

**BUDGET AND FINANCE COMMITTEE**  
**Council of the County of Maui**

**MINUTES**

**August 2, 2016**

**Council Chamber**

**CONVENE:** 9:02 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair (in 9:24 a.m.)  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member  
Councilmember Elle Cochran, Member  
Councilmember Don Couch, Member  
Councilmember Stacy Crivello, Member  
Councilmember Don S. Guzman, Member

**EXCUSED:** VOTING MEMBERS:  
Councilmember Michael P. Victorino, Member

**STAFF:** Michele Yoshimura, Legislative Analyst  
Traci Fujita, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)  
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)  
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

**ADMIN.:** Marci Sato, Budget Specialist V, Budget Office, Office of the Mayor  
Stewart Stant, Director of Environmental Management (BF-88, BF-90)  
Stacia Ash, Recycling Specialist IV, Solid Waste Division, Department of Environmental Management (BF-88, BF-90)  
Michael Kehano, Assistant Solid Waste Division Chief, Department of Environmental Management (BF-88, BF-90)  
Tamara Farnsworth, Recycling Specialist IV, Solid Waste Division, Department of Environmental Management (BF-90)  
Carol Reimann, Director, Department of Housing and Human Concerns (BF-13(2))  
Clyde (Buddy) Almeida, Housing Administrator, Department of Housing and Human Concerns (BF-13(2))  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:** Travis Thompson, Habitat for Humanity – Maui (BF-13(2))  
Sherri Dodson, Executive Director, Habitat for Humanity – Maui (BF-13(2))

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Mark Deakos (BF-90)  
Cassandra Abdul, Executive Director, Na Hale O Maui (BF-13(2))  
David DeLeon (BF-13(2))  
Michael Trotto, Board President, Na Hale O Maui (BF-13(2))  
Lawrence Carnicelli (BF-13(2))  
Victoria Cheromcka, Board Member, Habitat for Humanity (BF-13(2))  
Ananda Stone (BF-90)  
Faith Chase (BF-90)  
Barbara Barry (BF-13(2), BF-90)  
Bruce U`u, Vice President, Na Hale O Maui (BF-13(2))  
Others (5)

**PRESS:** Akaku: Maui Community Television, Inc.  
Melissa Tanji, *The Maui News*

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CHAIR HOKAMA: ...*(gavel)*... The Budget and Finance Committee shall come to order.  
This is the Committee's meeting of August 2, 2016. Before we start, we shall  
acknowledge the presence of our Committee. Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning, sir. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha. Good morning, Chair.

CHAIR HOKAMA: Mr. Couch.

COUNCILMEMBER COUCH: Aloha. Good morning, Chair.

CHAIR HOKAMA: And Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: We also welcome Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair. Thank you.

CHAIR HOKAMA: Good morning, sir. Members White and Victorino are excused. Before we  
start the meeting, Members, we do have a new microphone system. There is on/off  
buttons. As I've been instructed, green light means your microphone is activated and  
you are able to speak and be heard. Light off means the microphone is not working;  
therefore, you should not be heard. And eventually the Chairs will have the control of

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the podium microphone also. With that, we shall take testimony. Prior to testimony, the rules of this Committee are as follows. Each testifier has three minutes, three minutes only to give comment on any item agendized for today's meeting. Testimony shall be addressed to the Chair and the Chair only. All noise-making devices is requested to be off during the business of this Committee and decorum of this Chamber. We shall also ask District Offices if anyone in those districts wish to provide testimony to this Committee before we take consideration of the item. With that, we shall start off with the testimony requests within the Chambers, and we'll ask Mr. Travis Thompson if he would please come forward and share his testimony with us. Following Mr. Thompson will be Sherri Dodson.

**. . .BEGIN PUBLIC TESTIMONY. . .**

MR. THOMPSON: Is this on?

CHAIR HOKAMA: Yeah, you're on, Mr. Thompson. You're on.

MR. THOMPSON: I'm on? Okay, thank you. Good morning, Mr. Chair.

CHAIR HOKAMA: Good morning.

MR. THOMPSON: Thank you for allowing me to testify this morning. It's been a long time since I've been in these Chambers and it's kind of interesting to be back. I just wanted to share with you one week ago I was having a different experience, I was on a gurney in Maui Memorial having, eliminating something called bladder cancer so I'm pretty happy to be here and --

CHAIR HOKAMA: Congratulations.

MR. THOMPSON: --yeah, it's really good. And by the way, the treatment was excellent. I am the president of the board of directors of Habitat, of our Maui Habitat chapter. This morning I'm going to give you some background information on our Habitat organization. Our vision for our Maui community is to have the community residing in decent homes and homelessness on Maui eliminated. To this end, our mission is to build decent housing and to renovate substandard housing on Maui in partnership with volunteers and, community volunteers and potential and existing homeowners. As a nonprofit, we were incorporated 20 years ago and became an affiliate of Habitat International in 1997. We have completed over 100 homes since 2003. And we just recently completed the 16-unit Kahawai Condominium project less than a year ago. For your information, we have provided housing for an additional 16 families in the Philippines through a Habitat tithing program. We also have a Brush with Kindness program which is focused on keeping seniors and low-income homeowners in their homes. We provide critical home repairs and improvements such as handicapped ramps, grab bars, a new roof if required, whatever it takes. We've helped over 40 families stay in their homes in the last several years. Each of our projects has homeowner participation. We require at least 500 hours of sweat equity by the owner

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and family in every home, and an appropriate amount for our other repair programs. There is no free lunch but there are interest-free loans to cover the cost of the home or the repairs, and these are paid back over a period of time designed to assure the homeowner will not expend greater than 30 percent of their income for housing. Repayments are used to finance additional housing. We do something else, we fund a portion of our activities through the ReStore which not only diverts 600 tons or more last year of building materials from the landfill but also provides funds to offset administrative expenses of Habitat. Our local ReStore operation is rated in the top 10 percent nationally. As a result, we are a very cost-effective organization. For our last audited financial statement for the year ended June 30, 2015, our management, general, and fundraising expenses were 12.3 percent for total expenditures. Thank you for the opportunity to testify.

CHAIR HOKAMA: Thank you very much. Oh boy, you are right on spot, Mr. Thompson.

MR. THOMPSON: Of course. That's a bean counter for you.

CHAIR HOKAMA: Yeah, yeah.

MR. THOMPSON: Thank you.

CHAIR HOKAMA: Thank you for your testimony this morning. We appreciate your presence and your service to the community regarding this. Any questions for...Mr. Thompson, can you return please? I believe Ms. Baisa has a question she would like to pose to you please.

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you, Mr. Thompson, for being here. I'm sure you're right at home here and it shows.

UNIDENTIFIED SPEAKER: Your mic's not on.

COUNCILMEMBER BAISA: Oh, I'm sorry. We forgot about the mics. Thank you, Chair, and thank you, Mr. Thompson, for being here this morning. Your professional timing shows you're familiar with us. I wanted to ask a question for clarification. You made a statement at the very end about 12 and some odd percent. Would you restate that?

MR. THOMPSON: Twelve point three percent.

COUNCILMEMBER BAISA: Yeah.

MR. THOMPSON: Yeah. If you look at the total amount of our spending, 12.3 percent goes for administrative fundraising and management.

COUNCILMEMBER BAISA: Wow. That's...

MR. THOMPSON: Everything else goes to the product we're doing, to the housing.

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COUNCILMEMBER BAISA: That's very impressive. I thought it...

MR. THOMPSON: I think it's outstanding really.

COUNCILMEMBER BAISA: I thought it was worth, you know, making, emphasizing, because we see percentages that range from God knows where and I think that's exceptional.

MR. THOMPSON: I do too.

COUNCILMEMBER BAISA: So I want to thank you very, very much. And thank you for sharing that.

MR. THOMPSON: Thank you. Aloha.

CHAIR HOKAMA: Are there other questions for Mr. Thompson on his testimony presented, Members? Having none, Mr. Thompson, thank you so much. And I do know you folks doing a project on Lanai with the Kaniho family and it is a great project. Thank you.

MR. THOMPSON: Thank you very much. We're looking forward it. Aloha.

CHAIR HOKAMA: Thank you. Ms. Sherri Dodson next please, and following Ms. Dodson, we will have Mark Deakos.

MS. DODSON: Good morning.

CHAIR HOKAMA: Good morning.

MS. DODSON: Good morning, Budget Chair Hokama and Members of the Budget Committee. My name is Sherri Dodson, I'm the executive director, and I'm here to testify on BF-13(2), the West Maui Affordable Fund Annual Plan which provides funding for Habitat for the Kahoma project. We've been working with West Maui Land Company now for almost ten years to try to provide working families of Lahaina a chance for affordable housing. Not since Leiali'i, the Hawaiian Home Lands project has there been any affordable housing in Lahaina. And this project is designated to be 100 percent affordable. We are requesting the money appropriated in this bill to purchase 10 lots that will be sold to families earning 80 percent and below median income. These are families that would never qualify for a conventional loan and literally we are their only shot at home ownership. Over the years, we've done numerous projects, some with developers such as Waiehu Kou IV and Waiohuli and some on our own such as the Kahawai project which provided 16 units on an 11,000-square-foot lot in Happy Valley. We've also worked on renovating substandard housing all over the island and are pleased to now provide that service to the island of Lanai. We are currently building a home for a woman, Mrs. Kaniho on Lanai because her house was so substandard it wasn't suitable for her and her three grandchildren, and that house should be finished in the next six months. We are also committed to building 16 homes on Lanai for Department of Hawaiian Home Lands, and we're working with a developer in Hana to build 24 homes. We are committed to being a

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part of the solution to homelessness on Maui, the blight of substandard housing on Maui and Lanai, and to be part of the solution to the affordable housing crisis. Habitat leverages all funds received by using volunteer labor and donated or discounted materials. We are a licensed contractor, a mortgage company that issues 0 percent equivalent mortgages, and a mortgage servicer with a portfolio of over 50 mortgages. We prepare our families and anybody from the public who wants to become a homeowner with free homeowner education classes. The infrastructure for Kahoma will be done in the next three months, and the developer will be looking to ask for payment for the lots. They are giving it to us at a huge discount. I'm sure...we've already received 120 interest calls, and I'm sure once we put out to the public that we are taking applications, that will double or triple. We are very interested in being able to finish this project and provide the ten homes, and we humbly ask the Council to bring this matter to action and hopefully appropriate the money to Habitat.

CHAIR HOKAMA: Thank you, Ms. Dodson. Members, questions for the lady on testimony presented? Okay, we'll have a few of the Members so we'll go one after another. Mr. Couch, you first.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Dodson, for being here. You said virtually 0 percent loans. What is...

MS. DODSON: It's a 0 percent equivalent mortgage.

COUNCILMEMBER COUCH: What does that mean?

MS. DODSON: It could be a 0 percent if we issue it. We also are going to, especially on the Kahoma project, try to work with a bank where it's a 0 equivalent. So if we were to issue the mortgage at, for easy numbers, 200,000 at 0 percent interest, the mortgage payment may be \$300 a month. Well, if a bank issues it at a discounted amount and they get the credit then the payment might be \$500 so we would lower the price of the house to make sure that the payment was still \$500 a month. So it's a 0 equivalent. So they're getting the benefit of a 0 equivalent but if the bank issues the mortgage 'cause when we issue a mortgage it's over 20 or 30 years so we don't get the money back right away, and we use that money to build more homes. So this way the bank just like any other contract would pay us and we're able to build another home right away.

COUNCILMEMBER COUCH: And one more question. I can...Mr. Chair?

CHAIR HOKAMA: Proceed.

COUNCILMEMBER COUCH: How much...just for the public information, how much are you asking for allocation from the Affordable Housing Fund?

MS. DODSON: I think it was 1.5 or .6 million.

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COUNCILMEMBER COUCH: For 10 homes?

MS. DODSON: Yeah.

COUNCILMEMBER COUCH: Okay. All right. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you for being here this morning. So when this project was going through its entitlements and, you know, our initial vetting of the project and you folks have been involved from the very start. So you folks did not have funding or money to carry out your ten units that you were claiming you were going to build at that time?

MS. DODSON: Yeah, as you know there was some issues with the project. There was someone who was challenging the project and they challenged it all the way up to the Intermediate Court of Appeals, and because of that we were unable to get funding. When the project is in limbo like that, nobody will commit funds, so it has been a little frantic since that case got resolved.

COUNCILMEMBER COCHRAN: Okay. And you...and your folks' projects are in perpetuity?

MS. DODSON: There are restrictions.

COUNCILMEMBER COCHRAN: Affordable perpetuity.

MS. DODSON: It's not perpetuity, it's there are buyback and shared equity restrictions though.

COUNCILMEMBER COCHRAN: Okay, thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you, Chair. That was my question about perpetuity. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. Is the home under...I'm sorry, the lands, are they purchased already or part of this funding will go towards purchasing the land?

MS. DODSON: That is what this funding is for is so we can purchase the property.

COUNCILMEMBER CRIVELLO: To actually purchase the land?

MS. DODSON: Yeah.

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COUNCILMEMBER CRIVELLO: Okay. And then construction funds also would be coming out of these...

MS. DODSON: No, we're going to attempt to do USDA loans and the zero-equivalent mortgages.

COUNCILMEMBER CRIVELLO: Okay, thank you.

CHAIR HOKAMA: Okay. Any other questions for Ms. Dodson, Members? Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. It's...I'm very happy to hear that the USDA loans are going to be utilized, they have a lot of additional monies at the Federal level in that particular department. But briefly explain the buyback you mentioned, and also the, I guess incorporating the sweat equity.

MS. DODSON: Yeah, each homeowner is required to do 500 hours of sweat equity, 200 by those living in the home or that will live in the home and another 300 by their friends and family. I can tell you that our experience is that nobody stops at 500, that thousands of hours of our partner families' sweat equity go into a house. The buyback and...the restrictions are, our, Habitat's restrictions are 20 years and then, you know, the Affordable Housing Fund has its own restrictions but ours are a little more restrictive. We put a 20-year restriction on it and it's a shared equity so each year just like when I bought my home, I'm growing my equity, they're growing their equity. 'Cause obviously we'll be selling the homes to below market value and we don't want someone to be able to turn around and then sell it and make a profit off of the sweat equity of our volunteers from the community. So we have shared equity that slowly grows. If the, if they do want to sell, they have to notify us and we have the option of buying back.

COUNCILMEMBER GUZMAN: Chair? Are those in the deed? Are those somewhat like the deed restrictions as part of those or are, how are you executing those restrictions?

MS. DODSON: It's actually a second on the property.

COUNCILMEMBER GUZMAN: Okay.

MS. DODSON: So we have two mortgages.

COUNCILMEMBER GUZMAN: I understand. Thank you.

MS. DODSON: The first one is the, what we sell it for; the second is the shared equity.

COUNCILMEMBER GUZMAN: Okay, very good. Thank you.

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Yes, Ms. Cochran?



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COUNCILMEMBER COCHRAN: Real quickly. Do you think if they're able they can be here as resource when we get to the item?

CHAIR HOKAMA: Sure.

COUNCILMEMBER COCHRAN: Okay, thank you.

MS. DODSON: I'll be here.

CHAIR HOKAMA: That's not a problem. Any other questions for Ms. Dodson at this time on testimony presented? Ms. Dodson, thank you very much.

MS. DODSON: Thank you.

CHAIR HOKAMA: Mark Deakos please.

