

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE

Council of the County of Maui

MINUTES

April 2, 2019

Council Chamber

CONVENE: 2:04 p.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Kelly T. King, Vice-Chair (in 2:40 p.m.)
Councilmember Riki Hokama, Member
Councilmember Tasha Kama, Member
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member
Councilmember Tamara Paltin, Member
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member

STAFF: Leslee Matthews, Legislative Analyst
Shelly Espeleta, Legislative Analyst
Christy Chung, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Zhantell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Michele M. Yoshimura, Budget Director, Office of the Mayor
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Jenny Pickett, Development and Marketing Officer, Hui Noeau Visual Arts Center

PRESS: Akaku: Maui Community Television, Inc.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha `auinala kakou. Elua. . .no. . .eha minuke i ka hala o ka hola elua, maka elua o ka Apelila elua kaukani maka `umi kumaiwa. It is 2:04 on April 2, 2019. I am calling the Economic Development and Budget Committee to order. All Members are present, except for Vice Committee Chair

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

King. And we have with us from the Administration, Budget Director Michele Yoshimura.

MS. YOSHIMURA: Good afternoon.

CHAIR RAWLINS-FERNANDEZ: Good afternoon. Deputy Corporation Counsel, Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR RAWLINS-FERNANDEZ: And Committee Staff, Leslee Matthews, and Yvette Bouthillier.

MS. MATTHEWS: Good afternoon.

CHAIR RAWLINS-FERNANDEZ: And we also have our District Offices, Hana District Office, Mavis Oliveira-Medeiros. Lanai District Office, Denise Fernandez. And Molokai District Office, Zhantell Lindo. Okay, Members, we have one item on today's agenda, EDB-1, relating to the Proposed Fiscal Year 2020 Budget for the County of Maui. We have some procedural matters to get to, so if there are no objections, I would like to recess for about 15 minutes. Are there any objections?

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Thank you. Okay, so I will recess our Economic Development and Budget Committee for approximately 15 minutes so at the call of the Chair and...yeah, okay. Thank you. . . .*(gavel)*. . .

RECESS: 2:06 p.m.
RECONVENE: 2:40 p.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha, again, I will now call the Economic Development and Budget Committee back to order. It is 2:40 on April 2nd. We are now joined by Committee Vice-Chair King.

VICE-CHAIR KING: Good afternoon.

CHAIR RAWLINS-FERNANDEZ: Good afternoon. And all the Members are with us.

COUNCILMEMBER SUGIMURA: Yay.

COUNCILMEMBER KAMA: Aloha.

CHAIR RAWLINS-FERNANDEZ: Aloha, again.

**ITEM 1: PROPOSED FISCAL YEAR 2020 BUDGET FOR THE COUNTY
OF MAUI (CC 19-61)**

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Okay, so, we have one agenda item on today's agenda. EDB-1 relating to the Proposed Fiscal Year 2020 Budget. And so I wanted to just briefly go over the process since someone had asked earlier about questions for the departments. So, at the beginning of every meeting where EDB-1 is agendized, I will be requesting any written questions you may have for the various departments. Please format your questions on the memo template previously provided to you and send a soft copy, the electronic version of those same questions to the EDB Committee as well for ease of processing. This will allow OCS Staff ample time to compile your follow-up questions in a timely manner and to send them out to the appropriate departments. As soon as our Appendix B is finished copying, Staff will distribute those copies of Appendix B, Rates and Fees proposal, to each of you, which we'll be working off of for today's meeting after we accept testimony. My goal for today is to review Appendix B together and have a healthy discussion on all rates and fees, but setting Real Property Tax aside for tomorrow's meeting. Please feel free to suggest your own amendments today as we make our way through this document. For all amendments proposed, I will be seeking consensus from the Committee so we can move forward to the next rate or fee. If we find ourselves unable to progress from one amendment to the next after a bit of discussion, I may decide to revisit that particular amendment at the end of our first pass through the appendix, either today or at another meeting. On those items that the body finds consensus on, we will not be revisiting those items unless the entire Committee has consensus to do so. I realize that there may be new information shared with us as we progress through the upcoming weeks, which may adjust our thinking. If that occurs, any member may propose a revisit to previous rates...to a previous rate or fee that had consensus, and if the body agrees we will take up the consideration for an amendment and consensus once more. After today, the resulting Appendix B draft proposal will be forwarded to all impacted departments requesting their comments in writing back to the Committee as soon as possible. Okay, any questions? Okay, so we'll open up testimony...public testimony. Testimony will be limited to the one item on the agenda. To testify, please sign up with Staff. Testimony is limited to three minutes, if you're still testifying beyond that time, I will kindly ask you to complete your testimony. When testifying, please state your name and who you're representing, please also indicate if you are a paid lobbyist. Okay, so let's first check in with our District Offices. Ms. Oliveira-Medeiros at the Hana Office, will you please call your first testifier?

. . .BEGIN PUBLIC TESTIMONY. . .

MS. OLIVEIRA-MEDEIROS: Hello, Chair. This is Mavis from the Hana Office and there is no one here waiting to testify.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Ms. Fernandez at the Lanai Office, will you please call your first testifier?

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez at the Lanai Office and there is no one waiting to testify.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Ms. Lindo at the Molokai Office, will you please call your first testifier?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

MS. LINDO: Aloha, Chair. This is Zhantell Lindo at the Molokai District Office, there is no one here to testify.

CHAIR RAWLINS-FERNANDEZ: Yay we have connection. Mahalo. Okay, Ms. Matthews, will you please call our first testifier in the Chamber?

MS. MATTHEWS: Yes, Madame Chair, our first testifier is Jenny Pickett, testifying on behalf of Hui Noeau in her role as the Development and Marketing Officer.

MS. PICKETT: Good afternoon, aloha kakou.

CHAIR RAWLINS-FERNANDEZ: Good afternoon. Aloha.

COUNCILMEMBER KAMA: Aloha.

MS. PICKETT: My name is Jenny Pickett, and I'm here representing the Hui Noeau up in Makawao. I'm the Development and Marketing Officer there. First, I just want to thank you for taking the time to listen to my testimony and also for...thank you for all of your folks' hard work. It's so exciting to be a part of Maui County right now, and it's just, yeah, it's just I'm just very grateful for all of you folks and all of your hard work, and I'm pretty excited to be here because this is the first time that the Hui Noeau has had a line item in the Mayor's Budget, and so we're super, we're very excited about that. The Hui Noeau has actually been around since 1934, we're a 501(c)(3) nonprofit arts education organization. We provide visual arts education in a variety of artistic media hands-on instruction by teaching artists and unique opportunities in professional studio spaces. I'm sorry, I'm nervous so much my voice is shaking, and I'm so excited about our programs that I feel like I want to tell you all of it, but I'm just gonna highlight some of the things, and definitely available any time you folks are to discuss any of these things further. Two programs are on the topic today for me, and the first one is our, the Hui youth programs, they are incredible. The Hui does so much for the youth in Maui County. The goal is to provide meaningful and continued access to visual arts education for Maui youth through our programs. We have camps, field trips, and outreach programs in collaboration with the local schools and educators. The arts and the other non-core subjects have been diminishing in Hawaii's classroom for over a decade. The National Center for Education statistics report outlined that Hawaii ranks near the bottom 40th out of 50 states. Due to budget cuts to public schools' art programs, many children have limited access to arts education, and as a result, more than ever, the Hui serves as a vital community resource. Also the, I did notice the County of Maui...is that my 30 seconds?

