in cost of living in those places. But if you were to do a graph like this for something essential like public school teaching, do you think that the gap would be even greater from the '90s? Like a public school teacher in the '90s could probably afford a house, whereas a public school teacher in 2026 coming out of college, I don't have good faith. And...and these are the jobs that we need to make society run...not just public school teachers, but like, you know, social service workers, or even police, and like that. And so, when you focus in on job growth and things like that, is anything directed at looking at the jobs that we need to make society function, and how far those are slipping more than anything else? You know, you can always build and build and build until you can't build anymore, but how are you going to educate our kids? How are you going to, you know, do the day-to-day necessity things that make a society run as those jobs are getting even more far away?

MR. BONHAM: Yeah, those are some really, really good questions. The...I mean, the short answer is that I have not done that, that kind of analysis. I think it'd be very, very useful. The...unfortunately, it's the, say, data on...you know, we're...we're mostly relying on data that's published by the official --

COUNCILMEMBER PALTIN: Okay. I'm on a limited time, so --

MR. BONHAM: -- data agencies.

COUNCILMEMBER PALTIN: -- if you don't mind if I --

MR. BONHAM: I'm sorry.

COUNCILMEMBER PALTIN: -- move on to my next question.

MR. BONHAM: Sure.

COUNCILMEMBER PALTIN: Do you have any kind of indication that the Statewide civil service laws and procedures are part of the problem? Because, you know, if...if a civil service job Statewide gets the same amount, and here I am living in Lahaina or West Maui versus somebody living in like Hilo, I mean you're comparing apples to oranges and not apples to apples. . . .*(timer sounds)*. . . Are you thinking of doing that kind of data analysis?

MR. BONHAM: So, I'm not...I'm not exactly sure what...what the question is.

COUNCILMEMBER PALTIN: Oh, sorry. Like, you know, Statewide civil service, our personnel is required to go along a baseline of...of cost or hiring people on. But like a home in West Maui, where we're really short on teachers, is a lot more than a home in Hilo, and so --

MR. BONHAM: Yeah.

COUNCILMEMBER PALTIN: -- we're going to be continually shorted on these essential services to educate our own children to be able to survive here. Are...are you capable of doing an analysis based on current State civil service laws and how they negatively affect different regions?

MR. BONHAM: So, I think that's...that is possible. So, I think what you're saying is that basically State workers, County workers are essentially going to get paid the same salary for the same position description, whether they live, you know, on Molokai or on, you know, in Kahului or...or wherever they live, and there are real...real differences in costs associated with housing, primarily associated with housing across those different geographic areas.

COUNCILMEMBER PALTIN: As well as groceries.

MR. BONHAM: I think that's what you're saying.

COUNCILMEMBER PALTIN: Groceries, gas --

MR. BONHAM: Yeah, sure.

COUNCILMEMBER PALTIN: -- I mean, if we --

MR. BONHAM: Sure.

COUNCILMEMBER PALTIN: -- don't address the root of the problem that's causing our problems, then we'll never find the solution, and that seems to have been left out in all of these analyses.

MR. BONHAM: Yeah, the...that kind of calculation is possible. We have not done that. And, you know, honestly, I don't...I'm not sure how...how you would go about solving that particular problem, other than addressing the cost side, right? I'm...I guess I'm --

COUNCILMEMBER PALTIN: I mean we...we...

MR. BONHAM: -- hesitant to suggest that we would end up with differential salaries. I mean, it makes sense if you have shortages, and I understand what you're saying is that in...in some instances, you're able to adjust, for example, HUD rules on...based on costs in different regions.

COUNCILMEMBER PALTIN: If we can address...

MR. BONHAM: So, it sounds like maybe you're suggesting we can do that at the State level, for example.

COUNCILMEMBER PALTIN: Yeah. If...if the State had data that would allow civil service to reflect the area in which the person is being hired. We can't...like every time we try to...with Personnel, they just kick us back to...like this is the law, and if we're lawmakers, then maybe we can propose something better if we were given accurate data analysis.

MR. BONHAM: So, I can say one...one area that we...and I appreciate your questions, those are...those are interesting, something for us to consider, for sure. One area where we have certainly brought up an issue very related to that is allowing more for remote work in our hiring rules so that people could...to the extent possible, people could choose to live in less expensive parts of the...of the islands while working remotely. So, for example, they wouldn't need to live in Kahului in order to work for Maui County. They could live on Molokai, or they could live somewhere else. And basically, that...it just frees up flexibility in the labor market and lets people choose where...what part of the island they want to live on. Probably the better example would be, you could imagine somebody, you know, living in Hilo and essentially commuting to work on Zoom or

Teams to work for, say, City and County of Honolulu. And so, they benefit from lower housing costs in Hilo, higher grocery costs, but...and that flexibility helps with that.

COUNCILMEMBER PALTIN: Yeah, but none of it helps our public school kids. Thanks.

MR. BONHAM: Yes. Yeah, the school teachers don't have that...that flexibility, unfortunately.

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

COUNCILMEMBER JOHNSON: Dr. Bonham, thank you for the presentation. Thank you for being here. It's always fascinating when we look at the...the whole lens through the economic perspective. So, I wrote down a whole lot of questions, and as you know, we're on limited time, so how about I just throw three at you right now, and you pick one you want to answer? So, my first question was, in all of this national and international news you brought up, how does the Jones Act suspension fit into our economy here? Are we included in that? I thought we were, and what does that mean? The...the other question I had, you know, I wrote in my notes, vacations are optional. What is not optional is milk, medicine, and mortgages, you know. And so, when the mainland's economy is suffering, they cancel their vacations, but we need that money to live, and it goes on to, you know, we need to build a more resilient economy. I think that's a lot of the gist of what you're saying. How do we do that? You know, as...as policymakers, as Councilmembers, I've seen municipalities that put a moratorium on data centers. For example, Aurora, Illinois; St. Charles, Missouri; Fulton County, Indiana. They didn't like the data centers. They didn't like the land use, so they just put a moratorium on them. You brought up the data centers. That's something I wanted to kind of hear your opinion on. And then, you know, the question about like speeding up the economy, or speeding up the economic growth. My first question is like do we really want that, and...and how do we do that smartly? I don't think just construction is booming, so build more hotels. That...that's...to me, doesn't seem the right way, but I'll leave it with that, you guys, if you want to answer any of those questions.

MR. BONHAM: So, that was a bunch of questions. I'll...I'll try and tackle one and a half of them.

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

MR. BONHAM: The...the...you hit the nail on the head of...of, you know, vacations are...are nice to have, so I think that's...I think that was Mufi Hanneman's saying, but...and the food and...and medicine and gas are...are more necessities. And so, where we are right now, the average household is probably looking at, in the continent, and in Hawaiʻi now, except we drive a lot less, so...but the average driver on the continent is looking at probably spending 6, 7, $800 more this year on gasoline. And it could be much higher if oil prices remain elevated for longer. And, so that is money that they...so the oil price increase and the gasoline price increase is just a tax, and you...you give the money to the...to the seller of the gasoline or the seller of the oil, you can't spend it on other things. And so, that then comes back and hits Hawaiʻi's economy through reduced tourism spending. So, that's something that we...we have very little control over. What we do have more control over is what our economy looks like. Of course, the...the exercise that we need to go through to try to diversify our economy *. . .(timer sounds). . .* this is something that we've been talking about for 30 years, 40 years. And whatever we've been doing, I would argue it's not working because things aren't getting better. They're...they're...you know, the last graph on my slide says that we're falling farther and farther behind --

COUNCILMEMBER JOHNSON: Right.

MR. BONHAM: -- the rest of the country. And we...what we're...what we intend to do, the research that we're working on is to essentially look around the world at best practices and come up with a new model for how the states and County...the State and the County should be considering where to invest and where to incentivize and...and where to change rules. You know, it could be anything from the...the income discussion we had earlier about, you know, paying school teachers differentially depending on where they live to changing rules about permitting or changing...changing --

COUNCILMEMBER JOHNSON: Right.

MR. BONHAM: -- rules about business...business licenses. All of those things matter, and it's a work in progress. There is some research on our website that Steven Bond-Smith has authored that I would encourage you to look at some of that. It does look at specific examples of where Hawai‘i might be able to diversify.

COUNCILMEMBER JOHNSON: I'll check that out. I heard the bell. Thank you, Doctor. I --

MR. BONHAM: Yeah, sorry.

COUNCILMEMBER JOHNSON: -- you know, we...we talk about that one job should be enough, and you see the charts, the product...we're doing more than one job, and we still can't keep up. The gap's getting farther and farther. I'll wait for a second round for more discussion on that, Doctor. Thank you so much, Chair.

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

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Bonham. Mahalo for your presentation and for being with us to answer questions. Okay. Let's see. I'll try to group my questions together. The...okay. So, on slide three, you mentioned...or it shows like 2019 levels, which we heard from the community that it was...that was too much, that was overtourism, and so that's not the benchmark that we want to return to again. It affected quality of life, even if it meant more spending. I understand from community members that the hit to quality of life wasn't worth the amount of money that it may have generated, specifically money that ended up going off island anyway. Regarding the TVR phase-out, I wanted to understand better the assumptions that are being made, because in your slide about hotel occupancy, it's not at 100 percent. And so, I wanted to better understand why visitor spending is assumed to grow so high at the full phase-out of five years when some of those tourists would end up going to hotels or resorts. And then that same assumption is made with the impact to jobs. Regarding the phase-out, it assumes that the impact to jobs would be affected because I'm assuming there would be less potential reduction. Okay. It doesn't say, but I guess the assumption, and that's what I'm asking for clarification on, is that there --

MR. BONHAM: Sure.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- would be a reduction on tourists because of the...the full phase-out, and that those tourists wouldn't then stay elsewhere at different accommodations.