MR. DEAKOS: Thank you, Chair. My name is Mark Deakos from Lahaina side, and I talk to you about item two, the solid waste item. When people think of Hawaii, they usually imagine blue oceans, lush green mountains, cascading waterfalls, thriving coral reefs, and it's not surprising 'cause that's what we market Hawaii as to help draw in the 8 million visitors that come here each year. You know humans have an innate connection to the natural world. We love our mountain and ocean views. We love the sound of the water. That's why high-end resorts, they develop these tropical landscapes and we're even putting a \$3 million waterfall over at the new airport. So when those tourist dollars start flowing in, we have no trouble picking that fruit. So the question I have is how much of that revenue actually goes back to watering that tree that gives us all the fruit? How much actually goes towards protecting, preserving, and restoring our natural resources? When all we do is take fruit from the tree, nobody takes the time to water, feed it, the tree eventually dies, and we know our fish populations here are dying, our reefs are dying, our native species are dying, our streams are dry, our natural waterfalls are dry, 90 percent of our waters are impaired. If you haven't noticed, our islands are dying. You know how incredulous visitors are when I tell them we have no curbside recycling here in Maui, no waste diversion program, and we actually bury our trash, perfectly good raw materials that could be converted into products? And it's my understanding that today this Committee will proposing, will be proposing to eliminate a program that keeps hazardous waste materials out of our landfills, a program that kept more than 20 tons of batteries and more than 13,000 gallons of reusable paint out of our landfill. So just picture that for a second, imagine almost 300...imagine a truck carrying almost 300 of those 50-gallon barrels backing up full of paint which the World Health Organization is considering as linked to cancer, and imagine them pouring all that into our landfill. So I'm just curious on the budget, is there a line item for those external costs, or it is just an in-kind contribution from the next generation? So is this the kind of stewardship that we plan to show the world in September when Hawaii takes front stage hosting the IUCN World Conservation Conference? Just an interesting side note as I conclude here, humans use over 350 polypeptides to make all the stuff that we need. Every other

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natural organism on the planet uses 5. Okay, why is that the case? Because they don't...if you put toxins into the environment that your next generation is exposed to, they don't survive, so keep that in mind. So I conclude, please consider keeping the hazardous wastes out of our landfills, hire a dedicated sustainability coordinator, and follow the lead of other island nations that have successful, cost-effective Zero Waste strategies. We just need to water the tree once in a while so all generations can enjoy the fruits. Thank you.

CHAIR HOKAMA: Thank you for your testimony this morning. Members, any questions to the gentleman on testimony presented? Having none, Mr. Deakos, thank you for your testimony. Cassandra Abdul?

MS. ABDUL: Good morning.

CHAIR HOKAMA: Good morning.

MS. ABDUL: I wish I was that tall. I am the executive director of Na Hale O Maui. We are an organization, 501(c)(3), so nonprofit organization that is dedicated to creating affordable housing in perpetuity. We're really and deeply appreciative of all the support we've received from the County, the Council, and the Administration. We've received grants for affordable housing, totaling approximately \$4.2 million, including \$780,000 awarded for 50 percent of the purchase of the land for the Kahoma 100 percent workforce housing subdivision. The other half Na Hale O Maui will be funding. We have invested grants that we've received from HUD's Neighborhood Stabilization Program, the County of Maui Affordable Housing Fund, and sales proceeds of 33 Community Land Trust affordable homes that will remain affordable in perpetuity. In other words, public funds provided to the CLT will stay with us and they will never be lost. The market...the homes will not go to market. Okay. So the public funds spent stay in the projects. As has been proven time and time again, careful crafting of CLT ground lease resale formulas assures that CLT homeowners are able to realize a fair, albeit limited equity return on their housing investment while preserving the affordability of the home for a subsequent limited-income homebuyer households, without requiring the infusion of additional subsidy at the time the property changes hands. In so doing, the benefit of the investment of public and private dollars needed to create affordability is preserved for generations to come. This is a quote from the Burlington Associates, one of the largest and oldest land trusts in the United States. We look forward to this opportunity to continue to partner with the County of Maui to provide affordable houses in perpetuity for income-qualified Maui working families earning between 80 to 100 percent of Maui AMI. With your help, we believe that Na Hale O Maui can be an effective tool in our affordable housing toolbox, and we respectfully request that you bring the decision making in the near future so that we can move forward with this project. Thank you.

CHAIR HOKAMA: Thank you very much for your testimony this morning. We welcome Mr. White to the meeting.

VICE-CHAIR WHITE: Good morning, Chair.

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CHAIR HOKAMA: Good morning. Mr. Couch, question for the lady?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Abdul, for being here. You are part of the Kahoma project, is that correct?

MS. ABDUL: That's correct.

COUNCILMEMBER COUCH: So where are you in the actual readiness to start building?

MS. ABDUL: Well, once the subdivision is completed, either completed or we have the bonded final, the developer does, then we will close on the lots. Half of the funds do come from the County of Maui. We have an equivalent amount so we're prepared to close as soon as the developer is. These funds are, the 660,000 that is in the current proposal are needed to help us defray the costs of the vertical construction. A lot of it is going to be for fees that are required for education, for water meters, and things like that. We do not have our plans yet. We are working...okay?

COUNCILMEMBER COUCH: So okay, thank you. That was quite a bit of information there. The question further is, is there a timeline, I mean is this item holding up anything that you can do or is there a deadline that you're looking at?

MS. ABDUL: We are dependent on the timeline that comes out of the Council and the County. We would like to move ahead immediately, but we need to know that we have funds coming. Our ability to obtain a loan for the rest of the construction, we need to have this in place also, so yes.

COUNCILMEMBER COUCH: Okay, thank you. Thank you very much. Thank you, Chair.

CHAIR HOKAMA: Members, other questions? Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you for being here.

MS. ABDUL: Thank you.

COUNCILMEMBER CRIVELLO: So your lands are purchased already in the Kahoma?

MS. ABDUL: No, they are not. Unfortunately because of the lawsuit that was going on against the LUC by one person out there in Lahaina, it's held up. No one has been able to provide title insurance so the developer cannot sell until they have that. It would not be prudent. So we're waiting for the developer to finish the subdivision and then we will close within 60 days of that. We are under contract, we have a contract in escrow, we have a small deposit there, so it's only a matter of the developer being able to complete the subdivision and then we will close on the land.

COUNCILMEMBER CRIVELLO: Chair? Has the developer put out any kind of timetable as to when they foresee all these processes to be completed so you can actually own the

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land or what have you? And the next question following that is do you have the funds to purchase those lands?

MS. ABDUL: Great questions. I think a lot of us that are involved in development, one of our mantras is you can't count on our timetables. I mean we always seem to close off-schedule and quite often unfortunately over budget, although we try very hard not to do that. We've had estimates from the developer but they're not solid, they keep moving forward. The last I heard and as Sherri testified earlier, they're looking at about three months to complete, but they have got most of the subdivision, the site work completed. There's very little for them to do. Once they do that, we're, we have 60 days to close, and I'm not sure that we will need that. We just need to know that we will get good title and that's why we need title insurance.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: Other questions for the lady on testimony presented, Members? If you have, you can ask during the item when we bring it up. Okay? Thank you very much for your testimony this morning, Ms. Abdul.

MS. ABDUL: Thank you for allowing us to be her. If I could add one more thing? We passed out a booklet this morning. The front part of the booklet has information about our organization and our policies such as how we make selections for the individual homeowners, all those types of things, how our four-step program works. But what I would really like to call to your attention, in the back of the folder, there is some news articles and testimony we have received from our homeowners as well as our potential homebuyers, hopeful homebuyers. So if you would indulge us and take some time to review that, you will see how important this program is for us here in Maui. Thank you very much.

CHAIR HOKAMA: Thank you. Mr. DeLeon, next please. And following Mr. DeLeon will be Michael Trotto.

MR. DeLEON: Good morning. I'm Dave DeLeon. I'm speaking in favor of Budget-13(2), as an individual. For the last two years, I've been studying the causes of our housing crisis and the West Maui Land's Kahoma affordable residential project has been a useful case study in that effort. After learning of the trials by fire that this project has gone through, I've had to wonder why anyone in their right mind would consider building affordable housing in Maui County. So when I saw this agenda item, I celebrated, alas, action for Kahoma, until I noticed the status line that ended, no legislative action will be taken. That's a signal from the Committee Chair that this project will face the same fate the Mayor's homeless initiative did. It'll be stalled indefinitely, and that's not acceptable. The funds at least for the Na Hale O Maui portion of this item were dedicated for West Maui affordable housing, that's their purpose. The net effect of freezing them with legislative gamesmanship is to give...is to keep eligible working families out of their homes that they can afford. Will this Council seriously accept that? The last time I checked, Maui County was suffering a severe housing crisis. You would think the Council would be working overtime to get

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as many homes built as fast as possible. Combined, the Na Hale and the Habitat elements of this item represent 22 homes for qualified local families. Deliberately sitting on the money would be an affront to the families, to those who have worked so hard to make this project a reality. The overall project will produce 68 affordable homes, homes that local families can afford despite the red-hot real estate market. The developer worked deliberately and diligently to produce a 100 percent affordable project and stood by it at great expense in the face of relentless NIMBY opposition. For it to be deliberately jammed by someone for some unnamed reason would be un-excusable. Now why do I think it's being jammed? Because it's following the same pattern as the Mayor's homeless program. So the question is do you folks think there's a housing crisis? And if so, what are you going to do about it? Mahalo.

CHAIR HOKAMA: Thank you, Mr. DeLeon. Any questions for the testifier, Members? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. Not really a question but I wanted to tell you, you know, if you get really close to the microphone sometimes it reverberates so we could hear all that in the back, it was hard to hear what he said.

CHAIR HOKAMA: Okay.

MR. DeLEON: Might be a good thing.

COUNCILMEMBER BAISA: No. No, it's important and, you know, the whole idea of testimony is we want to hear it. But thank you for giving us a written copy.

MR. DeLEON: Okay, thank you.

COUNCILMEMBER BAISA: Thank you very much.

CHAIR HOKAMA: Okay. Any other questions for Mr. DeLeon? Okay, thank you very much. Mr. Trotto? Followed by Lawrence Carnicelli.

MR. TROTTO: Good morning, Chair Hokama, Members of the Budget and Finance Committee. My name is Michael Trotto, I'm a resident of Kihei. But I'm here today on behalf of Na Hale O Maui. I've been with Na Hale O Maui as a founding member and I've been on the board for five years. This is my last year and I have the honor and privilege to serve as the board president of Na Hale O Maui. I want to just direct your attention to the Kahoma project and that's what I will talk about. You've heard what Na Hale O Maui has done, you have booklets today to give you more information about the merits of this organization, but I want to just direct to Kahoma. This is 100 percent affordable project and it's had more than its share of delays. Some of those delays were totally unnecessary and very unfair, so here we are ten years to get affordable housing built especially on the West Side which is so desperate for this affordable housings. So I just want to ask you today, I remember sitting in the gallery one time when it was an issue here and it didn't have quite the wording in the issue and so it could have been sent back to a committee or just deferred. What you folks

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did in this room was amazing. You took a recess and then you hovered over a computer over there and you worked it out, and it didn't take that long. And then it came back to the floor for action and things got done. That was a get-it-done moment. So what I'm here to ask you today is think about having a get-it-done moment. What we're talking about is we have 12 lots that are going to be developed in Kahoma and that doesn't sound much when you look at the big picture of affordable housing and the lack of affordable housing, but to those 12 families that will be going into those homes, it is huge, it is a big moment for them.

CHAIR HOKAMA: Address your comments to the Chair please.

MR. TROTTO: Sorry, Mr. Chair. So, Mr. Chair, let's have a get-it-done moment. Today, when you all finish your work here today and you go home, go home with a feeling that you've done something really good for some of these very needy families. They're qualified, they're in our program, they work very diligently to stay qualified in this program, and the West Side of Maui really needs affordable housing. Together with Habitat, together with Na Hale O Maui, West Maui's who's developing the entire project, let that be your legacy that you've done something good for the people of West Maui. I ask you and I beg you please do not kick this can down the road, take action. Thank you very much for the time that you've given me to testify.

CHAIR HOKAMA: Thank you for your passionate testimony, Mr. Trotto. You're very present at our meetings so we thank you for your steadfastness. Members, questions for the gentleman on testimony he shared this morning with you? Thank you very much for being here. Lawrence Carnicelli please.

MR. CARNICELLI: Good morning, Mr. Chair --

CHAIR HOKAMA: Good morning.

MR. CARNICELLI: --Council. That's a hard one to follow. Good job, Mike. I'm here to testify on...I'm sorry, my name's Lawrence Carnicelli, I'm here to testify on BF-13(2) and more specifically the six words at the bottom, no legislative action will be taken. It's like oh my goodness, it's like, you know, this is ten years. You've guys have heard this right, ten years in the making. Essentially part of what's happened is just historically a lady sued, right, it was at the State Land Commission, there was an intervener. She lost, she appealed, she took it to court, she lost, she appealed, Intermediate Court of Appeals, she lost. All pro se, no skin in the game, and delayed this thing for ten years. Sixty-eight affordable houses were ready. This same body last week decided to put together a taskforce to address the affordable housing issue. I believe Councilmember Cochran is going to be in charge of that. It's like how wonderful, we get it, we're there, and then we're not going to take any legislative action. And so this, everything about this project's perfect. It's infill, it's part of the community plan, zoning, Na Hale O Maui, Habitat for Humanity. Everything that you'd want, this is what it is, and we're not going to take legislative action. So I'm just here because I mean I feel very passionately about Na Hale O Maui and affordable housing and so I want to be here. But I can't wait to show up again when we're going to take action, when, Mr. Chair,

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hopefully you put it back on the agenda soon where we can actually take action and you guys can vote on this in some way, shape, or form and get the funds to the people that need it. Sixty-eight families, sixty-eight families. Thank you.

CHAIR HOKAMA: Thank you for your comments, Mr. Carnicelli. Members, questions for the gentleman? Thank you for being here this morning. We'll go to Hana District and ask our Hana Office if there is anyone in Hana would like to give testimony?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

CHAIR HOKAMA: Thank you. Ms. Fernandez on Lanai please.

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR HOKAMA: Thank you. And we'll go to Molokai, Ms. Alcon?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

CHAIR HOKAMA: Thank you for your help, ladies. We'll ask Victoria Cheromcka, if that is correct, if you would please come down and share your thoughts with us please? And following her will be Ananda Stone.

MS. CHEROMCKA: Good morning.

CHAIR HOKAMA: Good morning.

MS. CHEROMCKA: And thank you, Chair and Council, for this opportunity to testify on the ever popular BF-13(2). I am Victoria Cheromcka, a founding supporter of Na Hale O Maui, proud board member of Habitat for Humanity, and a realtor whose happiest moments are helping renters become homeowners. That's very hard to do on Maui with the high prices for our real estate. It is especially hard to do on the West Side. There are currently only two houses available for 600,000 or below. One's right at 600,000. And both of them would be very hard if not impossible to get a loan on. That's the only reason they're still available. Please vote to release the Affordable Housing Funds to Habitat for Humanity and Na Hale O Maui. Take legislative action. The Kahoma project is desperately needed. Thank you.

CHAIR HOKAMA: Thank you. That was very precise. Thank you so much. We appreciate it. Any questions for the lady on her precise testimony this morning, Members? Is that 600,000 you mentioned, is that when you say difficulty in financing from the traditional financing institutions --

MS. CHEROMCKA: Exactly.

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CHAIR HOKAMA: --like your traditional bank?

MS. CHEROMCKA: Conditional...condition of the home for the 600,000 and non-conforming elements of it that make it hard to get a loan.

CHAIR HOKAMA: Okay. Well, thank you for that clarification. Ananda Stone, is that your name? And following her will be Faith Chase.

MS. STONE: Aloha kakou. My name is Ananda Stone. Good morning, everyone.

CHAIR HOKAMA: Good morning.

MS. STONE: I'm a sustainability student at UH Maui College and a resident of the West Side for 28 years. Not used to talking in front of people --

CHAIR HOKAMA: You're doing well.

MS. STONE: --in this manner --

CHAIR HOKAMA: You're doing very well.