CHAIR RAWLINS-FERNANDEZ: You have 30 more seconds to complete.

MS. PICKETT: Oh no. Okay, the Na Keiki program is amazing, we have children and youth foundation art classes and workshops. The...we actually go into schools...I'm just gonna free talk it. We go into schools with the Na Keiki program and work with the A+ program, which is the after school program, so we go out and reach students where they would normally not be reached, plus we also offer free field trips for preschoolers,

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

and then...I apologize, I was supposed to have someone else here speaking with me about...and we were gonna separate it into two subjects, so I guess my time is up but I don't wanna leave without telling you guys about my favorite, favorite, favorite program that we have up there. Prior to this job I was an archaeologist in Maui, in Hawaii throughout the State for 20 years, so I have a huge passion for historic preservation and the Hawaiian culture, our host Hawaiian culture, so our Art with Aloha program is also a line item on the budget, and that is just the most amazing, incredible program that I hope and ask for your support. Thank you very much.

CHAIR RAWLINS-FERNANDEZ: Thank you. Mahalo for your testimony. Members, do you have any questions to clarify? Chair King? Yeah, your mic.

VICE-CHAIR KING: Thank you, Chair. Thanks for being here --

MS. PICKETT: Sure.

VICE-CHAIR KING: --really enthusiastic. I have a couple questions for you, one is --

MS. PICKETT: Oh great.

VICE-CHAIR KING: --who's your grant under? Is it through Office of Economic Development, or?

MS. PICKETT: Yes, yeah.

VICE-CHAIR KING: Okay.

MS. PICKETT: We also have HTA.

VICE-CHAIR KING: Is it related to Economic Development?

MS. PICKETT: We...yeah it is, and we also have HTA funds, too.

VICE-CHAIR KING: Okay, I was going to ask if you're getting any State funding through the schools --

MS. PICKETT: Yeah

VICE-CHAIR KING: --since you're doing work in the schools. Are you getting any State?

MS. PICKETT: No.

VICE-CHAIR KING: You're getting nothing from the State?

MS. PICKETT: Not that I'm aware of, no.

VICE-CHAIR KING: Okay. Alright, thank you.

MS. PICKETT: Yeah, sure.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Okay, Members, any additional questions? Seeing none, thank you so much for your testimony.

MS. PICKETT: Yeah, thanks again for your time.

CHAIR RAWLINS-FERNANDEZ: Good job.

MS. PICKETT: You folks have a great day.

CHAIR RAWLINS-FERNANDEZ: Thank you, you too. Okay, Members.

COUNCILMEMBER KAMA: Yeah.

CHAIR RAWLINS-FERNANDEZ: Ms. Matthews? Do we have any additional testifiers with us today?

MS. MATTHEWS: Madam Chair, we have no other testifiers signed up in the Chamber.

CHAIR RAWLINS-FERNANDEZ: Okay, Members, if there are no objections, I will now close public testimony.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay, public testimony is now closed.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR RAWLINS-FERNANDEZ: Okay, so if everyone has their Appendix B, we can...we'll start on the review. The copies haven't arrived yet, but it'll be okay, we can get started. So, just a background on what I've proposed...I think I'll wait until the copies arrive and then I'll explain my proposal if that's okay. Are there any objections? Are you...

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, so we can turn to Page 4 of your Ramseyer version of Appendix B, and for anyone that's following along, the information in brackets in blue ink is what is the, currently our rates and fees and the information that is underlined in red is what is being proposed by the Mayor. Okay, under residential monthly rates, and this is for the Department of Environmental Management, Sewer Fund, and below that where it says sewer collections, you'll see that the Mayor has proposed an increase on seven of the fees. Is everyone following? Okay, and so we did an analysis of the increases that are being proposed and it...it's kind of all over the place, you know, the first, the single family and duplex dwelling is an increase of 2.91 percent, the monthly water meter usage is an increase of 9.76 percent. Going down, a flat rate per dwelling is an increase of 5.62 percent and continue down. And so, what I'm proposing is that we raise the Residential rate by

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

0.25 percent instead, and so that would be from...so starting at the top, where it's \$31.58, that's the current rate, the proposal is \$31.65. And the next is \$4.10, so .25 percent increase would be \$4.11. And the next, 59.41 with a .25 percent increase, that's 59.55. And the next is from 31.58, it's 31.65. And again here, it's \$4.10, and it would be increased to \$4.11. And the next is \$48.96 to 49.08, for 49.08. And the last one there, is 15, it's currently \$15.75, and it would be increased to \$15.79. And so, that's my proposal for the increase there. You know, I received testimony after the Mayor's proposal came out just unhappy with the increases to our residents, that it's just, it's been unfair for our residents to be paying, like such an increase to these charges, to these fees. So, that's my proposal, is .25 percent increase for this section, across the board. Yeah.

COUNCILMEMBER SUGIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: So, perhaps I'll start with Member Kama, or Vice-Chair King, and then I'll move to Member Kama, and then take it down.

VICE-CHAIR KING: Thank you, Chair. I have...I'm not sure if you're wanting us to make a decision on this, 'cause I have a couple really pertinent questions, and one of them I think, Ms. Lee asked a day or two ago was, what's the intention for any of these raises? How are they gonna be used? Because I'm not in favor of raising fees just to balance the overall budget. If they have some specific use in this section that makes sense to me...I think it makes a lot more sense to do across-the-board percentage, but I'm not convinced that these are relevant to what's happening in Environmental Management, and it's hard to make decisions on rates and fees without first deciding what we want funded and what we don't want funded. So, you know, as I said earlier, I have a real problem with some of the increases in Department of Environmental Management, which I think these fees partially go to, and I haven't seen justification for some of those increases that has offset my concern about Anaergia being the beneficiary of those, you know, these, the budget increases and the idea of, you know, upgrading the landfill for someone else to take over. So, it's kind of to me like a big picture, like what do we want to see, you know, what's the Department's plan for using this fund, this funding if they're gonna try to increase fees on, I mean, I've heard this budget being called a regressive budget because there's a lot of egregious fees on our residents, and then there's new funding in here for things that we've never funded before like, you know, public school operations. And so, I'm just trying to figure out how to, how we can put this in context so that we're not just first deciding what the fees are, and then deciding what we want to spend it on, but first deciding what the program is that we want to fund, and then figuring out if it makes sense to take the funding out of these fees, or somewhere else, you know, property tax or whatever. But, to me, it doesn't make sense to me, and it certainly doesn't make sense with all these different percentages, so I'm glad you pointed that out, and I don't know if the Budget Director can speak to that, or if we just need to wait for that response from the Department.

COUNCILMEMBER KAMA: Department response.

VICE-CHAIR KING: So I guess I would like to hear your, you know, your thoughts on timing of rates and fees or if...this is just a discussion, I think it's a good discussion, but...

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Yeah, it's a discussion.

VICE-CHAIR KING: Okay, so not necessarily that we're gonna make a decision today. Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: Yeah, yeah.

VICE-CHAIR KING: And I don't know --

CHAIR RAWLINS-FERNANDEZ: _____ yeah.

VICE-CHAIR KING: --if the Budget Director wants to answer to that...the proposals in the program. Okay.

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: Thank you.

CHAIR RAWLINS-FERNANDEZ: Yeah. Yeah it's...so these were the areas that the Mayor had proposed changes, and so I wanted to just start that discussion of what we as the Council, you know, thought was fair, and if we had feedback. So, I'll go start with --

VICE-CHAIR KING: Okay, and just so --

CHAIR RAWLINS-FERNANDEZ: --Member Kama.