MR. BONHAM: So, we are actually assuming that many of them will stay elsewhere. And in the full report, the...the assumptions are laid out in a fair amount of detail. And we are actually assuming that occupancy rates...so essentially we're assuming that visitor demand will recover to 2022 levels, which is...I think that was really when you were...the time period when you were probably referring to excess tourism as those were even higher than 2019 levels. And so, as you phase out the...the short-term vacation rentals from the Apartment zone districts, that represents a drop in the visitor plant, the number of available rentals of roughly 25 percent. And this...again, this is all laid out in the...the report that we released last year. But the...the *. . .(timer sounds). . .* we're assuming that there...many of those visitors will stay in hotels. And we're also assuming that...that because of higher occupancy rates...so essentially we're assuming occupancy rates will return to pre-pandemic levels in the...in the mid-70 percent range. Right now, occupancy rates are...are closer to 65, 67 percent. So, this represents a pretty sizable increase in occupancy rates. And that's going to...that's visitors who would have stayed in short-term vacation rentals but instead are staying in...in hotels, and also generates rising prices in those hotels. And so, essentially, these...these impacts are net of that substitution. So, we're assuming the substitution will happen. And the slide that I showed you that had the growth in...in visitor spending? That's not growth, that's loss. That's a loss of visitor spending. So, I know it's sloping up, so it's confusing.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, yeah. That's what I'm saying.

MR. BONHAM: But essentially --

COUNCILMEMBER RAWLINS-FERNANDEZ: I understand it's loss.

MR. BONHAM: -- it's...okay. Yeah. And so, that's lost visitor spending because even...even after some of these visitors choose to stay in hotels, you've reduced the overall visitor plant by 25 percent. And not you personally, but...and the...the net effect is lost spending.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then...

MR. BONHAM: And, you know --

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

MR. BONHAM: -- you can get...you can get completely different results if many more of those visitors who were going to stay in short-term vacation rentals…so let's say that every single one of them were to try to stay in hotels, you could get a different result if that was the case, and room rates went up even more, right, because of...of even greater demand. And so, it's...it's possible you could get a situation where all of those people who used to stay in...in condos decide they're going to stay in...in, you know, resort hotels and pay 600, 650, $700 a night, and that drives expenditure. So, it's...it's possible that these results would be different.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then on my next round, I'll follow up on the impact to...projected impact to jobs on the same slide regarding the phase-out. Mahalo.

CHAIR SUGIMURA: Thank you. Member Cook.

COUNCILMEMBER COOK: Thank you. Thank you, sir, for your presentation. I also…I'll give you three questions, and hopefully you can...I know it's hard for you to be brief because you're really good and thorough, and I appreciate that. My first question is, is there any data that differentiates the influx...okay. We've had a construction boom to some extent because of the Lahaina fire, unfortunate the fire, we're rebuilding, so there's a lot of construction. How much of that is imported labor from other areas, and how much of that is Hawai'i-based labor? Is there any data on that?

MR. BONHAM: Short answer is no. Yeah. I mean, the...the jobs data that I showed and the jobs data that's on our data portal, that is survey data that is surveying businesses located on Maui.

COUNCILMEMBER COOK: Okay.

MR. BONHAM: So, if it's imported labor, and it would be because a construction firm located on Maui was hiring people who moved to Maui for those jobs.

COUNCILMEMBER COOK: Okay. Thanks. The...the...what are the...and...and you measure the financial impacts to Maui and Hawai'i's economy because of the regulatory rules. You talked about, you know, reviewing, doing things differently. How much does that impact...well, it impacts our quality of life, so nobody has a job.

MR. BONHAM: So, we...yeah. We have...we have looked at the regulatory burden from housing at the Statewide level. I don't think we did that, and there's a report on our website that was authored by Justin Tyndall and...and one of...one of our students that calculates the regulatory burden for...and the examples that they used, I think, for that analysis were for condos. And so...and it's very, very large. It's...I mean, it's on the order of, you know, 30, 40 percent of the cost of a unit could be...could be associated with some form of regulatory cost.

COUNCILMEMBER COOK: Thank you.

MR. BONHAM: So, we haven't done that outside of…outside of housing.

COUNCILMEMBER COOK: Okay. I think some…it'd be…I'm personally hopeful that we can identi…maintain the regulatory structure that we need, but have it to be guardrails instead of hurdles, and to enable business to proceed. My last question is, how much have tariffs impacted Hawaiʻi?

MR. BONHAM: Well, they've had…they've impacted Hawaiʻi significantly through…through a whole variety of…of mechanisms. One is their direct impact on the U.S. economy. The most obvious impact is on cost and overall inflation. I mean, the estimates for the nation as a whole are that they've…they've probably raised inflation by 70…70 to 80 basis points. So, instead of having inflation of 3 percent, today, we…you know, we should have had inflation of 2.2 or 2.3, and basically, since the announcement, since the *. . .(timer sounds). . .* so-called liberation day, inflation has gone up every single…pretty much every single month since then. And that's less true in the Hawaiʻi data, and I attribute that to the overall weakness of our economy. But it's…it's impacting through prices, it's impacting through business uncertainty, and the business uncertainty then leads to reduced investment and reduced hiring.

COUNCILMEMBER COOK: Thank you, sir.

CHAIR SUGIMURA: Thank you. Member Uʻu-Hodgins, followed by Member Sinenci. *(pause)* Okay. Member Uʻu-Hodgins, we will go to Member Sinenci and come back to you.

COUNCILMEMBER SINENCI: Mahalo, Chair. I just had some follow up on some questions already asked. Mahalo, Dr. Bonham. You mentioned that for tourism revenues, and Member Rawlins-Fernandez spoke about revenues that are, I guess, extracted out of the State. Those numbers…or is that…where did you get those numbers for Hawaiʻi…Hawaiʻi-based revenues?

MR. BONHAM: So, the numbers that I reported was visitor spending. So, it wasn't revenues for a particular business or for…or the industry as a whole. This is gross spending, right? And so, the portion of that spending that you would think of as leaving the State is, you know, anything that's imported and then sold to a….a visitor, right, the paying for the import. So, if you…if you import beef from Idaho--I'm just making this up, right?--then that's…that's money that visitors spent in Hawaiʻi, but it…it flowed to buy the goods and services somewhere else. And then profits of businesses that are not home-based in Hawaiʻi would…would also be leaving the State. The bulk of the money is being used to pay salaries and…and other costs, energy costs, et cetera. So, I don't have a…and we could come up with an estimate from…from the State's input/output model of…of how much is the leakage from imports, but I…we have not done that. I mean, it was…it was done in…in the analysis we did for the Minatoya list because when we came up with a total impact on…on income, on jobs, on GDP, that has to net out the imports that are going for that…you know, that are coming into the economy and aren't being produced in Hawaiʻi.

COUNCILMEMBER SINENCI: Got it. Okay. Thank you for that explanation. And then for…you mentioned Bill 9, so that you're…you're going to be adjusting your…your numbers for…for Bill 9? It looks like we do have, you know, some suggested changes, whether it be Exhibit B and…and a later start time of…of Bill 9. You're going to be adjusting those?

MR. BONHAM: So…and that's basically what I showed in that last slide. It was our first cut at…at doing that. And so, my understanding from talking to our team is that they think we can…we can do a final version of that. It won't be a complete re…redoing of the entire analysis, but it will be adjusting the timeline based on the phased-in…phased-in effects.

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

CHAIR SUGIMURA: Thank you, Member Sinenci…followed by Vice-Chair Batangan.

UNIDENTIFIED SPEAKER: Nohe's on.

CHAIR SUGIMURA: Oh, Nohe's on? Okay. Is it okay? Okay. Member Uʻu-Hodgins.

COUNCILMEMBER UʻU-HODGINS: Thank you, Chair. Thanks for being patient with me. I live in a rural area, and the service is not always that great. Thank you so much for your presentation, Dr. Bonham. It was really interesting. It was a lot of information all at once, which I like, but then it takes me a little while to digest. A couple of questions. Let's say the war in Iran ends soon enough…let's say in the next month or so, which is what apparently everybody is saying it is. I don't know. I agree with you. Whoever says they know, don't believe them. But how long is it going to take our economy to kind of reset, both nationally and then for Hawaiʻi specific?

MR. BONHAM: Yeah, good question. So, essentially, if…I mean if the war were to end, and I would hope long before the end of April, the…so if this goes on all the way through the end of April, then the numbers that I'm showing are going to be worse because the…the impacts will be…be larger, more prolonged. And once…so, once the war ends and the strait starts to reopen, you still have months before you get back to some sense of normalcy in terms of flows of energy. And so, really, the impacts are going to last most of this year. And it's sort of a matter of how bad they are initially, and then the sooner it ends, the faster we can start to approach normalcy. But in our…in our analysis, inflation is likely to still be elevated in middle of 2027. That's probably a little too strong, but early 2027. So, I would say it's going to take us close to a year to get back to…to normal.

COUNCILMEMBER UʻU-HODGINS: Great. As you know, right, like our State primarily depends on not only travel for our visitors, but travel amongst ourselves. We have off-island --

MR. BONHAM: Yeah.

COUNCILMEMBER UʻU-HODGINS: -- Members that need to join us for meetings, so we can plan to assume that their travel and our travel is...is going to be a bit more expensive, as we even just go to and from work. Okay. To follow up on some of your slides on Bill 9, I do understand how difficult it is to sometimes project what the world is going to look like, even take into consideration of what we were just talking about. But I think Member Sinenci discussed that we...we hopefully maybe will make some changes to what the total impact for Bill 9. Do you have any projections on what that would look like if not all the units were phased out and some were kept in resort use?

MR. BONHAM: So, we haven't...we haven't done that, but it...it's...I mean, basically, if...you know, if you look at our...our final *. . .(timer sounds). . .* estimates of what happens if you phase out everything, it really is...you know, if you only end up phasing out half of them, as a quick approximation, you really can take those estimates and cut them in half. I mean, it's not perfect, but it's...it's close, right? And, you know, the jobs and income numbers are probably furthest away from that, but they're still...they're still going to be reasonably close. And that's not going to be all that different than what we're doing in...in, you know, any kind of update that says, well, what happens if you phase in? What we're doing is we're going to make a set of assumptions about how many units are being taken out. From that, you can get the visitor spending, and you can get some of the job impacts. So, anything that...in a nutshell, anything that reduces the impact to the visitor plant is going to improve the economic numbers, whether it's real property tax revenues or...or job counts or visitor spend or income.

COUNCILMEMBER UʻU-HODGINS: Okay. Thank you. I heard the bell, Chair. Thank you so much.

CHAIR SUGIMURA: Thank you. Member Batangan.

VICE-CHAIR BATANGAN: Thank you, Chair. You gave us the...you gave us the summary of our economy based primarily on nonfarm payroll data. Do you have data on the health of our agricultural economy? And then what does the overall economy look like once you factor that in?