MS. STONE: --so I'm very nervous. And I'm not very prepared but I did hear about that the hazardous waste, the recycling was going to stop on Maui and that got me very concerned. So we all understand that we live on a finite landmass in the middle of the Pacific Ocean to one of the most, one of the favorite tourist destinations in the world to many, and with them they bring not just them, all of us, waste. When we're making decisions for our County, we need to be thinking inter-generationally, not just 20 years. We need to be thinking about our children's children's children. And as decision makers, that's a big job. One of the pillars of sustainability is recycling and reducing waste too, and reducing the waste to the landfill and reducing environmental harms. Do we know how much metals that we go through on a daily basis or a year or 20 years and how much toxins they'll put into the earth? Mark Deakos was trying paint a picture for you guys, I thought that was good, what organisms they'll be affecting. On the other hand, if we can't afford recycling then we can't really afford to pollute. Should we stop buying batteries? Should we stop buying metal? Should we stop having paint? At Honolua Bay when you enter after you park and you go down the hill, there's a sign that says pack it in, pack it out because right now there's no current management of the area. So maybe we need to start thinking of that as a County. If we don't have a place to put it then maybe we shouldn't be using it. So that's basically it. I'm just, I'm worried about polluting paradise and I don't think we can just be defeated about that, I think we need to just keep working till we find solutions. Thank you.

CHAIR HOKAMA: Thank you for being here this morning. You did a good job --

MS. STONE: Thank you.



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CHAIR HOKAMA: --in sharing your thoughts, so thank you. Members, any questions for the lady on testimony presented? Thank you very much for your testimony.

MS. STONE: Thank you.

CHAIR HOKAMA: Faith Chase please.

MS. CHASE: Good morning, Chair Hokama.

CHAIR HOKAMA: Good morning.

MS. CHASE: Good morning, Members of the Budget and Finance Committee. My name is Faith Chase. While maybe you've heard quite a bit of testimony on me regarding water, this is actually my expert topic. I would like to first say that while I have a little bit of time, I'm in favor of BF-13(2). I could speak more on that but I won't ask for extra time. I might go into four minutes. I am also in favor of...

CHAIR HOKAMA: You have three minutes only.

MS. CHASE: Okay. If I wanted to speak on BF-13, could I speak on it separately?

CHAIR HOKAMA: Yes, yes, yes.

MS. CHASE: Okay. I'd like to say right away that I am in favor of BF-88, I'm in favor of BF-90.

CHAIR HOKAMA: Okay.

MS. CHASE: But I have some things I'd like to say about it. I've been following this, the Recycling Department since its inception. I actually competed in the logo contest. I've applied for a job in that Department three times with not getting it obviously. I have met with Stewart Stant, he knows exactly how I feel, and I just want to take this opportunity to publicly say that I've been promised that compost is going to be a priority and that's going to be considered as he moves forward in his new capacity. I feel like there's some revenue to be made there. Nobody has really, you know, it's a lengthy explanation but there's actually money to be made there. I don't know how to explain it but and this might be a new term to you guys but it's green stream. You know if we capture that green stream from the restaurants and the hotels and we tumble that, we've got some expert, you know, organic compost makers already. I think I had mentioned to Councilman Couch, he was unaware of in his own district, Kihei Compost is doing really well, they're running into three years. You take that and you times that by about 40 and we can do this, we can take that green stream from the recycling and the hotels, and we can tumble compost, and we can have a cute, little, sexy bag of Maui dirt and sell it and make some money. I've heard some hearsay about why we every year we come back and we ask for more money and, you know, it's all real political stuff that I don't understand, but I'm tired, I've been watching this Department, the double audit. You know I don't want to see this happen again next

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year. The time that *The Maui News*, the time that the citizens have to call and say what are you talking about, and wrapping batteries in newspaper and throwing it in the landfill is unacceptable, unacceptable. So if we gotta do this two-month wait so that we can like go find the money and do it. Whatever this game is, it's not going to happen next year. I'll be...it's not going to happen next year. 'Cause we got somebody new, we got some fresh ideas. What else can I say? You know Anaergia, I know that this is a hot topic too. I'm...may I have one more minute?

CHAIR HOKAMA: No, this is the rules of this Committee. So if you have something written we're happy to receive that.

MS. CHASE: I will. I will submit something in writing 'cause I have too much to say. I'm, you know, thank you for reinstating the...considering to reinstate all the recycling.

CHAIR HOKAMA: Thank you for your testimony. Members, questions for Ms. Chase --

MS. CHASE: Please ask me a question.

CHAIR HOKAMA: --on testimony presented? Okay, having none, we thank you very much for being here this morning, Ms. Chase.

MS. CHASE: Thank you.

CHAIR HOKAMA: Barbara Barry please. Following Ms. Barry will be Bruce U'u.

MS. BARRY: Good morning, Chair.

CHAIR HOKAMA: Good morning.

MS. BARRY: Good morning, everyone. Well, I'm glad I was able to make it down for this testimony on recycling. I favor BF-88 and BF-90, absolutely. I come from the State of Washington and we have such a fine recycling program there. Yard waste, pizza boxes, everything gets composted. Styrofoam gets composted. So when I go home to visit my family in Washington and I'm taking empty suitcases back there, I pack it with Styrofoam I collect on the highway because I know I can recycle it in Washington. So when I see our County going towards the direction of cutting this basic ecological service, it just infuriates me and saddens me to no end. The money that is spent in educating people how to recycle and reduce their waste is an invaluable piece of education. It can reduce the amount of times our garbage is picked up. I live on West Kuiaha. They're picking up my trash twice a week. I can't even imagine why once a week wouldn't suffice if people were able to recycle their green waste, recycle everything that they have to recycle. Many, many days when we leave our home, we have to see burnt-out cars on the roadway and people just dumping their washing machines and their appliances, because nobody's, you know, I mean even though we have a program to deal with this metal right now, a lot of people still don't do it. So can you imagine just eliminating metal completely and batteries, where's that stuff going to end up? And what is the environmental cost to this island? And that really

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needs to be considered because I don't think the environmental cost of what will happen if we don't deal with this waste properly has been considered, nor the impression of the tourism that we have coming to our island and seeing burnt-out cars and dumped appliances every, in every spot available. I mean it just saddens me to see that. So I really support this. I think it should be expanded tenfold, and I would like to see the County step up and be responsible and do the right thing for the planet. And I also want to support FB...or excuse me, BF-13(2). We have to deal with the affordable housing issue correctly and it's been long overdue. So thank you.

CHAIR HOKAMA: You did a good job, Ms. Barry. Thank you. Any questions for the lady on her testimony, Members? Thank you very much for being here.

MS. BARRY: Thank you.

CHAIR HOKAMA: Mr. U`u?

MR. U`U: First of all, good morning, everyone --

CHAIR HOKAMA: Good morning.

MR. U`U: --Council Chair, Councilmembers. Bruce U`u, lifelong resident in Maui County. I figure we get one resident talk up here so I came up here. I wasn't going to testify but you know. I'm here in testifying on, for affordable housing, all affordable housing. I'm a vice president of Na Hale O Maui, been there for about four or five years. And I always felt was my duty to volunteer my time, it really was. And we heard realtors talk, we had, we heard a bunch of people talk on behalf of affordable housing. But I'm actually a second generation recipient of affordable housing, more so low-income housing. My mom got an affordable housing, a low-income housing under the term of Elmer Cravalho, and back then, back in the day in Paia when, you know, Paia wasn't as popular. But and then she forwarded the house to me so it's in perpetuity without being in writing, because we value that so much, that our upbringing that I gotta pass 'em on. I get five kids, I gotta pick one so I get one tougher spot than my mom. But I'm so grateful till now that my mom got bequeathed a house thanks to people like you that gave the opportunity to make it affordable. Score, I went score, and I like pay that back. We going build 12, hopefully with your blessing. Can't do it without you guys. I am so grateful to all of you. So grateful. When we heard about Elmer Cravalho, I remember riding in his car with my mom, and he saying hey, which house, and my mom, Hawaiian, any one. He said you going take the one by the park. That's where my grandkids play. I ain't never moving out of that house. And I hope the same for the next 12 that we serve. And I just wanted a different perspective. I seen the realtors testify, I seen everybody testify, but I am a second generation recipient and I'm still grateful. I love my life because I own a home in Paia. And Kahoma Stream is almost identical to Paia, walkable, you by the beach. You might be low-income but you'll never know it. Thank you.

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CHAIR HOKAMA: Thank you, Mr. U`u. Members, any questions to the gentleman on testimony he shared this morning? Thank you for your perspective. Thanks for being here.

MR. U`U: Thank you.

CHAIR HOKAMA: Mr. U`u is the last person to request testimony. We'll go back to the District Offices one last time. Ms. Lono, Hana Office, anyone wishing to provide testimony?

MS. LONO: The Hana Office has no one waiting to testify.

CHAIR HOKAMA: Thank you. Ms. Fernandez, Lanai Office, anyone wishing to provide testimony?

MS. FERNANDEZ: The Lanai Office has no one waiting to testify.

CHAIR HOKAMA: Thank you. Ms. Alcon, Molokai, anyone wishing to provide testimony?

MS. ALCON: There's no one here on Molokai waiting to testify.

CHAIR HOKAMA: Thank you, ladies, for your assistance to this Committee. Members, with no further request for testimony, we shall close testimony for today's meeting.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Thank you, Members. So ordered.

**. . .END OF PUBLIC TESTIMONY. . .**

CHAIR HOKAMA: We'll take the items in order as we have proposed this.

**ITEM 88:           AMENDING FISCAL YEAR 2017 BUDGET: DEPARTMENT OF ENVIRONMENTAL MANAGEMENT (GLASS RECOVERY PROGRAM) (CC 16-145)**

CHAIR HOKAMA: May I direct you to BF-88. We have a communication from Mr. Baz, 16-145. He has sent us a proposed Bill for an Ordinance Amending the Fiscal Year 2017 as it pertains to Appendix A, Part 1, Grant Revenue - Schedule of Grants by Departments and Programs, Department of Environmental Management, Glassy Recovery Program. And the, Mr. Baz is proposing that we take or add 16,000 as a grant for the Department of Environmental Management from the State Department of Health. And the total grant from the Health Department is in the amount of \$99,100. Budget Office, any comments before...as we start?

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MS. SATO: Thank you, Chair. Good morning. Marci Sato from the Budget Office. No additional comments regarding this additional grant revenue. Thank you.

CHAIR HOKAMA: Okay, thank you, Ms. Sato. Mr. Stant, any comments on this item please?

MR. STANT: No. Good morning, Mr. Chair. No comments on this at this time.

CHAIR HOKAMA: Okay. Members, any questions for Budget Office, Environmental Management Director? Ms. Cochran, questions?

COUNCILMEMBER COCHRAN: On?

CHAIR HOKAMA: Yeah. It's...

COUNCILMEMBER COCHRAN: I'm here? Yeah, so basically the, this funding for the glass recovery program and you're getting, receiving a grant in order to carry this out, and you're seeking our approval to accept that? To continue the program or it, has it not been occurring?

CHAIR HOKAMA: Department?

MR. STANT: Mr. Chair, yes, Ms. Cochran, I have Stacia Ash from our EP&S division, she can answer those questions for you.

COUNCILMEMBER COCHRAN: Thank you, Chair.

MS. ASH: Good morning. The EDF program is a continuing program. The grant amount was increased by the State of Hawaii by 16,100. There's no changes to the program.

COUNCILMEMBER COCHRAN: Okay. Okay. Well, that's...

MS. ASH: This money pays the haulers who collect the recycling from the commercial businesses.

COUNCILMEMBER COCHRAN: Okay.

MS. ASH: The material that's not HI-5.

COUNCILMEMBER COCHRAN: All right. Well, very good. Thank you. Chair, thank you.

CHAIR HOKAMA: Okay. Ms. Baisa, questions?

COUNCILMEMBER BAISA: Not on this. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, questions? Mr. Guzman?

COUNCILMEMBER GUZMAN: None.

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CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: No questions. Thanks.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. No questions.

CHAIR HOKAMA: Mr. Couch? The Chair sees this as a housekeeping request for the Department, so if there's no further questions, the Chair will entertain a motion to pass on first reading and be ordered to print a bill for an ordinance as proposed by the Budget Office under Communication 16-145.

VICE-CHAIR WHITE: So move, Chair

COUNCILMEMBER COUCH: Second.

CHAIR HOKAMA: Okay, I have a motion made by Mr. White, seconded by Mr. Couch. We are under discussion. Mr. White, any discussion?

VICE-CHAIR WHITE: No further discussion. Thank you.

CHAIR HOKAMA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Just a technical, were we gonna file this or no?

CHAIR HOKAMA: Okay, with no objections, we'll include filing of Communication 16-145 with the motion, Members.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: So ordered. Further discussion on the motion before you, Members? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused.

<b>VOTE:</b>	<b>AYES:</b>	<b>Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, and Guzman.</b>
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<b>NOES:</b>	<b>None.</b>
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<b>ABSTAIN:</b>	<b>None.</b>
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**ABSENT:           None.**

**EXC.:            Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION:       FIRST reading of bill; and FILING of communication by  
                 C.R.**

**ITEM 90:       AMENDING FISCAL YEAR 2017 BUDGET: DEPARTMENT OF  
                 ENVIRONMENTAL     MANAGEMENT     (ENVIRONMENTAL  
                 PROTECTION AND SUSTAINABILITY PROGRAM – SOLID  
                 WASTE MANAGEMENT FUND) (CC 16-146)**

CHAIR HOKAMA: May I direct you to BF-90 please. We have from Mr. Baz, Communication 16-146. And with this, we have a couple of bill for an ordinance proposals. The first one is as it regards to Estimated Revenues; Department of Environmental Management, Environmental Protection, Sustainability Program - Solid Waste Management Fund, Department of Finance, Countywide Costs; Total Operating Appropriations; Total Appropriations (Operating and Capital Improvement Projects). As well as a second bill for a proposal for an Ordinance Amending the Fiscal Year 2017 Budget for the County of Maui as it pertains to Appendix B, Revenues - Fes, Rates, Assessments and Taxes, Department of Environmental Management, Solid Waste Management Fund, Charges for Current Services, Fees - Refuse Disposal. We also have a certification from the Administration, dated July 7, 2016, regarding \$400,000 of Carryover/Savings from the General Fund as part of this consideration. Budget Office, Ms. Sato, any comments at this time on this item?

MS. SATO: Thank you, Chair, Councilmembers. The Department has identified a budgetary shortfall for Fiscal Year '17 for the EP&S program of approximately \$645,000. The Department is proposing to increase the rates related to the increase in contractual services and is also requesting a supplemental transfer from the General Fund of \$400,000. In addition, the Department is proposing additional revisions to Appendix B, Rates and Fees as it relates to the interim fee schedule, to coincide with the new scale tip fee of \$81 per ton for municipal solid waste. We have representatives from the Department to answer any questions that you may have. Thank you.

CHAIR HOKAMA: Thank you, Ms. Sato. Director Stant, comments please.

MR. STANT: Thank you, Mr. Chair. Yes, I have with me Stacia Ash with me again from the EP&S division, also Mike Kehano from the Solid Waste Division. The shortfall so you're aware, the 400,000 is a shortfall if the rates and fees and the adjustments are done and approved. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Ash, anything you'd like to add at this time?

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MR. ASH: No, sir.

CHAIR HOKAMA: Okay, thank you. Mr. Kehano, any comments at this time? Okay, we'll open it up for questions by the Members. The Chair will just state on this item, Members, if you recall during the Budget session, the Committee did express concerns about the increased proposals that the vendors were providing to the Department. And in consultation with the Department and the Director, we came up with a budgetary number to allow them to further negotiate for the County's benefit which in turn is the taxpayers' benefit. There were...the results is we are here today with a Budget amendment, but I want to state that the Department did move forward in consultation with this Committee, trying to again contain cost increases where we thought was reasonable. And so the Department moved forward as we had an...as we understood through the Budget session process. So this is not a surprise for your Chair. We allowed the Department to do the best they could in negotiating better terms for the County, and this is where we are at at this point in time with this consideration. The Chair will state that yeah, I don't look forward to this being done next year, because I expect a better option to move forward in regarding recycling. The status quo is not good enough, not for this Chair. Mr. Stant, any other comments you'd like to give regarding your proposal on this item?