VICE-CHAIR KING: --you know on this copy that you dropped off.

CHAIR RAWLINS-FERNANDEZ: Yeah?

VICE-CHAIR KING: Nothing came out in the yellow squares.

UNIDENTIFIED SPEAKER: Yeah.

VICE-CHAIR KING: There were no...

CHAIR RAWLINS-FERNANDEZ: Oh yeah, yeah. It was my notes.

VICE-CHAIR KING: What's that?

CHAIR RAWLINS-FERNANDEZ: It was...those were my notes. So, it wasn't meant to.

VICE-CHAIR KING: Okay, but anyway, I can't read it. I can't read this copy.

CHAIR RAWLINS-FERNANDEZ: On this, on the right margin.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: Yeah well there's the notes, and then there's some areas where your notes seem to have covered up part of the copy and I can't read what was behind there. Was that intentional or...

CHAIR RAWLINS-FERNANDEZ: No, I mean the notes were for me.

VICE-CHAIR KING: Pardon?

CHAIR RAWLINS-FERNANDEZ: The notes...

VICE-CHAIR KING: No, I understand that but...

CHAIR RAWLINS-FERNANDEZ: Yeah, and then it covers, it's not covering anything that isn't on the copy --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --that you have.

VICE-CHAIR KING: Okay, 'cause --

CHAIR RAWLINS-FERNANDEZ: So, it's not anything that's being proposed.

VICE-CHAIR KING: --some of the red type didn't come out either. I don't know, I think it goes back to needing a new printer.

CHAIR RAWLINS-FERNANDEZ: Yes, we need new printers. But can you see where it says raise Residential by .25 percent? Is that something that you can read?

VICE-CHAIR KING: Mine has a lot of white stuff through the --

CHAIR RAWLINS-FERNANDEZ: Oh okay.

VICE-CHAIR KING: --_____ words, but if you tell me what it says I can decipher...

CHAIR RAWLINS-FERNANDEZ: Yeah, no it says the 31.65, the \$4.11, the 59.55.

VICE-CHAIR KING: Okay, 31.63?

CHAIR RAWLINS-FERNANDEZ: Sixty-five.

VICE-CHAIR KING: Oh, mine says 63.

COUNCILMEMBER KAMA: Mine says 63

VICE-CHAIR KING: Mine says...

CHAIR RAWLINS-FERNANDEZ: Yeah, it's how it copied.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay, Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Madame Chair, for allowing me to just ask a quick follow-up to what Committee Vice-Chair King had mentioned about getting justification for these raises by...from the departments, and it kind of comes down to what I had mentioned the other day about if we could bring in the directors to kind of rationalize --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER MOLINA: --on behalf of the Administration why we want these increases, and what they're gonna use it for. So, I can agree from the position of Committee Vice-Chair King. So for your consideration at some point --

CHAIR RAWLINS-FERNANDEZ: Yeah

COUNCILMEMBER MOLINA: --if we could get them in front of us would be nice. Thank you.

CHAIR RAWLINS-FERNANDEZ: There...yeah. So, they're not prohibited from coming to us and testifying for three minutes if they would like to come and justify the fees, but we can also ask them in written correspondence.

COUNCILMEMBER MOLINA: Yeah, and, you know, that's good too, but sometimes getting them in front of us too, will help, 'cause we may do something that will be of concern to them, so however way you want to do it, I mean, encourage them to come here, at least --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER MOLINA: --be a resource to observe in the gallery, 'cause I think it's important that we ask these questions of them directly. I know Ms. Yoshimura could maybe give us some insight but I think, maybe she would agree that it might be better to come out of the directors' --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER MOLINA: --mouths in front --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER MOLINA: --of us, so some food for thought . . . *(inaudible)*. . . So, if you could consider that flexibility, it would be much appreciated. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Molina.

VICE-CHAIR KING: So, Chair, just to follow up on...okay, so now the new...so we're on
Page 4.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: And the...we're on this residential monthly rates, so if you look at the first line where it said 31.58, and his raise would be 32.50, the number that you put next to it, it says .92 equals 2.91 percent?

CHAIR RAWLINS-FERNANDEZ: Yeah, so that...so what you see is the, an increase of 92, so the first line...

VICE-CHAIR KING: Okay, so that's just your calculation on what the increase is?

CHAIR RAWLINS-FERNANDEZ: Yes, so that...

VICE-CHAIR KING: So, you're looking at what the increase is and that translates to a 2.91 percent increase?

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: And then the next column is what the increase would be with your proposed .25 percent?

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: Okay, I think I get it now.

CHAIR RAWLINS-FERNANDEZ: Thank you.

VICE-CHAIR KING: Thank you.

CHAIR RAWLINS-FERNANDEZ: I'm sorry I didn't explain that clearer.

VICE-CHAIR KING: It's okay, but can I just ask one more question --

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: --from the Budget Director? Is, can you tell me who, because we're in flux right now with our DEM Director, is whose figures are these, these fee increases? Are they the Mayor's figures, or are they the Director's figures?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, the increases, the proposed increases, came from the Department, from Wastewater, and the ones from Solid Waste, so it, through the Director's Office at the time the proposals were made.

VICE-CHAIR KING: Okay, so this is through --

MS. YOSHIMURA: So...

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: --Director Miyamoto's Office?

MS. YOSHIMURA: Correct.

VICE-CHAIR KING: Okay, thank you. Thank you.

CHAIR RAWLINS-FERNANDEZ: I have a follow-up question to that, so the Deputy Director, or the Acting Director, will he be able to explain the proposed increases?

MS. YOSHIMURA: Chair, yes. The Acting Director is Eric Nakagawa, and he was the Wastewater Division Chief, so he would be able to explain the increases.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay, I'll now start with Member Kama, and then I'll work my way down. Okay, Member Kama?

COUNCILMEMBER KAMA: Okay, so, thank you, Chair. So, just by looking at these pages that...so let me just make sure I understand what we're being asked to do here. We're taking a look at the proposed as the Department has proposed it, and you've already gone through this, and you've already made your comments in this, in the columns next to it and said this is what I propose, this is what I propose, and therefore you want us to comment upon your proposed, or do you want us to comment upon the Department's proposed?

CHAIR RAWLINS-FERNANDEZ: It's a discussion.

COUNCILMEMBER KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: So, we'll be discussing both.

COUNCILMEMBER KAMA: Okay. At this time I'm just gonna just pass this round please.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER KAMA: Thank you.

CHAIR RAWLINS-FERNANDEZ: Member Sugimura?

COUNCILMEMBER SUGIMURA: So, based on your version that was just passed out, this is a clarity question also.

CHAIR RAWLINS-FERNANDEZ: Okay

COUNCILMEMBER SUGIMURA: If you look next to, I just wanna know what you wrote here, because it's --

CHAIR RAWLINS-FERNANDEZ: It didn't copy.

COUNCILMEMBER SUGIMURA: --a poor copy, yeah.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER SUGIMURA: So, under...next to others per month per dwelling, which is the last change of \$15.79 --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: --which is your change. What does it say in handwritten portion? It says total change...

CHAIR RAWLINS-FERNANDEZ: Yeah, so the total change made from this section is about \$8.31.

COUNCILMEMBER SUGIMURA: So, what this says is total change...