MR. BONHAM: I mean, it does show up in the total income data, right? So, that's...that's really the only source of data on the...the overall economy, including ag. And I don't...I'm trying to...I mean, actually, if you go in and...I might be overstating that. That's true at the State level. I don't think it's even true at the...at the County level. I'm...I'd have to go back and...and double check, but I don't think...so if I were going to look for data on the health of ag, I would probably go to the U.S. Department of Agriculture and look at their...their statistics. And they would be...they would have things like the total production of ag, but they wouldn't have jobs. And...and that data would be several years old.

VICE-CHAIR BATANGAN: Thank you. Can you explain why farm data is normally excluded from the overall sample set of economic data? Is there a logic to that? Like is farm jobs more stable?

MR. BONHAM: That's a really good question. That's a good question. Yeah, I…and I don't…I do not know the answer to that off the top of my head. I mean, the…the nonfarm payroll jobs has been reported that way nationally, at the State level, at the County level, for as long…I mean as long as I can remember. What's different is that we used to have…and I believe the State used to produce these numbers as well, right? The…the State Department of Agriculture used to have statisticians on staff. This goes back quite a long time. Actually, I think it goes back to the Lingle administration when we were dealing with financial burdens and…and…and those…many of those positions got cut. But if you go back far enough, we used to have that data. There is…yeah, so that's…that's a long-winded answer that says I don't really know why it's broken out that way.

VICE-CHAIR BATANGAN: Okay. Thank you. I appreciate that.

CHAIR SUGIMURA: Done?

VICE-CHAIR BATANGAN: No other questions, Chair.

CHAIR SUGIMURA: Okay. Thank you. So, Dr. Bonham, so we are the Budget, Finance, Economic Development Committee, and so your forecast is appreciated. As we just received the Mayor's budget today, and I haven't had a chance to look at it in detail, the many pages and details of…of what it proposes, but from your perspective, what should we be…what should Maui County be focusing on in terms of helping to improve our economy based upon the data that you presented and studies you've done? What do you recommend for Maui County?

MR. BONHAM: Well, I mean, there's…there's a lot of things that, you know, I…I can tell you that you already know, right? You…you already know that focusing on infrastructure, focusing on housing, focusing on public services are…are…are paramount. The information about, you know, diversifying Maui's economy is…is much more challenging, and in a sense, it's just…it's flat-out hard, and our research hasn't…hasn't yet come up with strong recommendations for how we modify what we're doing. The…the approach that we're…we're taking, and I mentioned this earlier, is to…to draw on experiences from around the world, and what has worked and what hasn't worked. And it's going to be framed largely as taking the input of constituents and taking the input of businesses and listening to…to that input, and asking them to give enough information to understand what is…what is preventing economic development and growth from occurring, whether it's a regulation or the need for a particular piece of infrastructure. And using that information from the people who are…who are actually trying to run businesses, right? Who are on the ground experiencing what's holding them back, draw on that to change policy. And I'm not talking about drawing on that just to, say, give out a…you know, a tax break or…or give a subsidy to one industry. I'm talking about things that will benefit the…the entire County and the entire State.

So, that's the approach that we're following. Unfortunately, I know that doesn't help all that much because we're not done with the research, but as I mentioned earlier, there is...there is work that's already on our website that talks about specific sectors of the economy that you would expect to...to be much stronger and...in...in...in Hawaiʻi as a whole, and it does...it does delve into the...the work. Actually, I can tell you what the name of it is, if I can. *. . .(timer sounds). . .* I'm going to look up the name of the article while we're waiting for the next question. Then I'm going to have to jump off this call, I have --

CHAIR SUGIMURA: Okay.

MR. BONHAM: -- another meeting I need to go to.

CHAIR SUGIMURA: Okay. Oh, thank you very much. If you could, we'll get it from you, whatever that article is. Members, I guess Dr. Bonham has to leave, and if any of you have questions, we can send it to him.

COUNCILMEMBER LEE: Does he have to leave right now?

MR. BONHAM: I was supposed to leave 30 minutes ago.

COUNCILMEMBER LEE: Oh, okay. I guess right now. *. . .(laughing). . .*

MR. BONHAM: So, I've already moved...yeah. Sorry.

CHAIR SUGIMURA: Thank you for making time for us. So, Members...thank you very much, Dr. Bonham, and we'll see you. This is very, very pertinent, so thank you. All right. Members, with your...

MR. BONHAM: Yeah. Sorry I have to leave.

CHAIR SUGIMURA: Yeah, thank you. Thank you, Dr. Bonham. Chair Lee is raising her hand.

COUNCILMEMBER LEE: Yeah.

CHAIR SUGIMURA: So, you have a question you want to...

COUNCILMEMBER LEE: No, not for him. I know he has to go.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: For you. I was wondering if you want to take our questions to give to the Staff, so that they can...

CHAIR SUGIMURA: Yes.

COUNCILMEMBER LEE: So, the question I was going to ask him is, considering our situation, sort of...you know, there's so much uncertainty with our economy. Should be...we be relying on, let's say, re-evaluating and creating incentives for visitors that we want to come to Maui, come to Maui? Like for instance, the Asian market. Because we know that they'll come here, spend, and go home. Should we rework that for our purposes? Should we find a way to work with the Federal government that we will take care of our own TSA work? Okay. So, these...somebody's writing these questions down?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER LEE: Okay. What do we have here in Hawaiʻi that's unique that you can't find anywhere else? If...if the issue of the high cost of wages is an issue, have we looked at mechanical production? So, in other words...

CHAIR SUGIMURA: AI, is that what you mean?

COUNCILMEMBER LEE: Well, AI or robot...robotical [*sic*] producers...in other words, mechanical workers. And then...not...not so that we could eliminate people's jobs, but to enhance people's jobs, and just...but make the costs cheaper for...for those who want to invest here. Have we fully exhausted and explored the sports industry, for example? We seem to have the film industry come and go for...but...but for some reason, they always say it's too expensive to produce anything in Hawaiʻi. Let's find out why. And continue to just not stop looking at economic diversification just because it's hard. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Any other questions? Member Johnson?

COUNCILMEMBER JOHNSON: Chair, I just have one quick question. I'll try to make it short. You know, in their report, *Beyond the price of paradise*, this is UHERO's report, they said the way we fix this is diversify the economy, support innovation, remove barriers, and improve affordability. I want to see what that means in policy. Like, what does that mean specifically? They want us...what...what barriers, and how do we improve affordability, affordability of what? They just had some general suggestions. I'd like to maybe see if they could respond to what that means to support innovation, remove barriers, and improve affordability. Those are my questions. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. All right. Anybody else? Seeing none. So, can...can you also add a question to him that...expand investment in solar, wind, microgrid...microgrid systems, especially in community-oriented projects that keep profits local, those kinds of businesses, and develop energy storage, manufacturing, maintenance, training programs, areas that pair well with construction and engineering sectors. So, if we could have some of his thoughts regarding that. That's all I have. Oh, Member Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. And...and I think Dr. Bonham did mention that he was going to follow up on the...the State's imports just to see what types of extractive revenues in the State.

CHAIR SUGIMURA: Yes.

COUNCILMEMBER SINENCI: Thank you.

CHAIR SUGIMURA: Okay. Thank you. All right. Members, I'm going to defer this, and we can...with your permission. Okay. Thanks.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER.

CHAIR SUGIMURA: Thank you. Thanks for your input. So, I'm going to go to the next item. And do we have Lesley Milner and Chief of Staff here? Shall we take a recess? Or are they online?

MR. KRUEGER: Chair, we see Budget Director Milner online.

CHAIR SUGIMURA: Okay. Okay. So, they're...you're going to...do we have...somebody's raising their hand. Is that a testifier?

MR. KRUEGER: Chair, that's Chief of Staff Lallo.

CHAIR SUGIMURA: Oh, that's Chief of Staff. Okay. So, she'll be online too. So...all right.

ITEM 20(12): ADMINISTRATION AND MANAGEMENT OF GRANTS

CHAIR SUGIMURA: So, I deferred this, and I'm going to take up the second item, which is Administration and Management of Grants. So, this next item is for us to continue to discuss the grant administration and management. In particular, I'm interested in discussing any updates the Administration may have on their administrative rules for all County grants. We have also discussed grants as they relate to the budget. And if there is anything we should keep in mind during budget deliberations or sessions, this is the purpose for...for this item today. Assisting us with our discussion will be Budget Director Milner, Director Martin, Chief of Staff Lallo. And before I bring in the Administration, I wanted to have, if it's okay, Member Johnson. So, on this item with grants, Member Johnson, you can explain, but he did a survey. And thank you very much for hanging on to talk about this, because I think we had like three meetings, and then we never, you know, got to it. So, please, if you would, share your survey results.

COUNCILMEMBER JOHNSON: Certainly. And if Staff could put up on the screen, I'll just go through them.

CHAIR SUGIMURA: You have it? Do you have his presentation? Grant Readiness Program?

COUNCILMEMBER JOHNSON: County of Maui Grant Process Survey.

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

COUNCILMEMBER JOHNSON: Okay. I don't mind just starting off, if...and as you guys catch up.

CHAIR SUGIMURA: Yes. Okay.

COUNCILMEMBER JOHNSON: It's...it's pretty basic, Members.

CHAIR SUGIMURA: Okay.