MR. STANT: Yes, thank you, Mr. Chair. Just to add, Councilmembers, I do have a, our Department does have a project that's been referred to committee already, and with that project this issue, it would remedy this issue on top of many issues that not only the County of Maui faces today but also the people of Maui. That project is in committee right now so I can assure you this, if that project is, goes forward, this, we will not have this issue at the end of this contract. Thank you.

CHAIR HOKAMA: Okay, thank you. And currently it is your Chair's understanding it is under the jurisdiction of Ms. Cochran and her standing Committee at this time. So we look forward to some direction from Chair Cochran through her Committee regarding potential options for us to consider in the next Budget cycle. Mr. White, questions for the Department or the Budget Office regarding this proposals which are two ordinances and as well as the certification of revenue?

VICE-CHAIR WHITE: Thank you, Chair. The one question I had, on the first page of the transmittal, it states that the FY '17 proposed fees for biosolids is \$90 a ton, uncontaminated green waste is 25, and grease trap is 67. Were those the ones that were in the, in our final proposal or are those the fees that were proposed initially --

CHAIR HOKAMA: Department?

VICE-CHAIR WHITE: --by the Department?

MS. ASH: Those are the fees that are related to the price that came in from EKO's contract. We are proposing to drop those rates and fees down for the biosolids from 103 to 90,



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the commercial green waste from 36 to 25, and the grease trap waste from \$67 to \$30 per ton.

VICE-CHAIR WHITE: I'm now even more confused.

MS. ASH: Did I not answer the question appropriately? I'm sorry.

MR. STANT: I'm sorry.

VICE-CHAIR WHITE: You're increasing.

MR. STANT: Councilmember White, so what you're asking, those were the proposed fees that you mentioned. But the fees, the increase in fees was what we got as the vendor's prices.

VICE-CHAIR WHITE: Those were...what I'm trying to get at is are these the fees that you all proposed in your initial presentation of the Budget, or are these the fees that we ended up with in the Budget?

MS. ASH: These are the fees that we ended up with.

VICE-CHAIR WHITE: Okay, thank you. 'Cause I...the way you stated it the first time I was a little more confused.

MS. ASH: I apologize.

VICE-CHAIR WHITE: Okay. So can you share with us the reason for the reduction in the fee for the contaminated cooking oil or grease trap?

MS. ASH: Yes. The vendor who is the contractor is the only vendor who brings in that material.

CHAIR HOKAMA: Ms. Ash, can you please speak up in the microphone so all Members can hear? Thank you.

MS. ASH: Yes, sir. EKO Compost was the bidder. They are also the only vendor who crosses the scale with grease trap waste so the reduction in that only impacted them which is why they were willing to negotiate from 67 all the way down to 30.

VICE-CHAIR WHITE: Okay. And then for the Budget folks, the total change on Page 3, the total estimated revenues is 948,585 and the amount of revenues that you're transferring from the General Fund is 400,000 and the revenues are 148,000-something which adds up to about 5-something. So I'm just wondering where the additional roughly, the other 400,000 comes from.

MS. SATO: Chair?

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CHAIR HOKAMA: Ms. Sato?

MS. SATO: Actually that \$400,000 is Carryover/Savings, it's not an additional revenue, it's just the way that it's presented in the Budget as a \$400 [sic] interfund transfer to the Solid Waste Fund. So in actuality that \$400,000 isn't extra revenue or a shortfall.

VICE-CHAIR WHITE: Okay. But then I'll ask the question a different way. The estimated revenues on Page 3 are 948,585 higher than they were, the projected or you're asking to change it to 660,440,000. What makes up the \$948,000?

MS. SATO: Sorry, Page 3 of what document?

VICE-CHAIR WHITE: Of the transmittal. Of County Communication 16-146. It's the first page of the bill.

CHAIR HOKAMA: Do you need a copy of that, Ms. Sato? Yeah, why don't you give her a copy of that.

MS. SATO: Yes, please. Sorry.

VICE-CHAIR WHITE: Yeah, Chair, the reason for the question is that they're saying there's a shortfall of 644,000 but the change in estimated revenues is 948,000.

CHAIR HOKAMA: Do you need a short recess, Ms. Sato?

MS. SATO: Chair, that's where the \$400,000 interfund transfers, is the transfer to the General Fund, from the General Fund to the Solid Waste Fund, and then the anticipated Carryover/Savings. So you have...

VICE-CHAIR WHITE: But the Carryover/Savings is already, you just stated that it's already in the Budget.

MS. SATO: Yeah, sorry, Chair. Can we take a short recess?

CHAIR HOKAMA: Okay, we'll call a short. . .you know what? We'll do the midday break too. So we'll be in recess till 10:30. . . .(gavel). . .

RECESS: 10:13 a.m.

RECONVENE: 10:30 a.m.

CHAIR HOKAMA: . . .(gavel). . . We shall enter into session. We are back to order, Members. Before we continue the discussion on BF-90, I'm gonna ask you the Members of the Committee on BF-88 so you've had some time. . .on BF-88 I apologize, we are gonna...I'm gonna ask you to allow Staff to make nonsubstantive changes to the documents. Because if you look at the 88 part of the ordinance that we are going to need to make some adjustments is on the heading of the proposed bill for an ordinance. You will see in Section 1 it talks about Draft 1, well, we've made the

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amendment and we've already amended it. So we're gonna need to make nonsubstantive verbiage adjustments to conform to your actions of this morning.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay, thank you. So any questions, ask now. If not, so ordered. Okay, so ordered. Thank you for that. We are back to now BF-90. We took a recess regarding questions from Mr. White regarding the proposed fees or updated proposed fees. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. I realize that the government accounting is a little bit different where we have interfund transfers and so forth that it ends up in us double counting the \$400,000. So I don't need an answer to that question. Thank you.

CHAIR HOKAMA: Okay, thank you very much.

VICE-CHAIR WHITE: Actually I should say...shouldn't say that, I got an answer to that question. Thank you.

CHAIR HOKAMA: Yes, thank you. And again, Members, any questions on this? This is just how we fund the monies through the various accounts so we had to do a recognition, we had to place it into an interfund, we did a transfer. And but at the end of the day it is still \$400,000. Okay? Any other questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I appreciate that explanation, it helps. When you say you negotiated the price of the fats, oils, and grease down, if we'd have kept that up then we wouldn't have to go into the Carryover/Savings as much? I mean that's the price that they're already paying now right, that we're already paying now?

CHAIR HOKAMA: Ms. Ash?

MS. ASH: Currently this fiscal year yes. One moment, let me look up what last fiscal year's was. The fats, oils, and grease were for the Fiscal Year '16 Budget \$50 per ton.

COUNCILMEMBER COUCH: Okay. And I know it's not listed here, but we did...when we were going through the Budget, especially when Malama Maui Nui was here, we didn't get any indication that you were going to stop the battery and the paint program. What are the...cause it is listed as far as one of the things I believe in the transmittal. What would the cost be to continue those programs, both the battery and the hazardous waste.

CHAIR HOKAMA: Department?

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MS. ASH: Okay. So the paint and batteries program was funded by a grant. The grant amount came in at \$57,500 for this fiscal year which was a significant increase over previous fiscal years. I'm sorry, could you repeat the question?

COUNCILMEMBER COUCH: So it was sprung on us, at least on me in the elevator with a sign that says we're not doing battery and paint recycling anymore due to lack of funding, and we didn't hear it at all during the Budget process. So my question is how much more would it cost us to do that, those two or continue those programs that as you could hear were pretty popular programs?

MS. ASH: Well, the cost to reinstate the grant as I said would be \$57,500. It wasn't brought up in the Budget cycle because we had not yet received the grant applications, and we didn't know what the requests from the organizations would be. We had a number of them and when they came in, we prioritized E-cycling because that brings in 1,400,000 pounds of hazardous waste that's diverted from the landfill each year. And then we also opted to fund the used motor oil recycling program, because we thought that was of a higher value than the paint and batteries. Keep in mind that we also host and have a current contract with EnviroServices to do household hazardous waste collection events. One just happened in June 25 and 26<sup>th</sup>. We are hoping depending on how our Budget cycle goes for Fiscal Year '18, that we will have on in August of 2017. So there are other options for the batteries and for paint and chemicals that are not latex. It's just not as convenient as before, folks would have to hold on to their batteries for a year, but we do, we are providing other options for those. But essentially to answer your question, you know, 57,500 more than we're asking for.

COUNCILMEMBER COUCH: So if we came up or figured out, you know, some more Carryover/Savings or whatever, it's only 57,000 to reinstate those programs?

MS. ASH: Correct.

COUNCILMEMBER COUCH: I'd respectfully ask that you work with the Budget Committee to come up, see if you can come up with that extra 57,000 'cause I know I would support it. I don't know how many of my colleagues would support it, but for that amount of money to be able to continue that would be well worth it in my opinion anyway. Thank you.

MS. ASH: Thank you.

CHAIR HOKAMA: Thank you. And again, Mr. Couch, we receive the proposals --

COUNCILMEMBER COUCH: Right.

CHAIR HOKAMA: --we don't develop the proposals.

COUNCILMEMBER COUCH: Yeah.

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CHAIR HOKAMA: So they would need to deal with Mr. Baz and Ms. Sato first before we would get a communication for consideration.

COUNCILMEMBER COUCH: Yeah.

CHAIR HOKAMA: Ms....yes?

COUNCILMEMBER COUCH: Exactly and that's what I'm asking them to do is to consider that. Thank you.

CHAIR HOKAMA: Thank you. I'm going to go right down the line, Members. Everyone will have an opportunity for questions on this. Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you very much. And thank you, Department. So we're looking...we're being asked to I guess carryover or interfund transfer of 400,000. Is that what's being asked?

CHAIR HOKAMA: That's part of it. That's part of it, yes.

COUNCILMEMBER COCHRAN: And one of the memos here from Director...or from Department to Director is asking to ask us to adjust rates and fees, to do, let's see, rates and fees, and I guess tipping and other things in order to make up. And I...you folks have I guess offset it by X amount of dollars with this balance of that 400,000. If we...so we need to adjust these rates and fees that they're showing us here for biosolids, uncontaminated...the refuse disposal I guess portions of their program? Is that what's...

CHAIR HOKAMA: Yeah. Mr. White was, kind of was leading I think in his earlier question, but we'll ask the Director and Ms. Ash specifically the consideration of your proposal before the Members of this Committee is to deal with the column that says updated Fiscal Year '17 proposed fees. Is that correct? Is that part of the proposal from your Department, Mr. Stant?

MR. STANT: Yes. If I understand the question right, Mr. Chair, the 400,000 shortfall is if these fees and rates are adjusted as we're proposing.

CHAIR HOKAMA: Okay. So --

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: --as part of what Ms. Cochran is asking then give us a comment please. Because if we follow your recommendation that she's brought, just brought up, you show us with a 148,585 black, in the black. So is this already part of the calculation of your Division's requirements or is this considered surplus? Ms. Ash?

MS. ASH: I believe that's the difference that we would recoup if we lowered the rates and, increased and lowered the rates and fees as we've proposed.

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CHAIR HOKAMA: So is this truly additional revenue or is this just an amount to help offset your total request? The reason I'm asking is that because Mr. Couch is looking for \$57,000.

MR. STANT: So, Mr. Chair --

CHAIR HOKAMA: Director?

MR. STANT: --and Councilmember, with...if the request is approved, the 148,000 is additional with that 400,000. If I'm understanding the question correct, Mr. Chair.

CHAIR HOKAMA: So you need the 548 then, 400 from the Carryover and this 148,585, you need both --

MR. STANT: Correct, Mr. Chair. Correct.

CHAIR HOKAMA: --amounts?

MR. STANT: Yes.

CHAIR HOKAMA: Okay, that's what we need to be very clear on from the Committee's perspective. Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, sorry.

CHAIR HOKAMA: I apologize for asking the question.

COUNCILMEMBER COCHRAN: No, no, no. No, that's good. Sorry, can you repeat your last comment, Chair?

CHAIR HOKAMA: So my understanding of their response is they need the 400,000 in the Carryover certification plus this 148,585 to help offset their need of the adjustments regarding their new contract.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: So what they're asking you for is actually 548.

COUNCILMEMBER COCHRAN: I thought it was actually 644,873.

CHAIR HOKAMA: Or 644. Well, I'm not adding everything else.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: This, the 644,873 by the communication but I'm telling you this 400 and this 148 is inclusive of that number.

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COUNCILMEMBER COCHRAN: Okay. And I'm looking at the...so there's several steps here in order to get --

CHAIR HOKAMA: Yes.

COUNCILMEMBER COCHRAN: --this funding that they're asking for.

CHAIR HOKAMA: Correct.

COUNCILMEMBER COCHRAN: Adjusting rates and fees, and so I'm just trying to break it down. So all these contracts were in place last year, all of 'em, right, all your contracts? You're saying certain contracts are not going to be extended by a contractor for FY '17, so here you are asking for this money in order to keep them going or right, programs to continue? And but last year they all were functioning, all the programs were paid and they were all being accomplished.

MS. ASH: That is correct. But in Fiscal Year '16, that's when EKO Compost told us that they didn't want to extend the contract because they were losing money. They asked to rebid and unfortunately they rebid at a million dollars extra, 400 of which was a surprise. We did speak to them ahead of time, we assumed 600,000 additional, but then they upped it another 400,000 which is essentially why we're in this situation.

COUNCILMEMBER COCHRAN: And so looking at your rates and fees adjustment, you're asking of us for the FOG, grease trap waste, contaminated oil, cooking, and all that. We're dropping the price on that so why would you do that to put yourself now in a negative when you're asking for more money?

CHAIR HOKAMA: Department?

MS. ASH: Well, dropping the grease trap waste actually saves us money that we don't have to pay them. And then the biosolids increase will then require Wastewater to amend their budget to then be able to give us that extra, because we can't make them pay an amount that isn't, you know, an approved rate and fee. I don't know if that answers your question.

COUNCILMEMBER COCHRAN: Okay. I think in overall Budget, Chair, looking back at the numbers that we provided for them in this year's, we gave them a million extra. Not extra but they have an additional million from previous budget. So to say that we're short this 57-some odd dollar, you know, for me is sounding very ridiculous right now. And jumping on Mr. Couch's queries, Chair, if I [sic] don't mind, he was asking paint and battery, how much does he need so the 57,500 came up. But the hazardous waste portion, that was an active program and now you're cutting it out, because you cannot find funding for it this year. What is that amount or what was the price before and now did it go up so now you just can't afford it at all?

MS. ASH: Okay, so let me clarify. There's two completely separate programs that we're --

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COUNCILMEMBER COCHRAN: Right.

MS. ASH: --discussing, the paint and batteries is a grant and then the household hazardous waste collection events is a contract. The household hazardous waste collection events are not...the contract isn't being cancelled, we're simply scheduling the next event for August of 2017. The battery and paint program was part of a grant, and so with the grant we were given X amount of money, \$239,000. We don't typically take funds from other areas to fund grants, and so essentially that's why we are in the situation we were in. We had \$239,000, the E-cycling, the UMO, the paint and batteries, and there was also a Lahainaluna grant that came in for a very small amount. So those grants all added up to more than 239,000 which is why we cut the paint and batteries. It's sort of a separate line item in the Budget from our typical index code in the contractual services. So we don't roll those over. So because the grant amounts increased significantly from Malama Maui Nui, that's why there was the shortage in the funds to fund the paint and batteries grant.

COUNCILMEMBER COCHRAN: Okay. I just, yeah, don't know why we're cutting out very needed services. But, Chair, I...and lastly, Chair, I had a, and what throws me too is I had a meeting with EKO and they, if I recall said they did not raise, in fact they cut, they wanted to keep their contract going. They enjoy having to do the job here and their business, and so I'm just a little confused too on that part. But that's...so I don't know where that's all at, Chair. Thank you.