CHAIR RAWLINS-FERNANDEZ: From the Mayor's proposed is...from the Mayor's proposed is down...

COUNCILMEMBER SUGIMURA: Can you just read verbatim what you...

CHAIR RAWLINS-FERNANDEZ: Okay, the total change from the Mayor's proposed increases is negative \$8.31, total.

COUNCILMEMBER SUGIMURA: So, we're gonna have a discussion on this today, you're not expecting any decision until...I really would like to hear from the Department also, to talk about --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: --you know, some of the questions like what Ms. King said, as well as --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER SUGIMURA: --just so we understand why, you know, and what would the impact be if we did a 2 point...I mean .25 percent change versus what they're trying to do with the varied amount of changes that were proposed cause it probably ties to different programs that they have going on, you know, within the Department, so I would like --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: --to have some clarity from the Department. And I don't know, I just got a whole bunch of...I was trying to sort it out here, questions and responses, but I don't think we got a response to this particular question if it was asked from the Department in the stack that I got today.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Sugimura. Member Paltin?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER PALTIN: Thank you, Chair. I was wondering if it would be okay if I asked Director Yoshimura if former Director Miyamoto made justifications to you folks as to why these specific numbers were requested as increases that they needed?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, the rate increase was proposed 'cause there were CIP projects that needed to be done, and also the cost for operations.

COUNCILMEMBER PALTIN: Can I follow up? Is there a --

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER PALTIN: --location we can go to, to see the list of CIP projects and operations, and what the current amount spent for the previous fiscal year is, and the anticipated future amount needed?

MS. YOSHIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: In your Program Budget book, starting on Page 659, the CIP projects are all provided for the Department of Environmental Management, which is Wastewater and Solid Waste. And also in the Budget Details, you would be able to find the details for each Department, and it will show you the variances from Fiscal Year '19 to '20.

COUNCILMEMBER PALTIN: Okay, so then it's gonna be Countywide increases for District-specific projects? That's how it usually goes, or...like if Lahaina has for their injection well, they want to expand the....the increase rate is Countywide, it's not like...

MS. YOSHIMURA: Correct, it's Countywide.

COUNCILMEMBER PALTIN: Okay. Alright, thanks. I'll check it out.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Hokama?

COUNCILMEMBER HOKAMA: Thank you, Chair. Again, Chair, my questions...so I understand this proposal only as it relates to the Sewer Fund, period. We're not talking Solid Waste, we're not talking anything else, we're just talking Sewer Fund. So, you know, in general if the Department is maintaining a sense of our past policies and philosophy of finance, I'm assuming then, that the Department has calculated debt service, they've calculated the six-year CIP program, on the funding components, as well as the upcoming increases in collective bargaining for employees, that's all part of your calculations. So what I would like to know is, is within the proposed rate increases from the Administration, have you also...so I'm assuming that includes the upgrades, replacement, pump station requirements, federal EPA, State Department of Health standards that we must maintain, so that would be all within this cost

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

proposal of increase. And again, Members, I just share with you, that when this County built our system, 80 percent was funded by the Federal government, okay, current public law, or Federal law, is that we will not get any 80 percent. The fund, and the system, and users must pay for the maintenance, replacement, and upgrades of our system. So, we do that through a fee structure, and I'm assuming that the Administration has calculated all of this, because in the future that's coming too fast for many of us and I want to know, is this also part of the plan to address the Upcountry requirement to convert cesspools to either septic or sewers? Because for me, just Upcountry, Maui, I'm looking at \$125 million investment only for cesspools if we're not going to allow the property owner to pay for the backfilling of the cesspools. And I bring that up because when Lanai converted, we all had to pay our own personal monies to backfill our cesspools when we converted to the County sewer system. So, if this is gonna be an administrative policy to ask the whole base now to take care 7,400 cesspools Upcountry, I would prefer we address it to sewer fees than attack currently General Fund. So, is this part of a strategy from the Administration on how to look at the various options of how we're going to comply with cesspool conversion?

CHAIR RAWLINS-FERNANDEZ: Member Hokama, before I let Ms. Yoshimura respond, I just wanna make sure, 'cause you asked really good questions, and I wanna make sure that OCS was able to catch all of those questions. Okay, great. Okay.

COUNCILMEMBER HOKAMA: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

COUNCILMEMBER HOKAMA: Appreciate that.

CHAIR RAWLINS-FERNANDEZ: If you feel comfortable commenting.

MS. YOSHIMURA: Yes, Chair.

COUNCILMEMBER HOKAMA: Whatever you can share, this afternoon.

MS. YOSHIMURA: Okay, so when the Department looked at the fee increases, or the fee structure, it does take into consideration all of their operations and their future plans, and capital improvement projects, and I will note that SRF loans, which the Department usually heavily relies on, was not...there wasn't as much available this year for projects. The Department also has been setting aside funds in a capital improvement reserve fund for projects, and that is based on the amount...the amount that goes into that fund cannot be greater than what their Carryover/Savings is. So, they have been looking towards projects...future projects and built in a rate structure that is palatable to the community.

COUNCILMEMBER HOKAMA: This is good. I like the thing that they're planning ahead, than reacting. So, one question and if you cannot answer, that's fine, we can ask the Mayor or the new director upon confirmation, but have we made a, I guess, policy, you know, general policy to relocate the Kahului Treatment Plant, or are we just gonna harden? 'Cause for me, that's gonna be a major financial decision, you know, past estimates from Council was quarter to half a billion dollars, just for the relocation of a

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

new high-tech plant out of the tsunami zone. So if we're gonna need to start budgeting that kind of monies, then I would assume fee structure's gonna be adjusted accordingly too, and if we do partnership...private partnership with private other components, landowners projects, as addressing it, whatever you could share, because it's never too late to plan with the money...or too early to plan with the money.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, I think that question might be best answered by the Acting Director of Environmental Management, or his replacement in Wastewater.

CHAIR RAWLINS-FERNANDEZ: Mahalo.

MS. YOSHIMURA: Thank you.

CHAIR RAWLINS-FERNANDEZ: Did OCS get that? Okay, great.

COUNCILMEMBER HOKAMA: Thank you, Chair. I'm done at this time, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Member Lee?

COUNCILMEMBER LEE: My concern is that fees are supposed to be based on actual costs, and if it were true, then it'll be difficult to just reduce what is proposed here; however, if the Chair had a good justification for reducing what's proposed, we just have to commit to subsidizing the rest of the costs. So, that's my concern as we go through this process. That's all I have, thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Madame Chair. Just, you know, with your proposals, can you just give us a little basic rationale? I know it's a much, much smaller increase --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER MOLINA: --than what was proposed by Administration. Was it your rationale just based on what you're hearing from the community or --

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER MOLINA: --was there a formula, or something? Can you, are you able to share that with us at this point why just the 2½ percent?

CHAIR RAWLINS-FERNANDEZ: Right. Yeah, so it was more to soften, because that...

COUNCILMEMBER MOLINA: The blow.

CHAIR RAWLINS-FERNANDEZ: Yeah.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER MOLINA: So to speak.

CHAIR RAWLINS-FERNANDEZ: Yeah, 'cause we like immediately, like, Chair King mentioned we...I immediately received testimony from residents just, you know, feeling badly that they would have to, you know, take on the brunt of these increases, and so maybe it could be a phased. So, a lot of the...my proposals are gonna be more of phased increases.