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

COUNCILMEMBER JOHNSON: Yeah. You can listen to my lovely voice here. So, the County of Maui grant process is a feedback survey we did through Google Survey. It was all anonymous. There was responses accepted to [*sic*] January 29th to February 15th. And we...the questions were developed within collaboration with grantees. Twenty-eight responses representing over 90 grants and grant applications from FY '24. One respondent was a fiscal sponsor with 30 grants at this time. And the ranges of the monies was from 25,000 to 7.2 million in grant amounts. They had line item and competitive grantees, fiscal sponsors, and direct organizations, and ten County grant-making offices or departments. So, we'll get into the results of them now. And the results were...oh, thank you so much. You guys can see it on the screen now. Respondents primarily serve vulnerable populations and protect the environment and natural resources. And 93 of the respondents received funding from other sources besides...besides us, besides Maui County. So, a lot of fiscally sustainable folks out there. Some of the common challenges. So, 78 percent reported they find the timely disbursements of funds to be the most challenging. And 53.6 percent of respondents said that the reporting requirements are most challenging. Next slide. So, another part of the results is when they asked, do you believe that any County actions or decisions regarding your grant were made for personal reasons? And only 57 percent said no, which was surprising to me. Over a 30-day period, respondents reported awaiting reimbursement for amounts as high as 1.5 million to 600,000. I don't know how any organization can do that. How would you rate your overall experience with the Maui County grants process? And here, the five stars represent an excellent experience, while one star is poor. As you can see, we're leaning left, as they say. Next page. With five stars being excellent and one star being poor, how would you rate the communication and response times with the Maui County grantees during this process? So, it's a little bit all over the place. In my mind, I think that kind of shows some inconsistencies. Next...next graph. How timely do you find the disbursements of funds from the Maui County? Again, I think the chart just speaks for itself. You can see that a lot of folks are struggling, and as the expression goes, time is money. Next slide, please. So, what's the longest you had to wait? This is a pie chart showing, but I think you can look at the numbers, but really the average is six months. How long have you waited from application submittal to being notified of a grant award or denied by the County? Six months, the average wait time. Next slide, please. The longest wait time, application notification, it really just says the same thing there, but the average being about six months. I don't know who could...what kind of organizations can survive that kind of funding up and down. And then...next slide, please. All right. So, what's the longest you had to wait for being notified for grant award signing and execution? That's again, 5.3 months. Next slide, please. It's really the same data, just a different way to look at it. Once again, it's a very long time. Next slide, please. Okay. And then this is for grant fund advancement. How long have you been waiting to receive grant funding advancement from the County? The average is 4.7 months. And then, next slide, please. If you look at some folks, longest time waiting contract, execution of first advance, one month. We got some folks who are actually getting...getting paid, but some folks, that 12-month, I don't know how they do that. Next slide, please. Okay. Where am I? So, this one is, what is the longest you had to wait for submitting a reimbursement request to receive reimbursement for that request? Again, 4.6 months. And then, next slide, please. It just basically says the same thing in graph form, the wait time. And next...okay. So, this one, the processing stage. So, adding averages, 20 months, each step adds up. I think at the end of the day, we look at these processes. It's like a step-by-step. The six months, and after the six months comes the five months. After the five months comes the four months, and then another four months. On the average, total is 20 months. So, next slide. I think that just is really...there's a theme here, if you haven't noticed. . . .*(laughing)*. . . Then we put this into the AI. You know, speaking of AI, we...we said AI summary of feedback, comments, and suggestions. The current reimbursement process causes significant financial strain, project delays, and cash flow issues. The process efficiency and bureaucracy is excessively bureaucratic...has excessive bureaucratic scrutiny. Technology and transparency, they...they're requesting for a centralized electronic portal with full transparency on application status. It's important for them to know, oh, my application is not...is not considered finished. I better work on that, right? So, they'd like to have some of that. Need for clearer guidelines and timelines. It sets timelines for the grant process, and a cultural shift where nonprofits is viewed as trusted partners rather than approached solely through a compliance lens. I...I say it before, I'll say it again. A lot of our nonprofits are doing good work, lifesaving work. We want to help them. We don't want to be a barrier. I...I think they could do some of the work that we should be doing, and we should treat them as such. Positive Staff feedback. Okay. This is...I...I...I will certainly give a shoutout to our Administration. When a grantee works with people that are helping them, it just smooths the process out so well. So, kudos to the Staff out there and Administration, and thank you for that. Because we don't want gatekeepers. We want folks to help carry these folks through this process that some folks don't even know. I mean, it's so confusing, right? So, to see that the Administration does have team members that are great, I say keep those rock stars. Mahalo. So, thank...thank you, Chair.

CHAIR SUGIMURA: Very good. Chair Lee?

COUNCILMEMBER LEE: I have to go in a few minutes. So, are you going to take testimony now?

CHAIR SUGIMURA: I could. Well, we can...we...I was going to hear from the Administration and then take testimony. But you have a question or something?

COUNCILMEMBER LEE: As you know, this has been a top priority for me, and I really thank Member Johnson for all this work and gathering information. But I just want to say for the record that I'm probably one of the few people, besides Member Batangan, who has been in charge of grants. And people don't realize it's not just the granting department, yeah, that's involved. So, when you look at solutions, you look at the granting department. But you also look at Finance, you look at Budget Division...Department, and Corp. Counsel. All these people have to be working together. And actually, the smart thing to do is have somebody from each of those departments I mentioned assigned to grants, because you can't just take a whole bunch of grants to Corp. Counsel, to Kristie, and expect it to be done, you know, because they have other work to do. So, all of these things have to be coordinated in a way that everybody's working together. And so, I'm glad this is coming up, but unfortunately, I have to leave.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: Okay. Thank you.

COUNCILMEMBER JOHNSON: So...and Chair, if I may, I...I did forget to mention my last slide, which was another piece of hope. *. . .(laughing). . .* So, basically, there's a proposed bill I'm working on. It's in Corporation Counsel's hands right now. It's...it's just evolving, but we're trying to do multiple disbursements. The bill is with Corporation Counsel for review. But really, that's...it seems to me that if we work on that disbursements issue, it might solve many of the issues. But I just wanted to know that...that we are working on a small legislative change, but I certainly invite the Administration to add to that conversation.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: I want to work with them on that.

CHAIR SUGIMURA: So, this is what you talked about, right, when this came up previously?

COUNCILMEMBER JOHNSON: That's correct.

CHAIR SUGIMURA: So, this is your proposal. And they said they would work with you, correct?

COUNCILMEMBER JOHNSON: Yes.

CHAIR SUGIMURA: And they were working with you. Okay. Very good. So, Corp. Counsel, you know about that, too.

MS. WRIGGLESWORTH: Thank you, Chair. I'd just add that I believe this is being reviewed for final approval today, so...

CHAIR SUGIMURA: Oh, very good. Oh, progress. All right. So, anybody from Administration? And we'll take down your comments, Chair. Anybody from Administration? No? Chief of Staff? Oh, here's Lesley Milner. Budget Director regarding this item.

MS. MILNER: Thank you, Chair. As we discussed at the last meeting, Chief of Staff's Office has transmitted to the Council--it should be in Granicus under this item--the readiness checklist, again, along with a is this a grant or is it a contract checklist that hopefully will be useful. We worked on that with Deputy Corporation Counsel Wrigglesworth. So, hopefully that will help as you go into the budget process. The admin rules are with Corporation Counsel. I should have back the Code amendment to allow for Countywide admin rules shortly that we will transmit down to you all. And I have been in communication with Councilmember Johnson's Office about the allotment payments. And happy to answer any questions as we go forward. Thank you, Chair.

CHAIR SUGIMURA: Okay. Chief of Staff, do you have any comments?

MS. LALLO: Thank you. I think Lesley covered it.

CHAIR SUGIMURA: Thank you very much. Okay.

MS. LALLO: Standing by.

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

CHAIR SUGIMURA: Okay. We have any testifiers?

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

CHAIR SUGIMURA: Okay. Before we go into your questions, I just want to say that the reason...

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

CHAIR SUGIMURA: Oh, sorry, close public testimony, open written, with your permission.

COUNCILMEMBERS: No objections.

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

CHAIR SUGIMURA: Okay. Thanks. So, the reason why I'm bringing this up now…and thank you, Member Johnson, for your patience in terms of you providing your survey results.

And thank you, Kate, for working on that, you know, hard. I even met with her on a Sunday. She was developing her questions and her program and whatever. She's...she's amazing. So, because we have budget…I…I won't even say coming up, it's in our...in our hands, right? And that this process for grants is...is something that we're going to be working from. So, if there's no solutions that is presented today, we're going to proceed with what we always do. So, I thought it was important for all of us to hear what the Administration, I guess, is going to suggest that we do. Because if not, we're going to do what we always did. We have no guidelines. We have been asking this for a while. And maybe they want to go through whatever they talked about that they presented and how this would impact our budget. It is serious because there's a lot of organizations, as Member Johnson and all of you know, because the nonprofits that have reached out to you and that need help from the County of Maui. So, therefore, today is important because it is budget day. And so, at this point, we heard from Member Johnson the survey results and what they're saying. I don't think we're too surprised because based upon what we've heard…and therefore, Administration, if you could open up with whatever you want us to know and whatever policies...you know, I know you submitted a document to us. So, could you go through that? Whatever you want us to know, we are here to learn and figure out what it is we need to do to work with you. Is it Ms. Milner?

MS. LALLO: Awesome, Chair.

CHAIR SUGIMURA: Okay.

MS. LALLO: Thank you for that. And I'd just like to...to open up by sharing, as you know, in Mayor's budget presentation this morning, he talked about a grants division. Grants Division has been included in FY '27. The Grants Division will provide overall County coordination and facilitation for our grants programs, and will be the place where those grants that don't quite fit in other departments will be under the Grants Division. In addition to that, the Grants Division will hold one Grant Manager for all residency area funds. In addition, there will be a small grants program. Any grant of $25,000 or below will fit in the Grants Division. That will be a simplified application process. And we think that the...the community events, the community gatherings that we have, a lot of...actually, all of those are $25,000 or less. So, that will be an easier intake, basically. And a heightened level of customer service for...for our friends that are coming in in that small grants program. They will also...the Grants Division will also steward the grants network, which is Countywide grant managers and writers huiing [*sic*] together to tap this...this...this process and system into place. And the Grants Division will also be responsible for the professional development and ongoing training for our grant writers and managers. To Councilmember's...Councilmember Johnson's point, and we see this in the survey results, the individual experience with different departments and different grant managers, right, is kind of all over the board. So, we want to hone that in. We want to come from a community service, customer service place, as opposed to a regulatory place. That doesn't change, you know, the Code and what it is we need to do, but it might make it a little more comfortable, a little more efficient and effective for...for our community members. And we are hoping will decrease the...the challenges that our grantees have in partnering with the County. Lesley, is there anything else that you'd like to add to that?

MS. MILNER: Yes, Chair. Thanks, Cynthia. I just briefly want to go through what was sent over earlier this afternoon. So, for grants versus contracts, as we've discussed before, look at how the funds are being used. Are they being used to maintain a County park? Are they an operating program that's actually under County control? Are they delivering specific services directly to the County? Producing reports and studies for County use, is this an activity that we could competitively procure? And so, if the answer to any of those is yes, we would recommend you talk to Corporation Counsel before including it as a line item grant because it may be more appropriate as a contract. If they are being used for a community-based program with independent program design that serves the community and supports the organization's mission, we're looking at a grant. So, to the line item. And then the rest of it is a readiness checklist. So, if you're considering line iteming an organization, we would ask that you go through that information with the organization and see if they can meet those requirements or can get to a place by the time the agreement would be executed to meet those requirements. Because as many of you know, when you submit the application, you don't have to have your certificate of insurance and all that yet because it's not fair to put that burden on an applicant who may or may not receive funds. But once they receive the funding, before an agreement can be executed, they need to go through those steps. So, just making sure they know the information and what they'll be required to do if they are included in the budget as a grantee. So, hopefully that information is helpful. But as always, I'm available, Corporation Counsel's available. If you have any fun things that come up during budget, as they always do, we are here and happy to work with you. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Corp. Counsel, do you have anything to add? No, you don't have anything to add. Okay. Public testimony, please.