MS. ASH: I could provide a letter or an e-mail stating that they were asking us to rebid the contract, that they didn't want to extend under the current terms.

CHAIR HOKAMA: Okay. We'll forward your request so that you can send that to the Committee for part of the files.

MS. ASH: Okay.

CHAIR HOKAMA: Thank you.

MS. ASH: Yes, sir.

CHAIR HOKAMA: Any other questions at this time, Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Thank you. Ms. Baisa, questions?

COUNCILMEMBER BAISA: Actually more questions than conclusions. But I think a lot of it is the way that this is presented and it is confusing, and it's hard to follow. But the bottom line from what I can understand is that they need this money to continue doing what they're doing, and they want us to adjust these fees, some up and one down. And I'm not really sure about why we're, I didn't understand the reasoning



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behind the cut. I understand why we may want to raise them, but I didn't quite understand the cut in the grease trap and cooking oil thing. So maybe somebody can go over that one more time. But I also share Member Couch's concern, I wish that we could find \$57,000. And I know that it's easy to say, find \$57,000 but where do we find it from is always the question. And who's willing to give it up or where can we find it? But I think what is confusing us are these fee adjustments where we see two going up, one going down, and it only comes up to 148. And if we took out that \$193,000 reduction, we'd have more money, we'd be plus. So I want to be clear in that, I'm not, and I think others also are confused, and it's just the way that it's outlined here, it's not clear. Thank you.

CHAIR HOKAMA: No, we appreciate your comment, Ms. Baisa. And for those that are not familiar with the County's accounting, I would agree with you 100 percent, it can be confusing. But in your Chair's review, the documents are appropriate as presented. It's not easy to understand, I'll grant you that, but Mr. Baz made sure that it is within the parameters of consideration for this Committee. Mister...Ms. Sato, you've heard some of the questions from Ms. Baisa, Director Stant, can you guys...can either of you give additional comment to maybe bring further clarification on this request as it regards to the various components?

MS. SATO: Thank you, Chair. Director Stant will have some comments on the rates and fees increases and decreases.

MR. STANT: Thank you, Mr. Chair. I'm going to have Mike Kehano, Assistant, the Division Chief for Solid Waste --

CHAIR HOKAMA: Thank you.

MR. STANT: --and explain some of the rates and fees.

CHAIR HOKAMA: Thank you. We appreciate you being here, Mr. Kehano.

MR. KEHANO: Thank you, Chair. I think part of the confusion might be with the contract, the way it was set up or the negotiation. They, the contractor was done to, for biodiesel only...or I mean for, sorry, for cooking oil only was going to match whatever fee we charged. So from a budgeting perspective as far as the Division is concerned, when that reduction happens, our budget need reduces but then we're not technically looking at the revenue coming in. So that's why it looks weird on here, but it's because we're from again a budget perspective, that's just less budget that we need for that contract. But again, with that we lose the revenue which then we gotta make up from somewhere else. Is that, I'm not sure if that makes sense, but.

CHAIR HOKAMA: I'll ask Ms. Baisa whether she needs further clarification or not.

COUNCILMEMBER BAISA: Clear as mud but, you know, my point is when I do not understand the workings of a department or how it does its business, I have complete trust and faith that you folks know what you're doing. And I know that our Budget

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Chair doesn't let anything slip by if it doesn't make sense. So I can live with it but it is very confusing. I think it's because of the nature of this work which I'm not very familiar with how all this, you know, you take it out here, you put it over there, you contract this, you buy this, you sell that. And so that's why we have experts. And I'm comfortable.

CHAIR HOKAMA: Thank you, Ms. Baisa. I would just add for all the Members that I'm looking forward to Ms. Cochran's Committee when she takes up the specific item that mister, Director Stant has mentioned earlier in his responses to this Committee. Because as one testifier said, there is potential revenue in that consideration that is in Ms. Cochran's Committee, that I am very interested in. So I see us doing a very big adjustment in how we move in this area in the short future, near future.

COUNCILMEMBER BAISA: Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Carroll, questions, sir? Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: There are no questions.

CHAIR HOKAMA: Thank you. Mr. White?

VICE-CHAIR WHITE: I agree with Mr. Couch's point, but my recollection is that we are unable to amend a Budget amendment. Is that correct?

CHAIR HOKAMA: Generally that's correct.

VICE-CHAIR WHITE: And if we're unable to amend the totals, we can't really mess with the fee proposals either. Is that correct?

CHAIR HOKAMA: That is the Chair's understanding of our rules and the process we've followed in previous Budget amendment proposals. I'll ask our learned attorney, Mr. Ueoka if he has additional comments to share with the Committee.

MR. UEOKA: Thank you, Chair. I believe you summed it up correctly. Thanks.

CHAIR HOKAMA: Thank you. Mr. White, further questions, sir?

VICE-CHAIR WHITE: No, I think that does it for me. Thank you.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Okay, thank you. Going back to the paints and battery funds or grant, I just want to ask, a testifier mentioned that there's been a collection of about 20 tons of batteries and 13,000 gallons of the paints or reusable paints. What will happen to this kind of collection without the funding or what are your plans?

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MS. ASH: Well, let me clarify. There have been a few statements about this being an essential service. The EPA does deem that Region 9, that small quantities of household hazardous waste are allowable in our landfill, and so what we do is we educate the public on the proper way to absorb and solidify and dispose of the wastes. So the waste would be disposed of in the landfill unless folks held onto it and take, took it to our household hazardous waste collection event. But again, this is a permitted, acceptable method of disposing of this type of waste.

COUNCILMEMBER CRIVELLO: By government it's permissible, that's what you're saying?

MS. ASH: By EPA.

COUNCILMEMBER CRIVELLO: Not necessarily the people?

MS. ASH: Correct, yes.

COUNCILMEMBER CRIVELLO: Okay, thank you.

CHAIR HOKAMA: Thank you. Members, further questions on this item? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Oh, thank you, Chair. There I am. I noticed, do you know the \$50,000 that we gave this year to Malama Maui Nui how they're utilizing that? Does that have any bearing on this? 'Cause it's a grant to them and so this grant for the batteries and paints that they normally take care of for us, is that going anywhere towards that or could?

MS. ASH: Well, the \$50,000 that was granted for Malama Maui Nui was for a different program. It was for the Hawaii Beautification program and it was to assist with funding an operations manager to help make the organization more efficient. Oh, am I misspeaking? Well, Tamara Farnsworth is in the audience and she manages this program. Perhaps she might want to answer.

COUNCILMEMBER COCHRAN: Okay. If you don't...

CHAIR HOKAMA: Would you like her to respond, Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, if you don't mind, Chair.

CHAIR HOKAMA: Any objections, Members?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay, thank you very much.

COUNCILMEMBER COCHRAN: Thank you.

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CHAIR HOKAMA: Okay, thank you for joining us. Please introduce yourself, your role with the Department please.

MS. FARNSWORTH: Is this...hello?

CHAIR HOKAMA: Yeah, you're on.

MS. FARNSWORTH: Aloha, Chair and Members. My name is Tamara Farnsworth and I am, I work with the Environmental Protection and Sustainability division as the Abandoned Vehicles and Metals Administrator. I manage the grant with Malama Maui Nui, the largest grant that they have which is the Keep Maui Beautiful grant. They deal with cleaning up illegal dumpsites. They deal with recycling education primarily with that grant. The paint and batteries grant is like a separate kind of item and grant that is managed by the Recycling section, so it's, that particular funding was specifically for that type of work.

COUNCILMEMBER COCHRAN: So to get it straight, the Department, you folks have the contract or you put the program out there, and then you had Malama Maui Nui rolling it out and doing the actual program --

MS. FARNSWORTH: For the paints...

COUNCILMEMBER COCHRAN: --on your behalf for X amount of dollars, and this year you decided to cut it or couldn't find the funding, that 57,500 of sorts, so that is why Malama Maui Nui no longer is doing it because the Department cut it. Is that...

MS. FARNSWORTH: Yes, there were inadequate funds to fund all of the different grants that we wanted to address, and we prioritized used motor oil and e-cycling in particular, because those we found to be, have more impact on the aina and the landfills than paint and batteries which are...yeah.

COUNCILMEMBER COCHRAN: Okay. And then quickly for Ms. Ash. You mentioned the 57,500 is a substantial increase from previous. What was the previous amount?

MS. ASH: I'm sorry, I didn't bring that data with me.

COUNCILMEMBER COCHRAN: Can...okay.

MS. ASH: Well, I did a comparison and...

COUNCILMEMBER COCHRAN: Kind of roughly, you don't have any idea? I mean 57,500, it was --

MS. ASH: I believe last --

COUNCILMEMBER COCHRAN: --25,000?

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MS. ASH: --year it was around the same amount, but the fiscal year before it was significantly lower, I believe about 24,000 lower. And the year before that, Fiscal Year '14, the UMO and the paint and batteries were combined. And so again, both of those programs were at significantly lower costs. Malama Maui Nui has regrouped and they're refocusing and creating new direction and trying to manage their programs much more efficiently. And so as they've analyzed with the new director, they've realized that what they were charging was inadequate and so all of those costs have increased.

COUNCILMEMBER COCHRAN: Okay. That still doesn't...we paid it last year and it's the same this year, but yet you can't find the fund. I mean that's what I go out of that. Thank you, Chair.

CHAIR HOKAMA: Thank you, Ms. Cochran.

UNIDENTIFIED SPEAKER: Can...do you have...

COUNCILMEMBER COCHRAN: It was cheaper two years ago.

CHAIR HOKAMA: Any other questions, Members? Mr. White?

VICE-CHAIR WHITE: Yeah, I think I have the same challenge that Ms. Cochran has. We have same amount of funding but we've chosen different priorities, and I understand prioritization of utilizing the grant money. What I don't understand is why we weren't given the option of providing additional funding, you know, to the tune of \$57,000. I think everyone in this room given the option would have said let's cover batteries and paints if we need to. And I think part of the challenge is the shortfall that we ended up with when the Highway Beautification Fund was found to be not just having insufficient funds but having no funds and so we had to significantly cut back. But I think this body would have filled in the void had we been given the option. And maybe we were given the option and we missed it. But anyway, I look forward to the Department coming back with another recommendation since we can't deal with it in today's bill. Thank you, Chair.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER COCHRAN: And sorry, lastly, Chair, if you don't mind?

CHAIR HOKAMA: Yes, Ms. Cochran. No, please.

COUNCILMEMBER COCHRAN: And it looks like the 644,873 consists of increases for, 600,000 for the composting contract and then 45,000 for the motor oil, used motor oil. I mean 45,000. That's not a whole lot and again, if we had known at the time just like the battery cost, it probably would have gotten done. So the 600 is a big chunk, I see that, but 45 for used motor oil program, you know, I think that's quite doable. But that's my comments. Thank you, Chair.

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CHAIR HOKAMA: Thank you, Ms. Cochran. Anyone else? I would say at this time we could do this two ways, Members. So I'll ask Director Stant for comment to you. One, are you on a clock sensitivity regarding this proposal, Director? And second, if the answer...well, we'll let you answer that. Is this a time sensitive proposal before this Committee?

MR. STANT: Mr. Chair, yes, it is.

CHAIR HOKAMA: Okay. And is it because you've already executed a contract?

MR. STANT: Yes, Mr. Chair.

CHAIR HOKAMA: So again, we pretty much approving something already decided on. However, I would say the Committee has brought up some very pertinent points regarding other areas of this Division. And so, Ms. Sato, I will ask you to communicate to Director Baz that this Committee is open to a proposal regarding some of the issues that were brought up regarding latex paint, I guess, disposal, battery disposal, and that we're happy to work with Mr. Stant as the Director to come up with a reasonable consideration. Director Stant?

MR. STANT: Mr. Chair, thank you. And, Members of the Council, just a note. Our Department will continue to do the best we can with our service, especially with the resources that we do have. But on other issues, with this request being approved, it also opens up for us to look at other projects and issues that like the public brought up. In fact for waste motor oil, our Division had already removed it from contracts and we actually, there's an RFP now, that it's...we removed it from grants, excuse me, and it's now an RFP going out for the waste motor oil. We're also taking a look, after this money is approved there will be some funding that comes out of this that we're able to look at the metals again. So there's other projects we'll be looking at, and we continue, we will continue, Mr. Chair, to do it as long as we have the resources to do it, and our divisions are well aware of that, our directions. Thank you.

CHAIR HOKAMA: Thank you. Okay, Members, you heard the Director respond that he has heard you this morning and we are going to work with Mr. Baz to see if we can come up with another consideration separate from this one before you this morning. Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thinking of maybe separate considerations, I read recently in the paper that a recycling coordinator had been reinstated into the Department. And so if I'm not mistaken, that may make 2 people now there? And if that's the case, if it could be made...you could make due with 1, that cost of that second coordinator could be put towards these programs such as the 57,500 or the 45,000 for the used motor oil. So that was just a thought and perhaps, you know, so I just want to get comments I guess from Director Stant.

CHAIR HOKAMA: Director?

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MR. STANT: Thank you, Councilmember Cochran. What I can say is because of that lack of that one, that person for over two years, there's a lot of pressure and workload that was put on our present staff. So there was a lot of, what do you call, responsibilities that was backlogged. They did what they could with the priorities that we set, but right now with the person returning to work, she has a lot of catching up to do on top of actually learning. Being away for two years, it's like having somebody new step in. Although she has a lot of experience in doing in the past, a lot of things have changed. So not only learning the requirements which the staff is presently teaching her, it's catching up with all of the responsibilities that, you know, fell behind. So yes, we are taking that into consideration. Thank you.

COUNCILMEMBER COCHRAN: Okay. Chair, that brings up a question. This person has been out for two years so you need another Budget amendment to pay for their salary now that they're back? They've been paid for the last two years since they have not been on the job?

MR. STANT: That is correct.

CHAIR HOKAMA: Members, we're dealing...we're getting into what the Chair would rule as personnel issues, because this is a...what the Chair knows is that the Department had to abide by certain parameters regarding this personnel issue. So if you feel it as a requirement to make a decision on this, I'm going to then request executive session. 'Cause I am not going to discuss personnel in an open session. So I leave it to you, Members. But I know what you're saying, Ms. Cochran, and if the person was on paid with, leave with pay then yes, that person has been collecting a paycheck for two years by this County. And I'm not sure what is the actual status, leave without pay or leave...I'm not sure. The Department would be able to respond in an appropriate manner if that's what the Committee chooses for information. But I would send that as at this point in time under a sealed communication until Corp. Counsel rules otherwise. Any other...Mr. Ueoka, am I incorrect in my statement to the Committee?

MR. UEOKA: Thank you, Chair. Yeah, we would prefer that personnel matters be discussed not in an open session. Thank you.

CHAIR HOKAMA: Okay. Members, Mr. Stant heard you, Ms. Cochran's comment. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. On the motor oils and household waste, did the grants end or did we just not apply for the grants?

CHAIR HOKAMA: Ms. Ash?

MS. ASH: The grants are...the grant cycle is renewed each year. Every year in January, we put the application up on the web and folks can apply, and they apply in March and then by July, we usually have the grants in place and that's when they begin and they go for one year.

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VICE-CHAIR WHITE: Okay. So this is not grant money from someone else, it's money that we are granting. Correct?

MS. ASH: Correct. And if you don't mind me making a clarification, part of the reason why we have less funding for the paint and batteries and for the used motor oil is because the funding that we used to get from the State is no longer coming in.

VICE-CHAIR WHITE: Oh, that'll be great news for Mr. Hokama. He loves it when the State reneges on things, especially with our TAT challenge. Just have to bring that up, Mr. Chair.

CHAIR HOKAMA: Thank you.

VICE-CHAIR WHITE: Okay, thank you.