COUNCILMEMBER MOLINA: Incremental increases --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER MOLINA: --rather than --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER MOLINA: --larger --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER MOLINA: --increases at one time.

CHAIR RAWLINS-FERNANDEZ: So, that was more of the rationale.

COUNCILMEMBER MOLINA: Oh, okay. Alrighty, I'll have more questions later on as we progress --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER MOLINA: --through this manner. Thank you.

CHAIR RAWLINS-FERNANDEZ: Yeah, I think we had a lot of really good questions already, you know, noted down by OCS.

COUNCILMEMBER MOLINA: Thank you.

CHAIR RAWLINS-FERNANDEZ: So, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair. Yeah, I too would just have a couple questions. I know I appreciate the other Members bringing up anticipating some of the Upcountry revenues that might be needed to upgrade the systems. And I know not everybody is hooked up to the sewer lines, so, I mean, I would want to see what kinds of cost this would generate, what population it would affect, or the numbers on how many people would be affected by these tax rate increases. So, these are just some questions I'd like to --

CHAIR RAWLINS-FERNANDEZ: Okay.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER SINENCI: --find out for voting on. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Sinenci. Okay, so it sounds like we have a lot of questions, and it was noted, they're all noted down by OCS, so I'm...if there are no objections, we can move forward on the next set of proposals.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, so, and OCS caught Member Sinenci's questions? Okay. Okay, so if you'll turn to Page 28, I will explain some of my rationale for the next proposed amendments. Okay, so this is under the Department of Planning, General Fund. These proposed increases will defray more of the cost associated with processing and the administration of these permits than previous years. We had done a user fee study in...that we received on December 2, 2009, so that was about ten years ago, and it showed us how much all of the processing of the, you know, the paper work for these permits would cost, and it was, it's pretty astounding how much, you know, we subsidized. So, it's apparent from the 2009 fee study and cost recovery plan that our County General Fund has been subsidizing the processing and administration cost of these permits for many years. Funds generated from these increases could be used to make permit processing more timely, efficient, accessible, and user friendly. My proposed increases are 20 percent of the cost to process these permits from 2009. In the 2009 study, the County only recovered approximately 19 percent of the costs of providing these services, and back then, our fees were much lower than the national average. It is clear that we need a method for updating our fees annually to account for rising costs and providing these services. To better serve our community, spanning the four islands, we also need an updated fee study and cost recovery plan for this Department and also in considering our policy in adding a County Archaeologist. So additional hourly fee for consultation and review by a County Archaeologist will be added...could be added. Okay, so on Page 28, what Staff also distributed are the tables that came out from the fee study and cost recovery plan. And so, for this first set, if you go to...let's see, where is it...oh, the first page, where it says planning applications, change of zone. Okay, so if you go down to about middle of the page, you'll see 0 to \$125,000 and it's been at the \$550 fee for years without any change and the cost to process the applications are \$10,000...\$10,185. Are you able to find that amount? Is everyone...yes, yes, okay.

VICE-CHAIR KING: Are we on the first page?

CHAIR RAWLINS-FERNANDEZ: So, the additional --

VICE-CHAIR KING: Yeah.

CHAIR RAWLINS-FERNANDEZ: --document on the first page, the first line.

VICE-CHAIR KING: I thought you said it said...oh. The one that says change of zone less than five acres?

CHAIR RAWLINS-FERNANDEZ: Yes.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: And so, in that column it says the total cost per unit, so to process one application.

COUNCILMEMBER SUGIMURA: She didn't get this.

CHAIR RAWLINS-FERNANDEZ: Oh, okay.

COUNCILMEMBER SUGIMURA: She got it.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, it's the first page, the first line. So it says it costs 10,000...\$10,185. Yeah.

COUNCILMEMBER SINENCI: So, that is the County's responsibility to processing each permit?

CHAIR RAWLINS-FERNANDEZ: Well, in order for anyone to get a permit, that's what it costs to do the change of zone. So, it costs --

COUNCILMEMBER SINENCI: At the County level?

CHAIR RAWLINS-FERNANDEZ: --in all the administrative hours that it takes to process that one application --

COUNCILMEMBER SINENCI: Thank you.

CHAIR RAWLINS-FERNANDEZ: --is \$10,185.

VICE-CHAIR KING: So, Chair, just to clarify, so that's the cost to the County, and the fee that's paid by the applicant is only 550, so --

CHAIR RAWLINS-FERNANDEZ: Right.

VICE-CHAIR KING: --basically we're covering almost 95 percent of the cost.

CHAIR RAWLINS-FERNANDEZ: Right. And so, my thought again is to kind of phase in some of that cost. I don't know why that we have been subsidizing the administrative fees all these years, and so I've proposed to increase it to 20 percent of the cost it takes to process the application. So, 20 percent of the \$10,185 and that is how I got the \$2,100.

COUNCILMEMBER KAMA: Question.

CHAIR RAWLINS-FERNANDEZ: Member Kama?

COUNCILMEMBER KAMA: So, if what it cost the County to process an application is the 10,000 but we're only charging the applicant 500, and you wanna increase that to 20 percent?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: No, no. Twenty percent of what it cost for us to process it.

COUNCILMEMBER KAMA: Oh, so it's 20 percent of the 10,000?

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER KAMA: Okay. So, why are we only going 20 percent? I mean...

CHAIR RAWLINS-FERNANDEZ: To soften the blow. I am open to discussion, absolutely, but yes.

COUNCILMEMBER KAMA: Okay, I'm just...I don't know why in the very beginning if we knew was gonna cost us 10,000 and we're only charging five, I don't know how or why. So the question I'm asking today is...so we don't know why we did that then, so we're going to increase it to soften the blow, but if we did it in the beginning, we wouldn't have to be softening anything.

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER KAMA: Correct?

CHAIR RAWLINS-FERNANDEZ: So, and I think that's why they, you know, to see how much it actually cost to process, you know, the applications for these fees 'cause these first set --

COUNCILMEMBER KAMA: Yes.

CHAIR RAWLINS-FERNANDEZ: --also require a public hearing, and the cost of the public hearing is not even factored into the administrative cost here.

COUNCILMEMBER KAMA: Yes, yes.

CHAIR RAWLINS-FERNANDEZ: And so that, you know, in 2009 they did a study and that's how they determined how much...how much time, and then how that time translates into dollars.

COUNCILMEMBER KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: And so that's what we found...well that's what they found, and reported to us.

COUNCILMEMBER KAMA: Okay, I understand that. It's clear to me, but again, it's like...I feel like this is like a brand new moment in time when we're kind of discovering many, many things that should've, could've, would've, but didn't occur before we all got here, so we all get here and we find out that there's a lot of missing pieces in this wonderful puzzle that we thought was put together quite well. And now to put the missing pieces together it's going to cost something to make this whole puzzle the picture perfect that it should be. And so we're trying to not increase anything, but we need to do the right

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

thing which is, what is a fair way of assessing these fees in a way that doesn't cost our taxpayers any more than they've been paying all this time. That's my comment. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Kama. Member Sugimura?