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

CHAIR SUGIMURA: Oh, that's right. We did it already. Sorry. So, Members, who would like to...oh, Chief of Staff. Sorry about that.

MS. LALLO: No, that's okay. Thank you very much, Chair. I would just encourage us in echoing what Chair Lee had discussed. I don't know if our friends from Finance are on, but if they do…if they have anything to add, since this is a coordinated effort, I'd just like to...to see if they have any opening.

CHAIR SUGIMURA: Okay. Did we invite Finance? Oh, there she is. Director Martin?

MS. MARTIN: Thank you, Chair. I would like to just reiterate what both Cynthia and Lesley have said. We have been...Finance has been partnering with Management, with the Mayor's Office, with budget in creating these rules and processes and procedures and Code changes, which are going to improve processing for Finance. So, we appreciate this opportunity to discuss this, and we're looking forward to the changes. Thank you.

CHAIR SUGIMURA: Thank you. All right. Questions? Anybody else? Member Johnson.

COUNCILMEMBER JOHNSON: Chair, I just wanted to add, it's not in discussion or anything. I just wanted to add to something that I...was brought up, was that, you know, one thing we can do as Councilmembers is when we work with this Administration in the upcoming budget is, if we have any proposals, have the grantee write a white paper and show it to the Admin and say, is this...where does this fit? What...you know, where do you want this to be at? I'm just willing to work with them, and it sounds like if they want a white paper from the grantee to make the process smoother, that's something we as Councilmembers could do, and I don't think it's a big ask for...to ask the grantees to do that. I just want to throw it out there. Thank you, Chair.

CHAIR SUGIMURA: Okay. All right. Anybody else? Member...Member Cook?

COUNCILMEMBER COOK: Thank you...thank you, Chair. For either Ms. Milner or Chief of Staff, how many...ballpark, how many grants were there last year? I...this is my question. Quantitatively, you know, how many grants is the County managing during the year?

CHAIR SUGIMURA: Department?

COUNCILMEMBER COOK: Ballpark.

MS. MILNER: I don't have the exact number. Chief of Staff may have the number for OED, which I think will give you an idea, and I will try and run a report here really quickly and see if I can get a number. Thank you, Chair.

MS. LALLO: Yeah, thank you.

COUNCILMEMBER COOK: So...

MS. LALLO: That's a great...that's a great question, and one that I don't have --

COUNCILMEMBER COOK: And excuse me.

MS. LALLO: -- collectively.

COUNCILMEMBER COOK: Excuse me for interrupting you. That's...that's fine. My...I can get my kind of point across, because it's basically to me and my colleagues and the Council as well, how many grants the County is dealing with during the year, and cumulatively, how much work that is and how many moving parts there is. I'm just sharing with my colleagues the grants...the things that I've requested in the last year. I've under...I've learned some of the complexities between it's a grant and a contract, and whether it's all on public property or whether it's shared on public property, and all things that when I requested it and worked on it, I wasn't aware of it, and a lot of them have been ironed out. But I'm just...I think all of us...I'm planning on asking more before I give a grant if there's somebody I want to give a grant to in my community because they're providing a service that I feel is really warranted and worthy to try and work with the departments to identify if they're going to qualify for the grant and if there's going to be any hiccups. Because in the past, what I've done is just said, oh, I really want to give this money to this person, and I know a couple of them last time, they just couldn't handle it, and so the money didn't get spent. And it wasn't anybody's real fault, but a lot of work went into trying to get it to work, and that work wasn't really beneficial. So, anyway, I'm…I'm hopeful. I think it's going to get better. I heard in a previous meeting the plans, the smaller grants and separating them. So, it would be interesting if you could let us know, because we're going to be dealing with this, you know, how many grants of the different flavors that the County is dealing with, and that'll put it in perspective for us, the order of magnitude, the work challenges. Okay.

CHAIR SUGIMURA: So, can we send that question?

MS. LALLO: I would just…before you send the question, not that I don't love to get notes from you . . .*(laughing)*. . . but that's an incredible lift.

COUNCILMEMBER COOK: No, no, we can send --

MS. LALLO: I can tell you that...

COUNCILMEMBER COOK: -- it in writing, and it's not...it shouldn't be...it's not a big list. It's going to be . . .*(timer sounds)*. . . sent in writing and be manageable.

MS. LALLO: Well, I'm just going to tell you, OED has 150 grants, give or take, open right now. That changes as things ebb and flow, right? We just executed more agreements on my desk this...this afternoon, right? So, 150, give or take, and that's just for the Office of Economic Development.

COUNCILMEMBER COOK: That's a lot of moving parts. Thank you for your efforts. Thank you, Chair.

CHAIR SUGIMURA: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Aloha, Ms. Lallo and Ms. Milner. Yeah, just continuing that discussion. The...the Budget Chair normally gives...allows maybe a certain amount to be provided for some local nonprofits. So, those provisos, that is not competitive grants, would that fall under the…say, for instance, our district funds? That would fall under this one person who will be processing all of those?

MS. LALLO: Thank…thank you, Councilmember Sinenci, for that question. Yes, that...that is the case. But I will tell you that even when we line item a nonprofit or an organization, they still have to meet a particular criteria, right? Which is that readiness checklist that Budget Director went through. And I would also tell you that their application, we like to...we still score their application because we need to make sure that that application meets your legislative intent. Sometimes there's some miscommunication there. And so, I…I would say that. And then I would also say that we want them to get a 70 percent. They…they need a grade C or better, right? In that application. And so, we certainly work with them, right? To get them there if we need to, but there's still a level of criteria that they need to meet.

COUNCILMEMBER SINENCI: Yeah, thank you for that. The school principal said that he didn't pass the C level when it came to transportation funding. So, would…would…if he didn't meet the 70 percent, would…would somebody contact him? Because he just received a letter saying, no, you don't qualify, yet we had provisoed some funding for…for student travel.

MS. LALLO: Yeah, I'm not…I'm not sure about that. I'll definitely check up on that. But typically, what happens is we would go back, we would let them know that they didn't meet it, they didn't meet the threshold, and then we would go back and have a conversation. So, it wouldn't be a letter. It wouldn't be an email. I would sure the heck hope it would be a phone call. And if we can't get ahold then secondary communication would be via email.

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

CHAIR SUGIMURA: So, you're hopeful it's not dead, right? From what we just heard. Okay. Good.

MS. MILNER: Chair, sorry --

CHAIR SUGIMURA: Yes.

MS. MILNER: -- just really quickly.

CHAIR SUGIMURA: Yes, Director Milner.

MS. MILNER: Mahalo, I appreciate it. Circling back to Councilmember Cook's question, I just did a rough count. And I have 257 grants from the Fiscal Year '26 Budget. But that doesn't include any grants that are still active from prior fiscal years. We have tried to be very generous with our grantees in granting extensions, whether through delays on our end or, you know, we have grantees who are trying to . . .*(timer sounds)*. . . build things and sometimes stuff doesn't come in. So, we've tried to be very generous with extending those grants to ensure they can meet the objectives of their projects. But baseline, 257-plus. Thank you, Chair.

CHAIR SUGIMURA: Okay. All right. So, that's for the whole County; is that correct, Director?

MS. MILNER: Thank you, Chair. Yes, the report I ran was for the whole County.

CHAIR SUGIMURA: Whole County. Okay. Anybody else have questions? Member Batangan.

VICE-CHAIR BATANGAN: Thank you, Chair. Thank you, Budget Director. Can I ask you to reiterate the difference between a grant and a contract? We don't have your written correspondence, and I just want to make sure I heard you correctly because I think it differs from what I understood you guys saying last time you were before us.

MS. MILNER: Thank you, Chair. Thank you, Councilmember. Yes, the checklist that Corporation Counsel developed, there are five questions. Is the funding for maintaining County parks or facilities? Is it for operating County programs that are under County control? Are they delivering specific services directly to the County where the County is the one who defines the scope and receives a deliverable? Is it producing reports, studies, or systems for County use? And is it in an activity that could be competitively procured? And if the answer to any of those is yes, it may and most likely needs to be a contract. So, I would recommend consulting with Corporation Counsel.

VICE-CHAIR BATANGAN: Okay. Thank you. I guess what I had remembered was that it had to do with whether or not it was on County land or not, which I thought was odd. But this makes a lot more sense to me. If it's for procurement of a good or service that directly benefits the County or is of use to the...to the County, then it should be a contract. And I agree with that. If it's to, you know, support, I don't know, some public good outside of the County...you know, its own operational needs, I...I think that it should be a grant. Does that mean the Administration is going to start migrating...or if...if things are under contract versus grant and they don't meet your current criteria, do you have plans to migrate them over to the appropriate category?

MS. MILNER: Thank you, Chair. Thank you, Councilmember Batangan. Yes, we are looking at ours as well. I think the most obvious example I can think of is *Akakū*. That used to be a grant. That is obviously a direct service to the County. So, we have transitioned that over to a contract. We are trying to go through our agreements that are currently grants and see if any of those going forward need to be transitioned into contracts as well. Thank you, Chair.

VICE-CHAIR BATANGAN: Okay. And then was there any consideration when you guys were debating grant versus contracts whether the implications for needing an environmental assessment, like the trigger for 343?

MS. MILNER: Thank you, Chair. I will defer to Deputy Corporation Counsel Wrigglesworth on this. Mahalo.

CHAIR SUGIMURA: Corp. Counsel?

MS. WRIGGLESWORTH: Can you repeat the question?

VICE-CHAIR BATANGAN: So, HRS 343 governs environmental reviews, so needing to do an EA or EIS. I was just concerned that if the County was going to be requiring things that had traditionally been done as a grant to now be under contract to consider its implications for needing an EA or EIS, and then the timing . . .*(timer sounds)*. . . of those goods and services being delivered. Thank you. I hear the timer.