CHAIR HOKAMA: Further questions, Members, for Ms. Sato from Budget or Director Stant from the Department? The Chair will state for the record that I have heard your concerns. You have brought up some very pertinent considerations that I'm going to ask Ms. Sato and Director Stant to consider with Mr. Baz for another consideration to be submitted. But what is before you, the Chair will recommend the following, under BF-90, the Chair is going to recommend passage on first reading be ordered to print the two proposed bills for an ordinance as submitted by the Budget Director; acknowledgement of the certification of additional revenues for Fiscal Year 2017, of 400,000 in Carryover/Savings from the General Fund; appropriate filing of any communication with this consideration; and also to allow Staff to make nonsubstantive revisions and correct the totals on the Budget documents.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER COCHRAN: Chair, I second the motion.

CHAIR HOKAMA: Thank you. I have motion made by Mr. White, seconded by Ms. Cochran. Members, we're under discussion. Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused.

**VOTE:**       **AYES:**       **Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, and Guzman.**

**NOES:**       **None.**

**ABSTAIN:**   **None.**



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**ABSENT:**           None.

**EXC.:**            **Councilmember Victorino.**

**MOTION CARRIED.**

**ACTION:**       **FIRST READING of bills; and FILING of communication  
by C.R.**

CHAIR HOKAMA: Director, thank you very much. Ms. Ash, Ms. Farnsworth, and Mr. Kehano, we appreciate your assistance with the Committee today. Thank you. Members, we have one more item, BF-13(2).

VICE-CHAIR WHITE: Chair, short recess please.

CHAIR HOKAMA: Recess. . . .*(gavel)*. . .

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

CHAIR HOKAMA: . . .*(gavel)*. . . Let us reconvene our Budget and Finance meeting.

**ITEM 13(2):       2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL  
PLAN (FISCAL YEAR 2017 (JULY 1, 2016 TO JUNE 30,  
2017)) (CC 16-125)**

CHAIR HOKAMA: We are now on 13(2). This is the 2016 West Maui Affordable Housing Fund Annual Plan, Fiscal Year 2017, which is from July 1, 2016 to June 30, 2017. We have from Mr. Baz...excuse me, not from Mr. Baz, but we have as part of the Communication 16-125, from Director Baz, three components: one, the West Maui plan; two ordinances for a proposal, one...both to Appendix A. One is regarding Schedule of Revolving Special Funds, Na Hale O Maui, Kahoma project, 660,000, as well as 1.5 million for Habitat for Humanity, Kahoma project. And your Chair has listed this as no legislative action today for various reasons. One, even if we did, this project cannot go forward until subdivision is completed. Okay. And that is the word I got reconfirmed this morning from our people in Public Works regarding the subdivision. It's at least two months away. They still need regarding grading, secondary roads, Keawe Street, interior streets performance, driveway aprons. There's a list for them to still comply with. Second, as part of discussion on this proposal, I find it interesting that part of the issue is of course the real estate sector. Normally in the past, the private sector was responsible enough to move affordable housing forward with landowners, you didn't need the County to get involved. Well, I find it interesting, here we are with an affordable housing project by a private developer and again, I was one that, of two that voted no on this project. 'Cause I find interesting to satisfy the affordable, they're going to need taxpayers' money and then we're going to

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grant them housing credits? Interesting. We're paying ourselves, we're making ourselves do the work of the developer? Interesting scenario for your Chair. 'Cause I think what we need to also remember is who is paying for this Affordable Housing Fund and why we ask what have you done with the monies you haven't expended or granted appropriation prior to another consideration? Interesting. We get the calls, I get asked what did they do with the money before? And yet I get people telling me today, just spend the money. Easy to spend other people's money. But I don't see answers from that sector. So we are here today from the Department to hear interestingly enough 'cause we were told in my status update that 10...12 lots have been sold to Na Hale, but Na Hale has told us today those 12 lots have not been acquired and purchased. Ten lots for Habitat for Humanity, they're asking us for construction money and we're still going to give housing credits to the developer. So, Department, give us some comment on your proposal to this Committee this morning please.

MS. REIMANN: Hello, Chair. Oh, this is really loud. Members of the Committee. My name is Carol Reimann, I'm the Director of the Housing and Human Concerns. We conducted a request for proposals from the Maui County's Affordable Housing Fund for projects located in West Maui. The Affordable Housing Fund has approximately \$3,909,000 reserved specifically for projects in West Maui. Public notices for the RFP application process was published in March 20<sup>th</sup> and March 27<sup>th</sup>. The official application process was March 28<sup>th</sup> through April 29<sup>th</sup>. We received two applications. A three-member scoring committee was selected, and the committee reviewed and scored the applications based on the Department's scoring system and criteria. The committee scores for each application were averaged, and both projects met the minimum scoring to be selected and recommended by the Department for funding. The agencies and projects recommended as Chair Hokama indicated are Hale, Na Hale O Maui for the Na Hale O Maui Kahoma project, 12 homes at \$660,000, and Habitat for Humanity for the, also for the Kahoma project at \$1.5 million which would bring 10 homes. The total funding recommended for Fiscal Year 2016 West Maui Annual Plan is \$2,160,000 to construct 22 homes which would leave a total of \$1,749,000 for the next RFP cycle. The Department is here to answer any questions. We also have representatives from Na Hale and Habitat here to answer questions as well. Thank you.

CHAIR HOKAMA: Thank you. Good to see you, Buddy. You have anything you want to share besides what the Director has already shared with the Committee?

MS. ALMEIDA: Thank you, Chair. And good morning, Committee members. No, nothing to add at this time but we're here to answer any questions that you may have. Thank you.

CHAIR HOKAMA: Thank you for your presence. I'll start with Ms. Crivello as our standing Committee Chair if she has questions for our Department at this time. And if need be, Members, we'll ask a representative from either Na Hale or Habitat. If you have a specific question for those agencies, the Chair will be happy to let you pose those. Ms. Crivello?

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COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you for being here, Department. Our Budget Chair mentioned about the subdivision process and the lands actually not being secured as of this day. How do you justify consideration for these funds if we don't have the main source in the hands of the project?

CHAIR HOKAMA: Who wants to answer?

MR. ALMEIDA: Thank you, Chair. Thank you, Member Crivello, for that question. This project has been in flux with regards to the State Land Use Commission and their process, the intervener Ms. Lincoln who has taken this through many court levels. When we started this RFP process, we had been advised that they had...Ms. Lincoln had exhausted all of her legal means to halt the project and that the green light had been given for them to obtain bonded final subdivision and move forward. We moved forward under that understanding. We understand there has been an hiccup or two that should not delay the project much longer is what we're hopeful for. It takes time for us to approve the funding, get the grants drafted, executed, so we felt that the timing was appropriate for us to recommend and move forward with the funding for these projects. Thank you.

COUNCILMEMBER CRIVELLO: Thank you, Mr. Almeida. I can appreciate and support every effort that we need to provide, and if it means part of the subsidy because we have in our Affordable Housing Fund and part of the annual plan I guess for this 3 million somewhat dollars for West Maui projects. And I hope there's the follow-through to make sure that the lands will be made available sooner than expected. And I think you've...we've misled our community by pushing the efforts to push forward. I understand there is a process with the grants and I can appreciate that process, and but, you know, we don't have the lands yet. And yes, we've had intervention. So for us, you know, in fact when this first came out, I was hoping we would have legislation, but in going through the agenda and recognizing that we don't even have the lands available for Na Hale nor for the Habitat for Humanity, I think we should be concentrating on that and be assured. I understand the Habitat monies are to purchase the lands. Am I correct on that? These funding that they put in for is that to purchase the lands to build their house, homes or Habitat homes?

MR. ALMEIDA: Thank you, Chair. Yes, that's correct. The funding will be used from this grant to purchase the lots from the developer.

COUNCILMEMBER CRIVELLO: Okay. All right. And then the funding for the Na Hale, I think it was the 660,000. Can you explain what those fundings are specifically for?

MR. ALMEIDA: Thank you, Chair. Yes, those proceeds for this grant, the 660,000, their current request is for construction. They already have a grant in place from a prior fiscal year request for proposal application process to assist them with the 50 percent purchase of the lots, and they were going to match the other 50 percent. Again, hopefully we'll have that in line soon, be able to move forward with closing on those lots. But this particular grant before you is for construction.

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COUNCILMEMBER CRIVELLO: Okay. So you've mentioned previous...I'm sorry, Chair. You've mentioned previous funding that we've approved for the Kahoma project for Na Hale, was that like couple years ago right, 2014 about?

MR. ALMEIDA: That's correct.

COUNCILMEMBER CRIVELLO: Okay.

MR. ALMEIDA: Fiscal Year '14, yes.

COUNCILMEMBER CRIVELLO: All right, thank you. Thank you, Chair.

CHAIR HOKAMA: Thank you. I'm going to go and ask Ms. Cochran now since this is the West Maui District if she has questions on this proposals?

COUNCILMEMBER COCHRAN: Okay. Thank you very much, Chair. Yes. I guess in Ms. Reimann's opening comments about the RFPs, these are the only two entities that came forward to --

MS. REIMANN: Correct.

COUNCILMEMBER COCHRAN: --for requests? These are the only two?

MS. REIMANN: Correct.

COUNCILMEMBER COCHRAN: And then what if somebody...and you said you had a three-person scoring team. And what are some of your, I guess, top priorities in picking your applicants?

MR. ALMEIDA: Thank you, Chair. Thank you, Member Cochran. We can provide a copy of the scoring criteria.

COUNCILMEMBER COCHRAN: Okay.

MR. ALMEIDA: That would probably be the best way for you to --

COUNCILMEMBER COCHRAN: Sure.

MR. ALMEIDA: --review it in detail. Absolutely, we can get a copy of that.

COUNCILMEMBER COCHRAN: Okay, very good. I think one specific question in regards to that, is perpetuity at all involved in scoring? Do you look at that?

MR. ALMEIDA: Yes. The minimum would be the requirements in Chapter 2.96 of the Workforce Housing Ordinance; however, obviously more weight is given to projects that have longer deed restrictions or will keep the properties in affordability for longer

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periods of time. So Habitat and Na Hale are two of the agencies that do do that. As we know Na Hale in perpetuity and Habitat, you know, 20 to 25 years usually is their mortgages so they're a silent second as she mentioned to keep them affordable for longer than the Workforce Housing Ordinance. So they would be given more scoring for the affordability, yes, absolutely.

COUNCILMEMBER COCHRAN: Okay. And one of my questions also is how the money was going to be utilized by the two different entities? And so I understand Habitat, the monies being asked is strictly just for land, not construction, or both?

MR. ALMEIDA: The application specifies that it's for both.

COUNCILMEMBER COCHRAN: Both.

MR. ALMEIDA: For both the purchase of the land and also for construction.

COUNCILMEMBER COCHRAN: Okay. And I completely agree with Chair Hokama's opening comments, just to lay it out there. And it was I believe the two of us who initially did vote, were the no votes on this project overall. I had my reasons and I'm sure he had his probably slightly different from mine. But in general, the credit condition is very upsetting to me. I don't agree with that. And the other is these projects came in pretty much promising what they're going to provide which is the affordable housing and all this great stuff that people, you know, are banging down the door to get done. And at that time, it was never stated, no money truly to carry, to fulfill those promises. You know the whole construction was up in the air, lands have not been truly, you know, gotten and what have you. So for me this is very premature on that end or I guess lack of, you know, having it together beforehand. But I truly believe... 'cause I've talked to people in West Maui and other contractors that they're willing to do this type of work, so I'm very surprised that these are the only two entities that actually applied. And, you know, I'm actually, I'm glad that we're not taking legislative action actually today. It still needs some vetting out, and I think there's other... and I rather see new projects. These have already been promised and said they're going to be built. Now with our taxpayer dollars, and on top of that, giving the landowner credits? That to me is very ridiculous, so I would like to see new fresh people who are willing to build and construct and actually construct with this funds. And perpetuity must be part of it. So, Chair, not a question there but I guess it's my comments as to I guess the take on, my take on this item. Thank you.

CHAIR HOKAMA: Thank you. All the Members will have your opportunity. This is something I'll allow all of you to ask your questions or say your comment. I'll go to the Vice-Chair, Mr. White.

VICE-CHAIR WHITE: Thank you, Chair. With respect to the credit, I'm wondering what the difference is between the price per lot that Habitat is paying and Na Hale is paying. Na Hale is identifiable at 130,000. With Habitat, it's not quite as easy to know what their lot price is. How does, how do the...

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CHAIR HOKAMA: I think it was 60,000.

VICE-CHAIR WHITE: Pardon?

CHAIR HOKAMA: It's in the document, Mr. White. I think --

VICE-CHAIR WHITE: Okay.

CHAIR HOKAMA: --out of the 12, 4 is at 60,000 and 4 is at 100 and...or --

COUNCILMEMBER COCHRAN: Twenty.

CHAIR HOKAMA: --120.

VICE-CHAIR WHITE: And how does that differ from the price that's being offered on the remainder of the lots that are not involved in Na Hale or the Habitat project?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Mr. Chair. Resolution 11-126 was the 201H approval with modifications for the Kahoma residential subdivision. In it, as the Chair mentioned, 4 lots go to Habitat at 60,000 per lot and 6 lots go at 120,000 per lot. In the first...second paragraph, it says vacant lots will be sold at 50 percent of the price of a 3-bedroom home within the median income range. Looking at the amended income ranges in the residential workforce housing agreement, a 3-bedroom house...lot only I guess I should say, they have a paragraph for that, would be at the less than 80 percent would be 156,600. At the less than 100 percent, 207,000. At the less than 120 percent, 248,400. At the less than 140 percent, 289,750. At the less than 160 percent, 331,150.

VICE-CHAIR WHITE: Thank you. The reason I asked the question is that I think it's, when we, you know, the Chair brought up the issue of the credits, and I think we all have a little bit of sensitivity towards the credits. And I think before the next meeting, I would appreciate it if you would provide us with...if the Department could provide us with the rationale for the credits and also provide us somewhat of a comparison between whether, you know, what the prices are that they're providing the lots to Habitat and Na Hale for versus what...essentially I want to find out what would be the average discount on each of the lots? Is it going to be similar to the funding that the County's providing and just how much of a discount is it? I'm not sure which category or whether each of the categories is going to be represented, or some of these may end up going to market, market price.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Mr. White, I believe all of the Habitat homes are for the less than 80 percent so...

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VICE-CHAIR WHITE: No, I understand that. I'm wanting to know what the difference is between what...

MR. UEOKA: Yeah. It'll be 165,600, less 120,000 for 6 lots and 165,600, less 60,000 for 4 lots.

VICE-CHAIR WHITE: I'm appreciate what you're saying, but I'm asking the question on the other lots, they're are not going to Na Hale, they're not going to Habitat, what are they being...what are they likely to be sold for versus the discount that these two organizations are getting? I just want to get a sense of how much the developer is giving up and how that balances off part of the concern about credits? So rather than you answering it, I rather the Department get, take you off the hook and provide it to us at the next meeting.

MR. UEOKA: Thank you.

VICE-CHAIR WHITE: Thank you, Chair.

CHAIR HOKAMA: Okay. And that's for both the affordable, remaining affordable unit and the market units?

VICE-CHAIR WHITE: And the market.

CHAIR HOKAMA: Okay. We'll forward that to the Department, Mr. White, so they can respond --

VICE-CHAIR WHITE: Thank you, Chair.

CHAIR HOKAMA: --to your request. Any other questions, Mr. White?

VICE-CHAIR WHITE: No, I'm, you know, I'm very supportive of both of these projects, because I think we're way behind on affordable housing and I want to see if we can make this work. And so I appreciate you bringing it up.

CHAIR HOKAMA: Thank you. Mr. Guzman, any questions at this time? Yeah, you're on, Mr. Guzman.