COUNCILMEMBER SUGIMURA: Good questions, and I think what Member Kama, and probably what you're reflecting with the study is that, I think that their costs...there may have been a reason why, you know, this was recommended, and I wonder with the many questions that were sent to the Department, was this one of them? To...so we can understand why the fees are such. That's one thing, I would love to hear the response from the Department. And I think sometimes we do things and there may be unintended consequences. We don't want to have a reputation of being the hardest County in the State to do business with, and I'm not too sure what fees are comparable to other municipalities and there may be a reason why things are this way, and I would love to hear what the Department says. Recently, I remember Michele McLean came before us last term, and what the Department did was, not only is there a processing fee, but if a developer came before us and, or before them, and sent in plans and it kept on getting submitted and, you know, back and forth, back and forth, they have started charging a fee, which is something new that they never did before. So, there are things that, you know, maybe the Department can weigh in on to give us a better picture and understanding of why this is, 'cause I think that you've pulled a study which came from them, right? This came from Planning Department?

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: So, you know, maybe they can explain that to us and possibly tell us what they would recommend.

CHAIR RAWLINS-FERNANDEZ: The recommendation was to increase it by 30 percent until --

COUNCILMEMBER SUGIMURA: Until you caught up.

CHAIR RAWLINS-FERNANDEZ: --it's fully...yeah. Incrementally by 30 percent.

COUNCILMEMBER SUGIMURA: So, the recommendation came from this study?

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER SUGIMURA: Okay, and we didn't do it then, from 2009? Is that what you're --

CHAIR RAWLINS-FERNANDEZ: No.

COUNCILMEMBER SUGIMURA: --saying?

CHAIR RAWLINS-FERNANDEZ: Yes.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER SUGIMURA: Okay. So, I would love to hear from the Department.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: Yeah, I would...

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Committee Vice-Chair King?

VICE-CHAIR KING: Thank you. And thank you for finding this study because I think this is really important. The burden is being borne by the taxpayers because if we're covering it by money we put into the Planning Department. The one thing, well actually there's two things, one is that when I did the math on 20 percent of 10,185 I came up with 2,037 so I'm not sure, are you rounding up, or is something with the 2,100 but if...what I think I, what I would like to know from the Department is, is that the close to or the current cost, close to the current cost of what it cost to process a Change of Zoning? Have we gotten more efficient so that maybe today the cost is a little bit less because of technology? I don't know, I mean I would hope that we would get more efficient, not less over the course of years so that it wouldn't cost as much, but if they have some percentage that they feel like we've been able to increase the efficiency across the board, that might be helpful without trying to calculate, you know, trying to redo the study. But I would hope that they would be more efficient today than they were ten years ago but I don't know that to be true. But I do like the idea of increasing those fees. If you're changing a zoning, you're not gonna be downzoning. If you're coming in for an application to change a zoning, you're gonna be up-zoning, you're gonna be adding value to your property. So we're only charging them \$550 and they could be adding tens of thousands, hundreds of thousands, maybe even millions of dollars' worth to the value of that property. And so, you know, if I'm a developer looking for a zone change from say Open zoning to Residential, which is happening in my community right now, somebody's proposing that, yeah it's worth a couple thousand dollars to get that extra value in that property, but you better be sure that that's what you really want to, before you go down that road, and so I don't think those types of fees are that outrageous. I think it would be good to see how we compare with other counties as far as what their fees are, and match it up against, you know, our fiscal position versus other counties, you know, where other counties are fiscally. But, my main concern is, is that number true, that \$10,000 in the...all these cost...processing costs. And, I would hope in my heart of hearts that its actually costs less now and that we have ten years' worth of technology improvements and hopefully process improvements, but I don't know that for sure.

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: So, thank you.

CHAIR RAWLINS-FERNANDEZ: Thank you, Chair. Member Paltin?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER PALTIN: Thank you, Chair. As far as like a discussion on this goes, I was thinking it might be kind of...not dangerous, but risky maybe to equate a higher fee with more efficiency, because we're the County, and without that specific type of directive from the Administration to streamline or make the process more efficient, all we can do is raise the fee, because we can't tell the departments what to do, although all of the public probably wants the process to be more streamlined and efficient, and probably most people in the County as well. So, I'm kind of hesitant to link those two things together, like, oh you're gonna pay more so it'll be a more efficient process, and it'll...we'll have what we need to do it efficiently because I don't see the link at all in that having happened in the past per se.

VICE-CHAIR KING: Chair?

COUNCILMEMBER PALTIN: And then...

VICE-CHAIR KING: Can I just...are you referring to something that I said, trying to link those?

COUNCILMEMBER PALTIN: No.

VICE-CHAIR KING: Oh, okay, 'cause I just wanna make sure that you knew I wasn't trying to link those together with my comment.

COUNCILMEMBER PALTIN: Oh no.

VICE-CHAIR KING: Oh, okay.

COUNCILMEMBER PALTIN: From...

CHAIR RAWLINS-FERNANDEZ: My opening comments.

VICE-CHAIR KING: Oh, okay.

CHAIR RAWLINS-FERNANDEZ: And the thought behind that was, you know, if they're short staffed, then maybe adding someone to help with the review process or, you know, whatever it is, that could help with efficiency, so that was --

COUNCILMEMBER PALTIN: Yeah.

CHAIR RAWLINS-FERNANDEZ: --really more...

COUNCILMEMBER PALTIN: It could definitely help and happen, but --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER PALTIN: --unless somebody is specifically having...somebody that can make a difference in the Administration has that as their specific goal, I wouldn't count on it happening, 'cause...

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

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

COUNCILMEMBER PALTIN: Yeah. And then, and no offense to anyone in there, it's just that's the way it is I think. And then the other thing, and I don't know if it's been done before, 'cause I'm new here in this seat, but maybe instead of the Director, we can speak with the folks that actually process the permits and hear from them how they think the effect of raising the rate would have on increasing efficiency and streamlining the process. That's just my discussion, I guess.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. So, in the study, it includes all the people, like all the different positions that reviews all the different permit applications. And I can send the study to everyone. Okay.

VICE-CHAIR KING: Chair, just a quick point of information.

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: On this study under the current fees, you know, the first line says 550, underneath there's just a dash and there's a dash, does that mean that that's 550 for each of those, or does that mean that there's no fee for the change of zone between five and ten acres? Is that dash that's underneath the 550 in the next line, does that mean that...or is that like a ditto, or what does that mean? Maybe that the Planning Department needs to...

CHAIR RAWLINS-FERNANDEZ: I'm not sure.

VICE-CHAIR KING: I mean I can't imagine there'd be a 550 fee on a change of zone for less than five acres and no fee on a change of zone for five to ten acres.

CHAIR RAWLINS-FERNANDEZ: Oh, I see.

VICE-CHAIR KING: But there's no number under there.

CHAIR RAWLINS-FERNANDEZ: I see where you're pointing to.

VICE-CHAIR KING: Yeah.

CHAIR RAWLINS-FERNANDEZ: Okay, so on Page 28 in the Appendix B, it has...so I don't know if, you know, something was changed from then, but in our, what's currently being charged is 550 and then 1,370 and so...

VICE-CHAIR KING: Oh when...so the next category would be the 500 to 1,000?

CHAIR RAWLINS-FERNANDEZ: Right, so...

VICE-CHAIR KING: 500 point...

COUNCILMEMBER PALTIN: On the...

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: Yeah, it's not... it's kind of, it's not apples and apples.

COUNCILMEMBER PALTIN: Yeah.

VICE-CHAIR KING: 'Cause one has acreage and the other one has valuation, so it's hard to see what they would charge for the second category of acreage and the third category. But what, is that a...so the 0 to 125,000 that's the total value of the property?

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: Okay so if it's a property that's valued up to \$125,000 then the fee is 550?