MS. WRIGGLESWORTH: Thank you, Chair. Thank you for that question. I'm not sure if I'm able to provide a full response to that today, but I can look into that. But I do know that we...we have the EA exemption list that can be utilized. And right now, we're actually preparing department-specific EA exemption lists instead of a Countywide list. And so, that...

VICE-CHAIR BATANGAN: Okay. I --

MS. WRIGGLESWORTH: Yeah.

VICE-CHAIR BATANGAN: -- I remember transmitting the Department of Transportation's request for that list. And I left the Department almost three years…two years ago now. So, I'm glad it's moving. I encourage you to get moving on that because I think it will make a big difference for the operations of the County. Thank you.

CHAIR SUGIMURA: Okay. Anybody else have questions? Okay. I have a question. So, the development of this new division, I guess, that will handle all grants, what…the…will each department now handling grants still continue what they're doing? Or are you dividing up the grants so that it is respectively in the right division or department? And what…who is it under? Is it under…what department would this new division fall under? And we'll see it in the budget, correct?

MS. MILNER: Thank you, Chair. Yes, you will see it in the budget. It is for Fiscal Year '27 under Office of the Mayor. But you will see five unfunded positions under Department of Management. The intention is that in Fiscal Year '28, this will transition to Department of Management, but we all know that creating civil service positions is a process, and we felt that this wasn't something that could wait for that process to happen. So, it was more efficient to pilot it with appointed positions and then transfer it over to civil service in Fiscal Year '28 so that we can get things moving. Our intent is not to pull the grant managers out of the departments. We do want to ensure that the grants that are included under departments align with those departments' missions. But those grant managers are the subject-matter experts for their departments. I don't know as much about recycling as Cecille Powell does, you know…I couldn't manage those grants. But a central grant group would be a resource if they get a weird receipt and they need input from somebody who has knowledge on the Countywide rules and regulations to help them guide that process and be a central source of knowledge for them. This group would also handle money coming into the County so that we have better oversight on that and can make sure we know what applications are out there in the ether amongst all the departments. Again, the departments remain the subject-matter experts, but this...this group would have the understanding of CF…2 CFR 200 and all of the Federal rules that have to be aligned with and the reporting requirements to make sure everything's submitted on time so that we don't have any funds lapsing or fall out of compliance with the Federal Government. Thank you, Chair.

CHAIR SUGIMURA: Okay. So, you're creating a whole new section to take care of this. And you're keeping the grant managers in their respective departments, Department of Ag,

ʻŌiwi, everybody that is...East Maui Water Authority, everybody who's currently doing grants, they will continue. Is that what you're saying?

MS. MILNER: Thank you, Chair. Yes, that's correct. We are moving some positions within the Mayor's Office over to this Grants Division because as you know, we have people who are already working on some of this. So, they will be in that Grants Division, but all of the grants managers out in the departments, all of the grants writers out in the departments will remain there. Thank you, Chair.

CHAIR SUGIMURA: Okay. We will dissect that, I guess, once we look at the budget *. . .(timer sounds). . .* and see how that all folds together. Anybody else have any questions? I'm going to defer this. Yeah? Okay. So, Administration, can you please submit...I'm looking at what was sent from the Chief of Staff in Granicus. I'm looking at that, and you're calling that the checklist. I guess it's presentation. It is number 20 on Granicus. Chief of Staff dated 3/10/26; is that correct? Ms. Milner?

MS. LALLO: Thank you for that, Chair. That is correct.

CHAIR SUGIMURA: Oh, that's good. Okay. So, we can look at that information.

MS. MILNER: Sorry. Sorry, Chair. I think what you're referring to is the readiness checklist, but earlier today, I believe someone from the office...so it should be dated 3/25. So, if BFED Staff does...did not receive that, if they could give me a call or a text, and we will make sure that gets retransmitted.

CHAIR SUGIMURA: Okay.

MS. MILNER: Thank you, Chair.

CHAIR SUGIMURA: We didn't receive it.

MR. HANANO: Yeah, Chair. I think it's under BFED-1, item --

CHAIR SUGIMURA: Oh.

MR. HANANO: -- 54 --

CHAIR SUGIMURA: Okay.

MR. HANANO: -- if I'm not mistaken. But I think that can be uploaded to --

CHAIR SUGIMURA: Okay. Can you upload it to this?

MR. HANANO: -- the...yeah.

CHAIR SUGIMURA: Well, not...not you, Corp. Counsel.

MR. HANANO: BFED-20(12). Thank you.

CHAIR SUGIMURA: Okay. So, we're not looking at the same thing that you're talking about, but we will. So, it's important because this is going to impact how we handle the budget process. And I'm hearing Member Johnson saying that maybe we should ask for nonprofits that we want to give grants to to have some kind of white paper so that we...we can be sure. And I think we should talk to them anyway so that there's no surprises and that they would be able to qualify. We got the total number of grants as 256 or 257 in the County of Maui. And so, I'll look forward to whatever it is that is in the...under BFED-1. Okay. We will know. Okay. Members, at this time, I'm going to take a break, but I'm going to defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER.

CHAIR SUGIMURA: I look forward to figuring out how we're going to do this during budget because I think it's super important. And I stand by Member Johnson that these nonprofits provide services that we rely on them to do. And thank you very much. And transportation, you know, all the different things that we've been hearing about. So, I'm going to take a recess. So, 2...it's 2:45. Oh, yes, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I am going to go catch my flight home.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I can join online --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- but I won't be --

CHAIR SUGIMURA: So...

COUNCILMEMBER RAWLINS-FERNANDEZ: -- here in person anymore.

CHAIR SUGIMURA: Okay. I'm going to defer this, but I want to say something about Molokai before...I'm going to defer this and take a recess. But Keani, through Tiare Lawrence, network with A&B. So, right now, there is supposed to...I...I...I checked yesterday, I didn't see it, like a container or something. Can you tell us what Molokai needs? There's a collection going on, and if you know more information.

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

CHAIR SUGIMURA: Oh, it's there.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair, for that question. So, Kakoʻo Haleakala is conducting a donation drive, Kakoʻo Molokai, today and tomorrow from 2:00 to 5:00 at Queen Kaʻahumanu Center.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right?

UNIDENTIFIED SPEAKER: Kahului Shopping Center.

COUNCILMEMBER RAWLINS-FERNANDEZ: Kahului Shopping Center.

CHAIR SUGIMURA: Oh, okay. Same...

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that correction.

CHAIR SUGIMURA: By Burger King.

UNIDENTIFIED SPEAKER: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes, by...

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

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Okay. So, I think the most relevant items…we...we received a lot of cleaning supplies, a lot of diapers and water. So, mahalo for those...you know, the immediate response. As folks, you know, clear out the accumulated mud, folks have asked for help with shovels, wheelbarrows, power washers, shop vacs, dehumidifiers. And, you know, like we're planning to resource pool, so…these more expensive items so that it's not just one person that'll receive a power washer. It'll...it'll stay with the community and then we'll rotate it around. Yeah. And then for those that did...did get their homes flooded, they were asking and looking around for shampooers and industrial fans. And even if it's like just to...to borrow and we return it, you know, that...that would be helpful. And then prevent mold from...from growing in people's homes. And then later, after the cleanup part, I know folks are going to need additional support later with like, you know, the flooring that just got ruined and that...that type of more structural kind of work.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. Mahalo for asking.

CHAIR SUGIMURA: Wow. That is huge.

COUNCILMEMBER RAWLINS-FERNANDEZ: And mahalo, Maui, for showing Molokai so much love.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Many have been brought to tears by the amount of love that they're feeling reciprocated after the fires. So, mahalo.

CHAIR SUGIMURA: Yeah. Amazing, yeah, the devastation and...all over...all over the State. But for...for our...our Molokai, yeah, glad to help.

COUNCILMEMBER RAWLINS-FERNANDEZ: Especially Lahaina. And, you know, a lot of folks from Lahaina have been coming over on boats already, and they just wanted to show the love back that they felt from Molokai, so...

CHAIR SUGIMURA: That's beautiful. I think the Coast Guard...Coast Guard has been flying over supplies also, right?

COUNCILMEMBER RAWLINS-FERNANDEZ: Correct. Oh, not flying. They've been coming over on...on their boat.

CHAIR SUGIMURA: Oh, of course it's a boat. Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. And my understanding is ʻohana from Punana Leo is part of the Coast Guard and has been helping to facilitate. So, mahalo, everyone, for using all the resources and connections and relationships to support our communities that need the help right now. Mahalo, Chair.

CHAIR SUGIMURA: Yeah. Okay. Be safe when...wherever you're going on...on your flight.

COUNCILMEMBER RAWLINS-FERNANDEZ: I know, it's raining right now.

CHAIR SUGIMURA: Oh --

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

CHAIR SUGIMURA: -- on Molokai.

COUNCILMEMBER RAWLINS-FERNANDEZ: And I'm wearing a white skirt.

CHAIR SUGIMURA: *. . .(laughing). . .* It doesn't look like it's raining here, but anyway. Okay. We...I said...okay. Yes, Member Johnson.

COUNCILMEMBER JOHNSON: Just before you adjourn, I...I have to leave to catch the ferry back to Lānaʻi, so --

CHAIR SUGIMURA: Oh.

COUNCILMEMBER JOHNSON: -- I'm going to...I won't be here for this last item.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: My apologies.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: And I'll be online.

CHAIR SUGIMURA: You'll be online. Okay. So, I'm going...I'm going to now defer that. As I said, we are going to be in recess. It's like 2:50, so is it okay if we come back closer to like 3:00? Is that too long? Okay. All right. This...this meeting is now in recess. *. . .(gavel). . .*

RECESS: 2:49 p.m.
RECONVENE: 3:13 p.m.

CHAIR SUGIMURA: *. . .(gavel). . .*

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

CHAIR SUGIMURA: *(Audio begins mid-sentence)* -- item on the agenda today is for BFED-1, Proposed Fiscal Year '27 Budget for the County of Maui. It's a Rule 7(B), and this is so that we can discuss things on the procedures. And the last meeting, you received the memo which talks about that, so I'm sure all of you have reviewed it. And we are now receiving from Staff the proposed amended updated calendar. Did...did that get passed out? Everybody got the updated calendar?

COUNCILMEMBER PALTIN: Is it from last time, or is it a new one?