COUNCILMEMBER GUZMAN: Okay, thank you. I don't have any real substantial questions. I do recall this being in the Land Use Committee and that, those provisions were actually allocated just for those two entities, the Na Hale and Habitat I think as part of the conditions. Were they not? I don't recall. But I recall it being somewhat discussed, at least some of them I think was testifying during that time at the Land Use Committee. Mr. White has a lot of good points that need to be I guess answered in my mind as well. But I would like to see this resolved and this is a good project in my mind. The question of whether the lots are being sold as a discount to the entities is also a factor. But in general, I'm in support of these two projects. So thank you, Chair.

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CHAIR HOKAMA: Thank you. Mr. Carroll, questions, sir?

COUNCILMEMBER CARROLL: Thank you, Chair. My questions mostly...well, it's more of a statement than a question really. I've been working with affordable housing, my Committee, most of the affordable housing in Maui County comes through the Land Use Committee, and my own office have bills encouraging affordable housing. I'm very familiar with what is before us today. I don't know how much other people have scrutinized this, but I have scrutinized it extensively. I realize there's questions, I realize the Chair's questions and everybody's questions over here; however, I think this, what is before us has merit today. If there are things that this Committee or individual Members think need to be addressed, fine, but I think we need to work are not what could we do to not hear it but what we need to do to make sure we get this through. We have very little affordable housing. All the ones that I managed to get through my Committee and the bills that I have address a very small amount. This before us is a small amount but it's important. It's really important that we try to do our very best to go over there and make sure, doing our due diligence, that's why we're here, but do everything we can to get this out before us today. Well, we can't do it today obviously because we cannot take legislative action, but I would hope that at the next meeting, we can address our concerns over here and at the next meeting, legislative action would be possible and that we can address it at that time. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Carroll. Upon receipt of the information requested by Committee Members, the Chair will look at a date for posting again.

COUNCILMEMBER CARROLL: Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I don't think that I can add to what Member Carroll has said. I'd like to say that, you know, I really support what he has to say and I think that that is a good position for us today. You know I came in with the same questions that everybody else has about why can't we move this, but after hearing, you know, all the things that we've heard today I understand there's probably a need for more information. And I would urge that we try to do this as quickly as possible. You know the TIG, the housing TIG just met once and, you know, I think there's a huge commitment by everybody on this Council to move affordable housing. I don't think there's any doubt about that, that all of us want to do it. But and we also are beginning, I'm beginning to understand is that we're going to have to subsidize affordable housing or it's just not going to happen. You know when you look at all the things that are required and how hard it is in the market that we're in, we're going to have subsidize it. And if we do then we want to make really sure that we're spending that money and getting the bang for the buck and that it's actually, you know, getting us something. 'Cause I think the goal is the same, we want to build homes and as quickly as we can. So, Chair, thank you for bringing this up, and I



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strongly urge you to, let's try to move this as quick as we can. And I know you will. Thank you.

CHAIR HOKAMA: Thank you, Ms. Baisa. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I have a couple questions and then maybe depending on the answers, what my comments will be. First question, kind of tacking on to what Chair White and Member Guzman were talking about, the lot prices. The lot prices are 165K for most of the lots. I mean they're not getting a discount or are they getting a discount? I think there's an assumption there that may be off, either mine or other...

CHAIR HOKAMA: Which project are you talking about, Mr. Couch? Na Hale's project or Habitat's project?

COUNCILMEMBER COUCH: The whole project. The lots are pretty much...nobody's getting a discount on any lots from the developer or are they?

CHAIR HOKAMA: If you look at the documents, there's differences in the price of the lots, Mr. Couch.

COUNCILMEMBER COUCH: But because of the size of the lots. Is that right?

CHAIR HOKAMA: Well no, depending upon which units you looking at, whether it's at...well, we're going to get into the details so I apologize. I'll let the Department respond to your question first, Mr. Couch.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. Thank you, Member Couch, for that question. The Na Hale and Habitat lots are being sold discounted compared to the rest of the project; however --

COUNCILMEMBER COUCH: Okay.

MR. ALMEIDA: --the project is 100 percent affordable and...yeah.

COUNCILMEMBER COUCH: Yeah.

MR. ALMEIDA: The rest are set...

COUNCILMEMBER COUCH: Okay. So then Chair White's request for information still is there, is what is that difference?

MR. ALMEIDA: Correct, yes.

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COUNCILMEMBER COUCH: So the other thing is the credits, it's 100 percent affordable 201H project if I recall. So and they're getting 50 percent credit or what are they getting?

MR. ALMEIDA: Actually that's a very good question. According to the law, as we have drafted in 2.96, under a 201H project, if it's 100 percent affordable, the developer can receive as much as 49 percent of the units as credits. 'Cause they are required to provide 51 percent.

COUNCILMEMBER COUCH: Right. Okay.

MR. ALMEIDA: Right.

COUNCILMEMBER COUCH: I'm sorry, 49 percent.

MR. ALMEIDA: Correct, correct. So in this case, they're only asking for 10. I don't know what 49 percent of 68 is, but they could have come in and requested that amount per what the law is today.

COUNCILMEMBER COUCH: So they're only asking for ten credits?

MR. ALMEIDA: Correct.

COUNCILMEMBER COUCH: Okay. And, you know, forgive me, Mr. Chair, on the credits. I get heartburn on people who have concerns with the credits if it's less than...they're required to build 51 homes, let's say it's a 100-home subdivision, they're required to build 51 homes. If they build 100 homes, they build 49 homes more than are required so that means there's extra homes, 49 extra homes. They're asking for credit for only 10 of those extra homes. And the reason they need credits is just help provide funding to do affordable housing instead of the County subsidizing them. So these 10 homes, they built 49 extra homes but they're only asking for credits for 10 homes. So there's 39 extra homes that are out there that are affordable that they weren't required to build. So, you know, yes they should get credit, it helps provide affordable housing. Somebody else who has to provide 10 affordable homes can say they're already built. It's not that they're not building affordable homes, those homes are already built. That's what the credits are for. So the credits, especially if they're only asking for 10 credits, I don't think that's an issue at all in my mind. That's just, you know, they get the money to help provide affordable homes from the private sector instead of us providing homes...funding. Yes, we need to provide funding for especially perpetuity homes. The community-based land trusts are proven throughout the country to work and they're the ones that it's in perpetuity. You know Ms. Cochran or Ms. Baisa talked about the Planning Committee's TIG, that was our first and most important thing is hey, perpetuity. I've been saying that since, for six years on this floor, more perpetuity and more rentals, that's what's...we really need. So I'm very supportive. Now if there's a timing issue, if they need the assurances that yes, they're going to get the money, they don't get the money until it's time for them to

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receive the money. What they're asking from us is hey, are we going to be able to get the money when we need it? And I think...I don't think anybody here has an issue with them getting the money when they need it, in my opinion. If people do then that's, you know, that's their concern. So yes, Mr. Chair, you do have some concerns, but let's put it in perspective. Credits, they're only asking for 10 credits out of...and I'm just using the number 100 so I don't know exactly what the total number of homes that they're building, I forgot what it was. But for crying out loud, you know, only 10 credits, let's get this going. And I appreciate the fact, Mr. Chair, that you're willing to bring it up as soon as those answers are provided, so the sooner the better. So that they get the assurances so they can get their other funding. If you look at the application for Na Hale O Maui, they're asking for \$660,000 and they're leveraging that money to get \$5 million. That's what we...that's what you always espouse, Mr. Chair, and everybody here, hey, you're leveraging money, great. So the sooner the better so they can get that leverage going, in my opinion. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you for your comments, Mr. Couch. The only problem is the picture don't change which means we still push market and we screw the locals on the affordables. That's how I see it. Until we change the whole diagram and the strategy on approaching this, it ain't going to change. So I heard your argument, I just have a different perspective. But I understand your argument, Mr. Couch. So, Department, what is interesting to me under a...let's go talk about Na Hale. Twelve units, all 12 units is for 4 bedrooms. Is there a reason why you folks approved this application and the proposal is only to build 4-bedroom units between, well, it's almost 1,500 square feet for the most of it. Does it make sense? Is there not a need for 2-3 bedrooms? I mean what was the Department's understanding why you would support a project that only does 4-bedroom units?

MR. ALMEIDA: Thank you, Chair. The Department was in support with regards to the overall design and layout of the project. I understand your, you know, what you're saying, but I believe the bedroom count, you know, is sufficient to provide adequate housing for our residents. So we were in support of it when we initially met with them, and they moved forward with submitting their plans. Thank you.

CHAIR HOKAMA: But we're looking at 400,000 as the rental sales price. We already heard, we've heard enough testimony that that number is not a good number for our community. So why are we pushing a project that that's going to be the price, 400,000? Mr. Ueoka, you want to answer for the Department?

MR. UEOKA: Thank you, Chair. I was just commenting to Mr. Almeida that we're following the HUD guidelines on the pricing set by the, according to the AMI. And for the Na Hale project I believe it, the pricing will...well, should be a little different because under the community land trust structure, my understanding is you're buying the building only and you have a cheaper land lease is my understanding. Thank you, Chair.

CHAIR HOKAMA: Okay. We just going through what is on the documents under Affordable Housing Fund program units. Okay. They list 12 units, 4 at 1,350 square feet, 8 at

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1,500 square feet. The pricing goes from 350 to 400, 400,000 to 450,000. So my question is more why did we settle at this number of bedrooms at this kind of cost, pricing? Is that the Department's understanding of where the need is and it's not either in the 1-bedroom studios, 2-bedroom, 3-bedrooms, that is not where we want it? And at the 200-something price instead that's not where we want it? It's just a question from...that the Committee needs to know.

MR. ALMEIDA: No, thank you, Chair. And I appreciate the question. We meet with a lot of developers proposing a lot of different projects. They range in size and capacity allowance. For this particular project, we felt that it did serve a niche. There's definitely a need for studios, one-bedrooms, rentals, but this particular project is a for-sale project and we felt that the size and scope that was being presented to us was definitely serving a niche need and we were supportive of it. But as, you know, with the other developers we meet with, we're definitely trying to pursue and meet the requirements for all the different types of housing that are needed. This was a project that just came forward that we felt again was adequate in meeting a definite need in the society, in the community. Thank you.

CHAIR HOKAMA: Okay. So what is your understanding for this project's, the lot square footage numbers? We're not dealing with 5,000-square-foot lots, right?

MR. ALMEIDA: Thank you, Chair. Maybe...I don't have those figures in front of me. I'm not sure if Ms. Dodson does or if Cassandra does. Do you have those numbers? Chair, if you wouldn't mind.

CHAIR HOKAMA: Yeah, we'll ask if the representative from Na Hale could come down. At this point, we're interested in what the Department used to determine its decision to move this proposal forward as a supported request. What did you base your decisions on? That's what we want to know.

MR. ALMEIDA: Thank you, Chair. Just to clarify, are you referring to what determined the recommendation of the programs we're funding?

CHAIR HOKAMA: For Na Hale.

MR. ALMEIDA: For Na Hale. The scoring committee that was convened, there is a standard scoring criteria for the Affordable Housing Fund that is utilized and they evaluate a number of different areas. Again, the Department can provide a copy of the evaluation and scoring criteria to you. We can also provide a copy of the scoring so you can see, you know, the average scoring for each project, and that way you can better probably analyze how the project met the minimum requirements and why they were recommended by the Department. Unfortunately, I don't have the scoring with me so I can't comment at this time, but we can provide that information to you. Thank you.

CHAIR HOKAMA: Okay. We'll put that in a request for response. Thank you. Members, you have questions you want to ask either on the Na Hale project or Habitat project? We

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do have also representatives from those agencies if you wish to get responses from them. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I keep forgetting about this microphone. Thank you. It's interesting to me that we're talking about the HUD guidelines. You know that's been a sticking point for me for a long, long time, and I brought it up while we were at NACo with our incoming second vice-president and asked him if he would make that a priority to look into it. Because sometimes I wonder where these guidelines come from and how they're determined. Because you and I live in the real world with real people, and we know that a lot of them are not making this median income. I think that that is skewed by people on the very high end, and when they take averages, they come up with crazy numbers that don't fit us. And so as long as we're going to have to deal with what we have from HUD, it is going to be a problem for us. Because they're telling us that a \$400,000 home is affordable, and you and I know that there's many people that can barely afford, you know, the mortgage and the rental that they're paying right now. And the thing that I like about listening, when I listen and I'm not that familiar with Na Hale but I am with Habitat, and we know when we have the director standing up here and saying they're talking about mortgages at \$300 a month, that's affordable, people can afford that. But when we're talking about rentals or mortgage payments that are in the 2,000 and higher, it's not affordable. So I think the basis here is we as elected officials maybe need to start fighting the battle with HUD guidelines and get something realistic for Maui or for our County, because something is not right. And talking to bankers, I hear them over and over sit in my office and tell me that they cannot qualify people, they just cannot qualify people. And we know that people are working. They're working two jobs, three jobs, and all kinds of stuff, but they just cannot make it because the cost of living is so high. And somehow we gotta get HUD to take a look at that and be realistic about what it costs to live in a place like Maui. Anyway, enough from my soapbox. But that's what we're dealing with, Chair, and that's the problem, what is affordable.

CHAIR HOKAMA: Thank you, Ms. Baisa. I appreciate that. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. I don't know if anyone answered your question, but thank you, Councilmember Baisa, for that guidelines about HUD. That is a challenge for all of us. I'd like to ask Na Hale what sort of square footage for their lots are they looking at, and are the four-bedrooms units only part of...is that the only plans they have for the buildings or are they take into consideration starter, startups? You know sometimes you just start up with couple bedrooms and a carport, and then maybe later on the homeowner can extend or renovate as such. So if we can have the Na Hale answer these questions, Chair.

CHAIR HOKAMA: Okay. Any objections, Members?

COUNCILMEMBERS: No objections.

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CHAIR HOKAMA: Thank you. We'll ask the Na Hale representative to, if she could come forward? Please restate your name for the record. And if you need the question restated, please notify us.

COUNCILMEMBER CRIVELLO: Press the button on the microphone. Oh, you don't have a button.

CHAIR HOKAMA: Yeah, you're on, Ms. Abdul.

MS. ABDUL: I'm on?

CHAIR HOKAMA: Yes, you're on.

MS. ABDUL: Yes, I am. Thank you. Okay. As to the size of the lots, they vary from lot to lot for the 12 lots that we will be purchasing. And we actually do have a binding, executed contract in escrow for these lots. The smallest is 4,997 square feet, and I have 1...2...3 that are in the 5,000 range. I've got a couple in the 4,000 and 6,000 range. There's 2 in the 7,000, 1 in the 8,000, and the largest lot is 9,077 square feet. These lots are not rectangular. They're not, you know, standard lots. They follow the street, there's a curve to them, and so some have very long frontages but are not very deep. Others don't have a very wide frontage and they're long. So we are looking at what kind of a house can fit here. And for the RFP, we included the house plans that we had as a draft that we built on the Waikapu lot that we had that we recently closed. I am taking another look at the houses that we plan to put on these lots. The Waikapu lot was a two-story house. I'm looking at reducing that to a one-story. It takes less square footage for hallways, staircases, things like that. I'm trying to get the lot size down. I'm trying to get the configuration into more of a rectangle or a box so that...every corner is expensive, it adds to the cost, so we're trying to simplify the house, it should bring down the price. I'm also changing the roofline. Even if we built a two-story, we would not have a fancy roofline with a number of peaks and valleys. Every angle adds to the cost. So we are looking very hard at the cost to build these houses, trying to get it down. I'm actually talking to one of the gentlemen from Spencer Homes to be able to see some of their plans and potentially use those and all those things. Everything we can do to bring down the cost we will do. We realize that when you look at the HUD tables and what's the allowable sale prices for the ranges that we're in, from 80 to 100, from 100 to 120 percent of AMI, we have families that have gone through our program, they have saved money, but they will not qualify at the top of those ranges. I have been working on reducing the house size and the price. We've done it three times now internally, trying to get that down so we can qualify more people. And really we only hit maybe the middle of each of those sections, yes.