CHAIR RAWLINS-FERNANDEZ: Right, so one of the ideas in the, from study, is to make it apples to apples, 'cause right now it's not.

VICE-CHAIR KING: Right, okay.

CHAIR RAWLINS-FERNANDEZ: 'Cause it's valuation and acreage.

VICE-CHAIR KING: Okay, that must be the difference between the 2,100 and the 2,037 that I did in my calculations.

CHAIR RAWLINS-FERNANDEZ: Did you have any additional questions, Chair King?

VICE-CHAIR KING: Oh no --

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: --that was...

CHAIR RAWLINS-FERNANDEZ: Okay. Okay.

VICE-CHAIR KING: I think that kind of cleared up what...all the details I was trying to figure out. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Hokama?

COUNCILMEMBER HOKAMA: Thank you, Chair. I think this is healthy discussions. I have my issues with Matrix, the entity that did the study, so I'll start off with that. Historically though, my fellow colleagues, a lot of this has been driven by Council policies, not everything that government does is based on fees. You can have a hundred-acre property owner that's gonna do a project of \$1 million, so part of the assessed cost to process is the value of the project, not the land, and you can have somebody with ten acres doing a \$100 million project. So, again, we need to understand the histories, I think the Department, as a couple of my colleagues have requested, might be very helpful in understanding the histories of why we did things certain ways, and sometimes in the past Council has tried to assist the longtime resident, particularly those that had large land holdings, our Native Hawaiian families

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

that were very cash poor but land rich, decided to rezone. In the past, Council made adjustments of policy to assist our longtime people to be able to utilize their lands for family benefit, and so we made...Council made adjustments to support our longtime families and our Native Hawaiian landowners, to maintain and utilize their land and not have to sell their land to outside interests. So, I would say please help understand the historic, because there's reasons why we did policies, okay, a lot of this is Legislative policy, was about helping our own people survive in the changing times of plantation, or whatever we want to call it, to the new tourism era, okay. 'Cause one of the downsides of the visitor industry was of course the assault on land valuation and the inability for us to maintain our own lands for our own people for residential use. So, look in the past, who was the applicants of Change of Zoning. Yes, there were the big developers, large landowners, but a lot of them were our own families that needed the rezoning since we're under interim zoning status, to get the permits they had to get compliance, and then once we had community plans, they needed to comply with plan and zoning. So, they had to go through land use revisions, and that was costly, okay, so they came to the Councils and asked them for, how can Council help through policy and adjustments to allow our families to survive, okay. And that is why we made certain decisions in the past. Please understand the historic policy and why certain fees were set at certain levels. I would say you would find in our documents, our minutes, it was about trying to help our local families. So, I would be happy to hear the Department give us some response to your proposal, 'cause I think, one, it's fair, I have not made a decision on your proposal 'cause I think this discussion is healthy, and I think more people need to understand our historic of why we did certain things. But the bottom line, as I would say in my recollection of various Councils of the past and the Board of Supervisors prior to that, was how do we support and maintain our local families? Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Hokama. Member Lee?

COUNCILMEMBER LEE: Thank you, Madame Chair. I tend to agree with Mr. Hokama, because...maybe for different reasons. My reason is that when there is a Change in Zoning, it's hard to really create or attach a specific fee to that process because the Planning Department is not the only Department that touches that application. All the...almost all the departments are involved in review and comment and assistance with making changes. Not to mention us, who take an awfully long time, sometimes years to approve zoning, you know, a Change in Zoning. And then there's the Planning Commission, and then there's other people who are involved in a Change in Zoning. So, I would be cautious about trying to create a fee based on only what the Planning Department does, that's all I'm saying, is that I think we need to take a more global look at it. And if fees are based on actual cost, in this case it's very difficult to identify what the cost is, and that's the reason why we derive...we raise over \$300 million in real property taxes to subsidize a lot of the processes that we have and also a lot of the operations that we have in the County. That's my comments. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Member Molina?

COUNCILMEMBER MOLINA: Madame Chair, I think my colleagues have pretty much said a lot of things what I...was on my mind. Thank you.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair. And thank you for this printout, I mean it really, when you look at this, it really shows, you know, what the County subsidizes for the Planning Department. So, it's refreshing to see this, it's also very, you know, stark when you look at some of the numbers that the County subsidizes in this process. I would like to see, you know, and hearing some of the concerns of my fellow Councilmembers, I would like to see, you know, the statistics, has it really assisted our community? I mean we talk about...we are in a housing crisis, we've been in it for a while, so we are looking at some of the changes, whether it be streaming...who are we streamlining for? Are we streamlining for affordable housing or are we streamlining for developers, you know, so I think looking at these, weighing the two, and just seeing where and who we're benefitting, truly. So, these are just some questions when I'm looking at your proposal, but mahalo for bringing it up for further discussion. Thank you.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Thank you, Chair. It's funny, I just heard two opposing ideas based on the same thing as, you know, on one hand, you know, we're questioning whether we should have sewage fees that cover the cost, or do we talk about, you know, some compassion for people who can't afford the increase in sewage, water, trash fees, and all these, you know, just to do what Mr. Hokama said, you know, help our families survive. I'm a firm believer that everybody doesn't have to pay the cost, otherwise what are their taxpayer dollars for? So, I think the greater question is, what are our priorities? We have this discussion every year when we talk about paratransit. That's a, you know, demographic in our community that is struggling and the paratransit offers that relief in much the same way that these Change of Zoning low fees offer relief to families who may be struggling. And so maybe we need different categories like we do in the residential sewage fees, maybe we need, you know, individual residential developers zoning change fee, maybe we need a developer zoning change fee who's doing a subdivision, or something bigger. We certainly have enough entitlements that we give people discounts off of a lot of fees when they're doing affordable housing, so I think that's kind of taken care of, but I think we have to decide as a Council, what are our priorities? We're, I mean that's what we are actually hired to do, is to decide for the greater good, where the taxpayer dollars go, and I've heard it bandied in the past about people should pay fees to use the swimming pool, or people should pay fees to use the tennis courts, you know, at what point do we decide we give them a 95 percent discount off of one fee, and then we charge them to use things that they've never paid for before, that everybody always assumed was part of your taxpayer dollars going towards? So, it's a good discussion, but it needs to be, at some point it needs to be focused on what are the, what are our priorities, what are our shared values that are in the Countywide Policy Plan. How are we...we can't take one category and say we're gonna help all the local families, and another category and say, but we're gonna raise all the fees because you have to pay the sewage, what the actual cost is of sewage, you know, taking care of our sewage problems. We have to come to some, we have to make sense about this and it can't be about individual pet projects. So, I think if we start talking in terms of top priorities for Councilmembers