CHAIR SUGIMURA: It's a new one. It's a new one because based upon your recommendations, the Committee revised the...the budget. So, there it is. Pauline is passing it out. It is schedule as of March 19, 2026, and this reflects the changes where you said, oh, how can we submit what our...what our priorities are if we haven't had the...the last Wailuku-Kahului public hearing, right? So, that's a change that we made, and things like that. So, we're going to proceed with testimony, and then we can dive in. Anybody here for...

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'd like to testify on this item, please identify yourself now. On Teams, you can do that by raising your hand. We'll do a countdown...three, two, one. Chair, there's no one to testify on this item.

CHAIR SUGIMURA: All right. So, I'm going to close public testimony with your permission, Members, and receive written testimony. As you know, BFED-1, testifiers can talk about anything in the budget, and it'll be three minutes. So, at this time, I'm going to...thank you, I'm going to close public testimony, receive written testimony. And so...

VICE-CHAIR BATANGAN: Chair, I actually think we might have a testifier.

CHAIR SUGIMURA: Oh.

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

MR. LAW: *(Audio begins mid-sentence)* -- Luna Hoʻomalu Kashiwa Sugimura. Oh, I just wanted to say something in case...I heard you say, I think, at the last BFED meeting that certain departments are not going to be called up. And if OCS doesn't...if they're doing such a good job that they don't have to come for budgetary review, then I propose that...to give them an increase in their budget, and especially in the support Staff and the people who are translating the ʻŌlelo agenda. Thank you for your time, and I save the rest for the Hawaiians.

CHAIR SUGIMURA: Any questions for the testifier? Seeing none. Thank you very much. Any more testifiers?

MR. KRUEGER: Chair, there's still no one indicating they'd like to testify. Really briefly, last call, we'll do a countdown...three, two, one. Chair, no one else to testify.

CHAIR SUGIMURA: Thank you. Thank you very much. So, I'm going to close public testimony, and thank you, Jasee Law.

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

CHAIR SUGIMURA: So, at this time, then, as you know, I'm going to defer this item because we will continue discussion. Today, the most important thing or priority is to provide for you this document, which is...which we will use or ask you to use to propose real property tax rate increases. And...and these range of rates or resolution will be due March 31st, 2026 at 4:30. For...for clarity, I have distributed a propose...a proposal for fiscal year for real property tax range of rates resolution for your consideration. The ranges in the first draft...first draft resolution use the Fiscal Year '26 rates as a starting point, and the low end of each range is 75 percent of the current rate, and the high is 150 percent of the current rate for discussion. And you should have...you should have a Word version of my proposal, and please use that file to create your proposal. Once the proposal deadline has passed, Staff will revise the resolution to account for all proposals. Real property tax rate, again, is due by March 31st at 4:30 p.m., and I was hoping Gabe would be here because I think over the last several budget process review, he has wanted to amend Agriculture, but we'll see what he does. Please email your proposal to Staff BFED...staff.bfed@mauicounty.us. And secondly, the budget procedures memo was distributed at the last meeting and outlines the Fiscal Year '27 budget process, including key deadlines, department review procedures, proposal deadlines, and decision week procedures. Anybody...you all got it, right? No questions? Okay. And Members, as we go through the budget process, I...I want you to know that I have heard for many terms that Members don't want to stay here until midnight. I used to hear that from Member Kama, and, you know, please, let's finish our work during a workday, and I think we have over the last couple of terms, pretty good, except when we went to the very last moments where we're trying to balance our budget. Maybe that got, you know, late...later than normal, and I think we did work on a Sunday because we were attending a funeral on Saturday, and we had some kind of adjustments that we made, you know, community-wise. So, I appreciate that, that we did. I also want you to know that based upon discussions from the Committee, if you look at the new proposed calendar that you received, originally, we were asking for you to propose your conditions, or what you wanted for your...your...your proposals to be due on the same day that we had our last public hearing for Wailuku-Kahului. So, we changed it, we changed the deadlines to accommodate that. So, now, Kahului-Wailuku is happening on April the 16th in the Chambers for Member Batangan and Chair Lee, and we'll hear testifiers that day...or that night, actually, because it'll be in the evening, as well as then the next day, the 17th, and Members, to submit your priorities, conditions, and proposals by 4:30 the next day, which is a Friday. And that you already...well, that you already got that...you got the Mayor's budget today, and...and two of the 1,000-page document, but you got two for your office. And if you wanted another one, you could have ordered it, but it's past the deadline, correct? Because I know you read the memo, but I think nobody ordered additional copies. Everybody just has whatever, you know, that was provided. So, we're good with that. And again, my goal is to get you home early enough so that you can be with your family, go to football games, whatever you need to do. The budget calendar you got, and the latest one is on Granicus 21, March 19th, 2021 [*sic*]. And we're giving Councilmembers...not we're giving, but for you to review the budget, which you just got today, from March 25th, which is today, to March 31st, time to look over the...the budget document. And then, again, earlier I mentioned the real property tax proposal, which I showed you the draft resolution. That's due Tuesday, March 31st, 2026 at 4:30. Again, Member Johnson was the one that wanted to make some proposals. So, I guess he'll do his homework on that. Committee deliberations will begin April 1 at 9:00. And at that time, we'll talk about what the vision is for our budget moving forward for this term. And oh, there's Member Rawlins-Fernandez. You're making it on the plane. Be safe.

COUNCILMEMBER RAWLINS-FERNANDEZ: I'm on my way to the airport, just stopped at Kahului Shopping Center. Everyone's in action, so...

CHAIR SUGIMURA: Oh, good, that's the...

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo to everyone over...

UNIDENTIFIED SPEAKER: Gotta go Hāna too.

CHAIR SUGIMURA: Okay. Good. Yeah, we'll be there...we'll be there too. Make sure you're safe. Take care. And thank Tiare Lawrence. Is that Tiare? She was the...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, yeah, that was Tiare.

CHAIR SUGIMURA: Yeah. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yuki...Yuki said hi.

CHAIR SUGIMURA: Yeah. She was the one who contacted me. Glad she's doing it. We'll be there. So, we will have residency area meetings to begin April 1 at 6:00 they'll all start, and it's all in-person. You got the calendar of when they'll be throughout our budget deliberation process. I think that it's a great way to connect with the community, be where they are, and so they can testify and tell us what the needs are. Meetings will follow last year's format and will be in-person only, and support Staff...oh, gave you information regarding the food allowance. The Committee will meet with selected County departments as designated through April 16, and...and some days reserved so Members' budget review and proposal development. Real property tax certification is due on or before April 19, and the Committee will receive a presentation from Director Martin and RPT on April the 20th. So, decisions week is the 20th to the 24th, and corrections is 27th and 28th. That's our budget calendar. And then we'll be done. Then we'll turn it over to Chair Lee, and we need to pass first reading on May 15, second reading on June 2nd. Can you hear me? Yeah? Okay.

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

CHAIR SUGIMURA: Oh, Gabe is here?

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

CHAIR SUGIMURA: Oh, okay. Gabe, how are you?

COUNCILMEMBER JOHNSON: Hi, Chair. I'm on the ferry right now, so pardon me if there's music in the back, but there's plenty of public people, and I'm going to listen to as long as I can get reception, but we're leaving the dock right now.

CHAIR SUGIMURA: Okay. Have a safe travel. Wow. Good. You and Keani. Thank you very much for your commitment to be present. So, on...on the letter that you received also has budget resource documents, and they're listed...quarterly reports and...on CIP and budget implementation from the Director, as well as the one we're waiting for, and I hope we can get it from Department of Housing, is about the Affordable Housing Fund and what is...what are the projective housing projects that went through their review process. So, we're waiting for that. We didn't get it yet, right?

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

CHAIR SUGIMURA: Yeah, but we want...well, what our report is asking, these...the housing...the people who applied had to go through a process. So, this document is, did they go through a process? And what was the result? So, that's what this is. I know we have the budget so we can see what's in it, but we need to see the other...other part of how...how did they do to receive the money that, you know, they're asking. So, anybody else have questions?

MR. KRUEGER: Chair?

CHAIR SUGIMURA: Member Paltin?

MR. KRUEGER: Oh.

CHAIR SUGIMURA: Oh, yes.

MR. KRUEGER: Apologies, Chair. We just...apologies. We...we did check the communications log. The Housing Director did submit the report. Looks like the Council received it on March 18th. It's County Communication 67-26, and...and we can...we can pull that into Committee.

CHAIR SUGIMURA: Yeah, please do. Okay. Thank you. Thank you very much. Thank you, Director Mitchell. Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. And I guess it was a clarification of...so 67-26 is just the report, but didn't Director Mitchell also say that he responded to --

CHAIR SUGIMURA: The questions.

COUNCILMEMBER PALTIN: -- the questions? Has...I haven't seen that be uploaded. Did we receive it or we're waiting on the Mayor's signature or something?

CHAIR SUGIMURA: I did see Water that was in Granicus. Did we get any other departments?

MR. KRUEGER: We'll double check, Chair.

CHAIR SUGIMURA: Okay. Thank you. He did say that. He said he finished all his...probably finished all his questions. Anything else, Member Paltin?

COUNCILMEMBER PALTIN: So...so, right now, only Water is in Granicus, not Housing?

CHAIR SUGIMURA: Yeah. Yeah, I'm sure it must be coming, right, if he submitted it. Mayor has to approve it, but...okay.

COUNCILMEMBER PALTIN: And then I guess, I was looking at the calendar for April 2nd. And are we...we're not...we're not having to...regardless of what time the Council meeting finishes on April 2nd, the next thing that we have to do is the 6:00 residency area. We're not...like say we finish at 11:00 or whenever. We don't have to come into this Committee? The next thing we do is 6:00 because we're not going to post or anything.

CHAIR SUGIMURA: So, you're...sorry, you're looking at the calendar for what's on for April 2nd?

COUNCILMEMBER PALTIN: Yeah. I just wanted --

CHAIR SUGIMURA: And it's Council meeting?

COUNCILMEMBER PALTIN: -- to clarify that we don't have to do BFED Committee at all on April 2nd, regardless of what time the Council --

CHAIR SUGIMURA: Oh, I see what you're asking. Yeah.

COUNCILMEMBER PALTIN: -- meeting finishes?

CHAIR SUGIMURA: That night. We are going to be in Makawao [*sic*].

COUNCILMEMBER PALTIN: Yeah.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: But that's it, that's the only --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: -- budget --

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: -- we're...there's...if we were going to do BFED Committee prior to that, you wouldn't be able to because we didn't post it.