COUNCILMEMBER CRIVELLO: Chair, may I?

CHAIR HOKAMA: Yes, Ms. Crivello.

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COUNCILMEMBER CRIVELLO: But you're just selling the building, the unit itself and then your price range, right, it's up to about 450,000? Four hundred to 450, is that correct?

MS. ABDUL: That was on, yeah, the top of the price range on the bigger one at the time that we did this, but we're continuing to reduce it. We don't want...we can't sell it at that price, we realize that. We're selling it leasehold. For instance, the house that we did in Waikapu, we had an appraisal on it of almost 600,000. We sold that to an income-qualified family at 360,000. And that's what we're trying to do. We're trying to get that down so that more of our families can qualify.

COUNCILMEMBER CRIVELLO: Okay. Thank you, Chair.

CHAIR HOKAMA: Explain to the Committee, you just used the word leasehold, so what is the length of the lease and who holds, who then retains the actual title to the land?

MS. ABDUL: Okay. Na Hale O Maui is a community land trust, and that model, we create a leasehold that is 99 years long. It is renewable for another 99 years, so it goes on for generations. And you can leave it to your heirs. So in that respect, it's, you know, you're looking at your grandchildren having the option to renew the lease. We also subsidize the ground rent. We charge \$45 a month. There's no other ground lease rent out there like that. It's not based on the value of the land which is what you normally have on leasehold. It's not based on a rate of return that the landowner expects. Ours goes up every five years by CPI. The first leases that we did were at \$40, and at the 5-year mark, they went up to \$44.50. These are affordable for people. It doesn't add...most leaseholds you're paying, you know, hundreds of dollars in lease rent every month. So that's one of the things we do. But Na Hale retains title to the land. The house is actually...we record a deed in the lessee's name.

CHAIR HOKAMA: Okay.

MS. ABDUL: So have I answered your question?

CHAIR HOKAMA: I'm understanding what you're doing and I appreciate that. I just recall a situation on Oahu with Bishop Estate --

MS. ABDUL: Yes.

CHAIR HOKAMA: --where with Waialae, those home, I guess they own the home, not the land, they had leases, then they sued the landowner and went to court to force the landowner to sell their lease. Is this something that can happen on this potential land?

MS. ABDUL: That law was eventually --

CHAIR HOKAMA: Eliminated.

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MS. ABDUL: --eliminated.

CHAIR HOKAMA: Okay.

MS. ABDUL: So even in Hawaii, even on Oahu, a lessee can no longer force the sale of their land. So it would take legislative action to have something like that happen.

CHAIR HOKAMA: Okay.

MS. ABDUL: We have lots of safeguards in so that Na Hale, the organization cannot sell the land under the houses without the homeowners agreeing to that, and that's not something we ever want to do. That's why it's important for us to continue to be viable as an organization, because we really have, we think, an ethical and a moral obligation to our homeowners to be there to retain the land so that they can live in the houses that they buy from us.

CHAIR HOKAMA: Okay, okay. I apologize, Ms. Crivello.

COUNCILMEMBER CRIVELLO: No, no problem. Thank you. Thank you for those questions.

CHAIR HOKAMA: You have additional questions, Ms. Crivello?

COUNCILMEMBER CRIVELLO: I guess you are...well, will you be reconsidering your house plans?

MS. ABDUL: Absolutely.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

CHAIR HOKAMA: Thank you. You know one question I want to ask and it didn't happen here, you know, we were watching Oahu, and recently Kakaako made the news because they did a so-called affordable project, they filled it up, and then people who bought affordable decided to flip and make big profit as a market unit. So obviously that project failed, because it's not affordable anymore. Can you tell us why they approached it that way and didn't look at some of the tools you're asking us to support in your proposal to keep it affordable?

MS. ABDUL: Na Hale O Maui is the first community land trust in Hawaii. I know of a couple that are trying to start up, but there is no one else. So they, you know, for a long time, we were called the best-kept secret, people don't know about us. And we're here on Maui and people didn't know about us. So I'm sure people on Oahu were not aware of us either. Our charter restricts us to the County of Maui so we can't really do anything on Oahu or any of the other islands outside of Maui County. Although, we would love to be able to advise and help anyone out there that would like to do this. It would be a great thing to have there.



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CHAIR HOKAMA: Yeah, thank you for sharing that. It just continues, proves Oahu-centric mentality that only they get the answers.

MS. ABDUL: Yes.

CHAIR HOKAMA: Mr. Couch, then Ms. Cochran.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Ms. Abdul, for coming up. Let me ask you, when you...you don't do any of the loans, you work with the banks to get loans?

MS. ABDUL: Yes.

COUNCILMEMBER COUCH: So are these loans, are these a 20 percent down or a 3 percent down or 0 percent down? What's the...all of the above?

MS. ABDUL: Great question. And I'm happy to say that now we can do and we have been doing 3-percent-down loans. So that's all that's required from our clients. Now normally when you do less than 20 percent, you have mortgage insurance that you have to --

COUNCILMEMBER COUCH: Right.

MS. ABDUL: --pay for. But the thing is that because that looks at the loan to the value of the property, for instance that Waikapu house, the value was close to 600,000, we sold it for 360,000, that's more than 20 percent. So our homes, our homeowners don't have to pay PMI, that mortgage insurance.

COUNCILMEMBER COUCH: That was my next question.

MS. ABDUL: That's a huge one, yes.

COUNCILMEMBER COUCH: So in most cases, you don't have...your homeowners do PMI?

MS. ABDUL: None of them do.

COUNCILMEMBER COUCH: None of them.

MS. ABDUL: None of them have. And what we do is we work with lenders, they are creative, they can either place them with a 3 percent or sometimes, you know, with the HOME program, but they actually get them into a conventional loan with the 3 percent down. And on top of that to help our homeowners, Na Hale O Maui has a matching grant program. They have to have part of the down payment and the closing costs. But if they don't have quite enough and four out of our five homeowners don't, then Na Hale will match that up to \$10,000. That becomes a lien on the property for 15 years. If our homeowners stay there for more than 15 years and don't refinance, that loan, that lien is forgiven. So we're doing everything we can to help our homeowners get in.

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COUNCILMEMBER COUCH: Okay. Mr. Chair, you know, I did some calculations and a down payment on a \$400,000 house would be, in 3 percent is \$12,000 and they may provide some of that. At a 3.5 percent interest rate which is kind of the average today, you're looking at \$1,742 in a mortgage payment. Rents for a 4-bedroom house at that price is, are going around \$4,000. So without taxes and certainly without PMI, and the taxes if it's a homeowner's rate, it's going to be extremely low as well, you know, I think that's very affordable. Everybody looks at the \$400,000 and says oh my gosh, who can afford that, but \$1,700 for a 4-bedroom home is pretty affordable.

CHAIR HOKAMA: If you had \$1,700.

COUNCILMEMBER COUCH: Correct. But if you're going to go...if you're a family of 4 and you have to rent at 4,000 or 3,000 --

CHAIR HOKAMA: Understood.

COUNCILMEMBER COUCH: --3,500 --

CHAIR HOKAMA: I see your point.

COUNCILMEMBER COUCH: --that's way below. So I understand it's based on the interest rates and your, the, unfortunately the seemingly pretty high HUD guidelines. But we have to take everything into the picture, you can't look at each little thing. So I appreciate what you're doing and the fact that you can bring the house price down even below the \$400,000 is obviously much better. And I understand Chair Hokama's concern about, you know, why not 2 bedrooms or 3 bedrooms as opposed to 4 to allow more people, but I see that that is a niche that we also need to fill. So it, there's a lot of moving wheels here and so far everything looks above-board. And if we're truly wanting to do affordable housing, this seems to be a good project, so it has my support at this time. Thank you.

CHAIR HOKAMA: I don't think the Committee's questioning whether the project is good or not, Mr. Couch. We understand the need. We understand it. Do you feel if Congress which is they're leaning toward it, eliminates mortgage interest deductions, what is the potential impact on your clientele? Because that's the reality right now in Congress, to eliminate mortgage payment interest deductions.

MS. ABDUL: That's come up over and over on a lot of different years, that they've looked at the mortgage deduction. If they were to take it away, it wouldn't only affect our clientele, it would affect everyone that has a mortgage. It would affect their taxes --

CHAIR HOKAMA: Definitely.

MS. ABDUL: --their income taxes, right, because you'd no longer have that deduction. But it doesn't change the fact that they're going to be paying a mortgage for 30 years that at this point is less than half the price of them going out and trying to rent or squeezing

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into mom and dad and sister's and brother's place. You know it will impact us all, it have a tax effect, but it doesn't affect our need for housing.

CHAIR HOKAMA: Just gets more competitive 'cause your pool gets bigger I would assume.

MS. ABDUL: It may. And it's already pretty big. And your concern about the four-bedroom houses, we do have some families that come in with just, know you, a couple and in fact our first house was sold to a single person who is a school teacher. But many of our families come in and they're six in their family, you know, and they're living in a one-bedroom condo or even more. So we've seen that within the clients that we have, that seems to be what they need, they need more bedrooms because they have bigger families.

CHAIR HOKAMA: Thank you for that, sharing that. We appreciate that. Additional questions, Members? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you. So when did you folks come into the picture with this project? Because I'm looking back at our Land Use Committee and the initial project summary of the...and it was only Habitat was mentioned from the very, very beginning. So now your entity is here too.

MS. ABDUL: We've always been part of it. We are not certain why we were left out of the actual development agreement although I could speculate it's because we're different, we're selling leasehold, we're not selling fee simple like Habitat will with the deed restriction, or the developer. So we're a little bit different, number one. And then I believe the other part of that is that while they were finalizing, while West Maui Land was finalizing its development agreement with the County, our previous executive director had serious health issues going on in his family and couldn't really participate in any of those negotiations. But again, this is speculation. We were involved, in fact we've been under contract with them and in escrow for a number of years so we were in there from the very beginning.

COUNCILMEMBER COCHRAN: Okay.

MS. ABDUL: I just don't, I can't answer that, I don't know the answer.

COUNCILMEMBER COCHRAN: Okay, thank you. Just 'cause if I wasn't, if I just picked up the paperwork, it'd be like how did you folks come --

MS. ABDUL: Yes.

COUNCILMEMBER COCHRAN: --into existence, 'cause you're not mentioned anywhere --

MS. ABDUL: Exactly.

COUNCILMEMBER COCHRAN: --since 2008.

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MS. ABDUL: But we were always intended to be there.

COUNCILMEMBER COCHRAN: Okay.

MS. ABDUL: Yes.

COUNCILMEMBER COCHRAN: And so I know it was discussed about leasehold which you folks are. I think that's a model also for DHHL too. Can you explain the difference between deed restriction and that? And do you folks have deed restrictions or you are considered leasehold and there is a distinct difference? And what would that be?

MS. ABDUL: The difference primarily is that we have a ground lease, and all of the terms are in the ground lease rather than as a deed restriction. So it's a negotiated agreement between Na Hale and the homebuyer.

COUNCILMEMBER COCHRAN: Okay.

MS. ABDUL: Okay, so it's all there, no deed restrictions. The deed restrictions generally are for a term of years, 10, 15, 20 years, but at the end of that period, the property goes to market and that's the other big distinction is that ours stay affordable in perpetuity.

COUNCILMEMBER COCHRAN: Okay. Which I completely like about your entity.

MS. ABDUL: Yes.

COUNCILMEMBER COCHRAN: And, Chair, for me in closing, I guess then we...as the chair of the TIG that's newly created and my two fellow Members that are part of it, definitely the term or the word affordable is being relooked at in regards to the HUD guidelines as Ms. Baisa stated, Ms. Crivello stated. That's one of our priorities is definitely to look at that and redefine what that truly means for the people here and not in other areas. And as I stated, you know, this I thought was going to be landowner, Habitat, you know, collaboration in building and fulfilling the 68 units with their own funds and their land, their funds, and what have you. And now here they are coming for this monies which I believe wasn't even known to exist back then when this was brought forward. And now that it is, they're jumping on this opportunity, it seems like kind of easy pickings. I mean they fall into that great box category for affordable housing for sure and we all completely agree that that's needed, but, you know, my take is this money I believe ought to go elsewhere, 'cause these were, these entities promised that this was going to be built from day one when we first discussed this in 2011 and prior. So that's just where I'm at still with this project. Would like to get, Chair, if you don't mind, Mr. Ueoka brought up some numbers in the affordable housing agreement, and I don't see it here. I may not be finding it, but is there a way to get a copy of that put into this Committee?

CHAIR HOKAMA: We'll request that.

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COUNCILMEMBER COCHRAN: Okay. All right. Well, very good. That's all for now. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Members, the Chair is very aware of the time and I'm very aware that Mr. Guzman does have a committee meeting this afternoon. Are there any further requests or questions that you would like to pose at this time please? Are there any questions, to be fair to Ms. Dodson and Habitat for Humanity? Since she is here, she has made herself present. If there are questions for Ms. Dodson, I would ask you make it known at this time please. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. For Ms. Dodson, the monies, because they don't have this perpetuity, you know, that Na Hale does. Does that money...where does that money go? Once the house sells within X amount of years, does that go back to Humanity, does it come back to the Affordable Housing Fund?

CHAIR HOKAMA: I'll ask Ms. Dodson to respond to that since she's here. Thanks, miss, thank you, Ms. Abdul, for your responses. Ms. Dodson, if you would please reintroduce yourself. Thank you.

MS. DODSON: Sherrie Dodson, executive director of Habitat for Humanity. We do have deed restrictions, 20 years with a buyback clause to Habitat. If they were to sell after 20 years, we are the mortgage company so the money is coming back to us and we use that money to build more homes, it's like a revolving fund. So the funds that you're giving us do come back to us, and we are going to continue to build more homes with that money. So it's not your typical, you know, in perpetuity, the house. At one point the homeowners do have the option of selling after 20 years. Our experience is that when there's a death in the family, especially 'cause that's what's happened so far, the family has arranged for the house to be kept in the family and deeded down to children. For most of these homeowners, this has been their dream their entire life, and it becomes their...especially when you're 80 percent and below, it becomes your only asset. This is your asset to be able to pass on to your children and grandchildren.

COUNCILMEMBER COCHRAN: Okay. Thank you.

CHAIR HOKAMA: Okay, thank you. Any other questions for Ms. Dodson since she is present at this time? Thank you very much, Ms. Dodson. Any other requests to the Chair at this time? The Chair will forward the requests as made by the Members of this Committee. We shall also request for your information prior to the next posting to make a decision on the proposal, site maps of the various lots that each entity will be considering for acquisition, and then we'll ask what is the proposed housing unit attached to its lot so you have a sense of what is being proposed to be constructed. Anything else, Members? Ms. Sato, any other comments at this time from the Budget Office?

MS. SATO: No, thank you, Chair.

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CHAIR HOKAMA: Thank you. Director Reimann, anything else from your Department?

MS. REIMANN: No, thank you. But thank you so much for hearing this today. I think a lot of good questions came out, a lot of good answers, and we look forward to the next session.

CHAIR HOKAMA: Okay. As soon as we receive transmittal, we'll consider posting, so the sooner you respond, the sooner you get a posting decision. Okay, anything else, Members? If not, we have concluded the business of this Committee. We are adjourned. . . .(gavel). . .

**ACTION: DEFER pending further discussion.**

ADJOURN: 12:19 p.m.

APPROVED:

A handwritten signature in black ink, appearing to read "Riki Hokama", is written over a horizontal line.

RIKI HOKAMA, Chair  
Budget and Finance Committee

bf:min:160802:ds

Transcribed by: Daniel Schoenbeck

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**Council of the County of Maui**

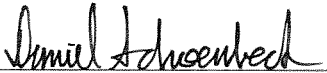
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CERTIFICATE

I, Daniel Schoenbeck, hereby certify that 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 18<sup>th</sup> day of August, 2016, in Kula, Hawaii

  
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Daniel Schoenbeck