CHAIR SUGIMURA: Right.

COUNCILMEMBER PALTIN: Okay. Just wanted to clarify.

CHAIR SUGIMURA: And we don't know how long Chair Lee will have her meeting go on, so we don't want to compete with that. But --

COUNCILMEMBER PALTIN: Oh, it's going to be --

CHAIR SUGIMURA: -- you're right.

COUNCILMEMBER PALTIN: -- all day, knock on wood.

CHAIR SUGIMURA: . . .*(laughing)*. . . Okay. Okay. So, as you see, departments on 4/1 to 4/7, the questions are due from you as you look through the...the Program Budget or the budget documents on 3/27 at 4:30 p.m. And all...all other departments in the Chamber are due 3/31 by 4:30. Departments not scheduled in Chamber are due 4...April the 2nd by 4:30. So, the departments that I have that are not going to be in Chambers, and correct me if I'm wrong, because I kind of went scribbly-scrabbly based upon the latest version of the calendar, Council Services, Prosecuting Attorney, Corporation Counsel, Liquor, ʻŌiwi Resources, I think Keani already had them present, County Clerk, the Auditors, and East Maui Water Authority. Am I missing any? That's correct? Okay. So, all others are either scheduled...on March 27th, the questions are due, or on March 31st. So, in the calendar, if you have any questions, you can ask Staff for clarification. And...

COUNCILMEMBER PALTIN: Oh, Chair, somebody just said if you could clarify, because you said it was going to be in Makawao, but it's at the Pāʻia Community Center, right?

CHAIR SUGIMURA: Oh, you're right. It is...it's for Pāʻia-Haʻikū...Haʻikū-Pāʻia residency area meeting, and it's Pāʻia Community Center Social Hall, apologies.

COUNCILMEMBER PALTIN: That's closer.

CHAIR SUGIMURA: That's closer.

COUNCILMEMBER PALTIN: Yeah. I mean, for me.

CHAIR SUGIMURA: Okay. And April 1 is Upcountry residency area, Hannibal Tavares Community Center Social Hall.

COUNCILMEMBER PALTIN: Oh, no.

CHAIR SUGIMURA: Is it Social Hall, or is it upstairs? Can you check? Social Hall is that small room downstairs, and they used that for the shelter because there weren't that many people, so can you clarify? Either...either that, or we've always been upstairs, and that's the Pukalani Community Center, it's not the Social Hall.

COUNCILMEMBER PALTIN: Oh, Chair, your...Upcountry bang-bang with West Maui community meeting. Just saying. I got to make tough choices, tough choices.

CHAIR SUGIMURA: Oh. Okay. We need you both places. Sorry about that. Okay. Any other questions on the calendar? Okay. That's good. So, if you have no questions on the budget process, I am going to defer this item, and we can continue on. I'm...I'm assuming, because you've had this document for over two weeks, you've dissected it, and know exactly what's happening. Right on. Just...just know that the new date that is important is now Friday the 17th, because you didn't want it to be that same day, right? So, we moved everything to the 16th for a public meeting with Kauanoe and Chair Lee, and then any of your priorities are due then the next day. That was a major change on that document. Okay. No other questions? Yes?

COUNCILMEMBER SINENCI: When...when can we receive the...the district offices' binders and the budget bill?

CHAIR SUGIMURA: Okay.

MS. SZABO: Thank you, Chair. The binders are being printed as we speak, so we expect them to be delivered sometime after 4:00 tomorrow.

COUNCILMEMBER SINENCI: Tomorrow. Okay.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER SINENCI: Including the budget bill?

MS. SZABO: Your budget bills should be...are being printed now, so we're hopeful that before you leave today, you can have your copy.

COUNCILMEMBER SINENCI: Okay. Great. Thank you.

CHAIR SUGIMURA: Okay. Very good. All right. One of the things that I would like to just mention that's in the budget procedures is...is that because we want to keep our expenses, you know, reasonable, I'm asking that if you add something, that you also find a cut, or you figure out how to pay it. And if you can look at that, it's on page 5 of the...of the document, the budget procedure document, where it talks about proposed changes on economic development, environmental, cultural programs, residency area, line items, and then that Members will submit the following, which is two residency area priorities, and you need to find an offset of your proposal. Three Countywide priorities, and you also need to find an offset of your proposal. Two Revolving Fund conditions, and each Revolving Fund proposal should be discussed beforehand with its associated department. So, in other words, so it's not a surprise. And two County grant conditions. One of the things that we are waiting for is, in the past, and we've heard you say that I submitted a budget condition, or, you know, something for your department, and it's not getting done. So, we have asked for the...the Budget Office to submit to us all of your proposals that you submitted, or conditions that you submitted--is it only last fiscal year, or '25 and 20...last year, and part of '26? Or just last year? Okay. So, just last year. So, whatever you submitted, we want to know the status of where the Administration in...in terms of completion of your request, as well as, you know, our fiscal year, this current fiscal year is not done, so we ask that we can get whatever information we can, so that you're not sitting there saying, hey, I asked for this, and how come, again, you know, that sidewalk is not done, or whatever it is. And at least then, you can have a definitive answer to the status of your request. The other biggie that I'm hearing that we will have to have a definitive understanding of is this contract and grants, and...and what is it, right? And so, we'll wait for, I guess, in BFED-1, there is, under Granicus...do you know what it is? The checklist that we got regarding grants. I didn't see it when I looked at it earlier this morning. But Members can look at it, and you can judge what you're trying to do, and see, you know, how it would satisfy these changes. Member Batangan.

VICE-CHAIR BATANGAN: Thank you, Chair. Can I ask that that correspondence also be posted under BFED-20? Since I think the communication to the Administration came from that item, and it's...the...the questions are posted there.

CHAIR SUGIMURA: Oh, I see what you're saying.

VICE-CHAIR BATANGAN: I just want it to be posted under both items, so that --

CHAIR SUGIMURA: Yeah.

VICE-CHAIR BATANGAN: -- the record's clear.

CHAIR SUGIMURA: Yeah, you're right, because then when the Administration was talking to us earlier, I didn't see their checklist, right? So, it was --

VICE-CHAIR BATANGAN: Same.

CHAIR SUGIMURA: -- under the wrong item. Yeah.

VICE-CHAIR BATANGAN: That's why I couldn't find it either.

CHAIR SUGIMURA: Yeah. And then I'm going to have to dissect that to be sure that we're clear on what we need to do, and maybe, Corp. Counsel, you can help us. I'm dying to look at the budget, right? Oh, Member Rawlins-Fernandez, are you okay? Oh, you're in a car now.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Yeah, I'm in my vehicle, alone. Okay. So, two things. One, I don't necessarily support the, you know, like, because you're saying whatever we add, we have to find to cut.

CHAIR SUGIMURA: Balance it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, I...I...I don't...I don't support that process. And then the second part is, in 2020, when we received the budget from former Mayor Victorino at the time, it was right before COVID hit, and we had to do substantial cuts, and...because the budget was put together before COVID happened, so... There's...there's...my question to you is, if everyone wants to cut the same thing, how would you determine who gets to have the...the benefit of that reduction?

CHAIR SUGIMURA: That cut. Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: I had a process, so did you already have a process in mind how you would determine that, what formula you would use to make it equitable?

CHAIR SUGIMURA: So, in the past, when that happened, when we get the list of everybody's priorities and conditions, I believe that the two Councilmembers, if that was so, got to discuss it, and one would drop it and move to another one. So, that's what we did last year, when we had duplicates, and...yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, no, that wasn't my question. If you're asking us to find reductions in the budget to offset our priority items, the cost of our priority items, is that what you're saying?

CHAIR SUGIMURA: Yes. If you add, you cut...you balance it, right?

COUNCILMEMBER RAWLINS-FERNANDEZ: So, sometimes, like if there's like...let's say there's like a $200,000 item that a department says can be cut, the way I did it was whoever voted for that got the benefit of that reduction. So, it would be 200,000 divided by five Councilmembers who voted for it, because otherwise, it's going to...what are you going to do, like first come, first serve? Like...you know, like everyone's going to be rushing to make the same reduction otherwise. There has to be an equitable formula for everyone to benefit if that's going to be a reduction that someone's going to make and other people would support, or didn't raise their hand fast enough to make that motion to make that reduction.

CHAIR SUGIMURA: Okay. We'll look at it. Thank you. Anybody else? Member Sinenci?

COUNCILMEMBER RAWLINS-FERNANDEZ: But I don't support that.

CHAIR SUGIMURA: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Yeah, the follow-up question is, does it have to be a reduction? Can we also add to or increase fees and rates to cover that...cover that cost?

CHAIR SUGIMURA: I think that was what we were discussing internally, that that might be, you know, a proposal from the Members.

COUNCILMEMBER SINENCI: Okay.

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER SINENCI: All right. Thank you.

CHAIR SUGIMURA: Okay. Anybody else? Okay. We're done.

COUNCILMEMBER RAWLINS-FERNANDEZ: I would...I would support what Member Sinenci said, if that's something that you're considering. So --

CHAIR SUGIMURA: Yeah, that's an alternative.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- I guess we can make that decision later.

CHAIR SUGIMURA: That's an alternative also.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Sounds good.

CHAIR SUGIMURA: Okay. Fly home safely. Member Johnson, I hope he's, you know, on his way safely too. Any other questions, Members? Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Thank you. All right. So, at this time then, this item is deferred, and we will definitely be digging in.

COUNCILMEMBERS VOICED NO OBJECTIONS. (excused: AL)

ACTION: DEFER.

CHAIR SUGIMURA: April 1 is our first meeting. And at that time, yeah, we're going to dig in. I can hardly wait to see the budget. And we will. So, we'll have all this time. Everybody have fun. Find the projects that you are looking for. Corp. Counsel, you have something you want to share? You look like you want to say something. No, you don't want to say anything? Okay. Mr. Hanano, you want to say anything?

MR. HANANO: No, Chair. Thank you.

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

CHAIR SUGIMURA: Okay. He has to write the Committee report. So, he's already taking notes about where we're going with this. So, I look forward to that. Staff, anything else? All right. So, now this...it's 3:39, and this meeting is now adjourned. *. . .(gavel). . .*

ADJOURN: 3:39 p.m.

bfed:min:260325:ds Transcribed by: Daniel Schoenbeck

CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 54 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 23rd day of April 2026, in Wailuku, Hawaiʻi

Daniel Schoenbeck

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Daniel Schoenbeck