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

and for what this Council...for what we see in our greater community, I mean to me it's housing. I think nobody disagrees that our top priority is housing, so if there's a way we can address zoning fees and give some discounts for affordable housing, I'm for that, but there's a reason why studies are done, and if we can figure out the...with the...if people can figure out the cost to address our sewage needs, they can figure out the cost to address the zoning needs, and how much effort and time goes into these types of applications, and I think that's what that study was about. It's ten years old and my opinion just because, you know, part of it's maybe hope, but a part of it's knowing what has happened in my own business and other businesses, that you get more efficient, and you actually hopefully don't incur...I mean the goal is, yeah it's a hopeful thing, but the goal is every year, you know, you wanna be more efficient, you wanna take less time, you wanna be able to do things more electronically. I mean we've done it in our daily lives with transmitting information over the internet instead of having to have hard copy pieces of paper. But I do agree with Councilmember Paltin, that every year we say, Planning Department especially, you know, they're gonna get more efficient, they're gonna streamline the permit process, we still haven't really seen major developments in that area, even though we hear about it. But, you know, overall, shouldn't there be some efficiencies that would maybe have dropped this total cost and, so that's, I think that would be a good thing to hear from the Planning Department on, is what do they feel. But I think it's hard to hear from people who do pieces of this, because you can't see the entire process. You need to have somebody at the higher level who sees the entire process and says, well actually it's gotten worse because now there's three more pieces to the process, or it's gotten better because we cut out this part of the process. And, you know, I don't really know the answer to that because I haven't seen it. We keep asking for it every year but I haven't seen...I've seen bits and pieces of it where they propose efficiencies or like one of them I think is the proposal that Ms. McLean made about trying to increase fees for people coming back multiple times with their plans, so that they get, so people come to them with a plan that's ready, and I think that's an efficiency that's built in that hopefully can drop this cost because you're not looking at the plan three times before they're actually ready to submit it. So there's, there are things like that, that have been done, I think. That's what we've been told. But I really do, I do think that if we're gonna start talking about...and this bothers me because I'm worried we're gonna get to a point where everybody has to pay for everything except for little pockets of things that we think people shouldn't have to pay for, and that doesn't feel fair to me, and it doesn't feel like it's prioritizing actual main issues in the community. So, if there's a way that, and maybe we can ask the Planning Department, if there's a way that we can break it down kind of like we do with the sewage fees, where we have categories of residential, and categories of commercial, and we try to make it less painful for, you know, the residents, and someone who just wants to up-zone a piece of property for their family, or something like that, then, you know, I would like to hear if that's possible, and I think it is. We can create whatever fees we wanna create, whatever categories we want to. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. I think it's a good idea, so, hence the value of this discussion. So, in the 2018 Annual Report for the Department of Public Works, it said that there were a total of four Change of Zoning permits in 2016, four in 2017, and four in 2018. So, that's the, you know, the impact that we're looking at. But as far as who the applicants were, you know, that's something that we can get

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

additional information from the Department for, so we know who it is, and not just how many applications. Okay. Are there any more comments regarding this set? Okay. Okay, and then the following proposals are...oh, Chair King?

VICE-CHAIR KING: Sorry, I just have another question that maybe you can throw into the mix is are these rates payable upon application, and if you don't get, maybe Planning Director knows, and if you don't get your permit, you don't have to pay that, or you pay that regardless of whether you get your zoning changed or not? Because, you know, it says Planning application, so I'm assuming that you pay this when you apply, and that doesn't necessarily guarantee you're gonna get it.

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. These are application fees so they typically pay them up front, and I don't believe they're refundable.

VICE-CHAIR KING: There's no refund if you don't get it. Okay, just want to make sure. Thank you.

CHAIR RAWLINS-FERNANDEZ: I think it still involves the same amount of...

VICE-CHAIR KING: Well, it would just be interesting to see how many applications there were versus how many zoning change actually happened. You know, were there 20 applications, but only five of them made it to a zoning change? Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. CHUNG: Chair King? Would it be helpful, though, to have a flow chart of the process, because there are fees that are triggered if you keep coming back, or is it not necessary to ask that?

VICE-CHAIR KING: Well, you know, it would be interesting to see how that works into the fee process if we're starting at 550 and we're working up to eventually 2,000 because they keep coming back, I mean I guess that's, you know, relevant to look at as well. But I also wanted to see, you know, how many application, if there's a hundred applications at 550, but only four of them make, maybe that's why it's 550, because maybe your chances...if your chances are 10 percent that's gonna make it through, then, you know, we're actually making a lot of money off these applications without actually doing the zoning. So, maybe we don't, maybe it doesn't cost us 10,000 for every application, it just cost us 10,000 for every application that makes it through the entire process. So that would be good to know.

MS. CHUNG: Okay, thank you.

VICE-CHAIR KING: Thank you

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER PALTIN: I just was wondering, do we know what kind of permits that they spend most of their time processing? What type?

CHAIR RAWLINS-FERNANDEZ: I'm sorry?

COUNCILMEMBER PALTIN: Do we know what type of permit is mostly processed, like the majority of the time? Is it Change in Zoning, or is it...

CHAIR RAWLINS-FERNANDEZ: SMAs.

COUNCILMEMBER PALTIN: Mostly SMA?

CHAIR RAWLINS-FERNANDEZ: Yeah, so the study kind of talks about it, and in the annual reports, they have the...but we can ask the Department so that we can get that response in writing from them.

COUNCILMEMBER PALTIN: And then like how Chair King was saying, you know, housing is a priority and also Councilmember Hokama about the valuations, not all housing is a priority, like luxury homes we have a surplus of, and if we were to correlate it to the valuation, I guess I mean HUD values aren't really affordable, but it's a starting point, you know, for what the valuation of the permit would be versus the luxury home cost. I don't know if that's a possibility to do, but that would be kind of cool.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Paltin. Members, any additional comments? Okay. Is it okay if we move on?

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay, so like I said, a lot of the proposals are based on the...Page 28 and 29 are based on the study. And so, you know, if there are still a lot of questions, we can wait until we get responses from the departments before, you know, we continue discussion on those, unless anyone sees anything they would like to discuss on Page 28 and 29 before we move on. There is one at the bottom of Page 29, there's after-the-fact short-term rental home permit application fee. We can...my thoughts are that we either delete that or increase the fine, since it was something that went to the ballot last year. An unpermitted --

COUNCILMEMBER SUGIMURA: Short-term.

CHAIR RAWLINS-FERNANDEZ: --short-term rentals.

COUNCILMEMBER SUGIMURA: So, that's...those are penalties though, for illegal, right? So you're saying this is for illegal?

CHAIR RAWLINS-FERNANDEZ: Well it...if they're after-the-fact, then that means they were unpermitted for --

COUNCILMEMBER SUGIMURA: But this is for permit, right?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: --a while

COUNCILMEMBER SUGIMURA: This is a permit application fee --

CHAIR RAWLINS-FERNANDEZ: Right

COUNCILMEMBER SUGIMURA: --of 1,450.

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: But what the Charter Amendment is --

CHAIR RAWLINS-FERNANDEZ: Is a penalty.

COUNCILMEMBER SUGIMURA: --is a fine for finding them --

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER SUGIMURA: --and that would be in addition to this, correct? So, you're saying delete it to zero.

CHAIR RAWLINS-FERNANDEZ: That's one idea. It's just it's something that now that the Charter Amendment passed, is this something that we would like to revisit in light of that passing?

COUNCILMEMBER SUGIMURA: We can revisit if you think...what does your handwriting say, delete or...

CHAIR RAWLINS-FERNANDEZ: Increase to fine --

COUNCILMEMBER SUGIMURA: Increase to fine for...

CHAIR RAWLINS-FERNANDEZ: --first-time violation.

COUNCILMEMBER SUGIMURA: Oh, so you're saying increase it to \$25,000.

VICE-CHAIR KING: Twenty thousand.

COUNCILMEMBER SUGIMURA: Or 20,000. You're saying increase it to 20,000. Let's discuss that. I mean wow.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Committee Vice-Chair King?

VICE-CHAIR KING: Okay, I think...

COUNCILMEMBER SUGIMURA: Twenty thousand twice.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: I think we should take that out because if you're after-the-fact, you're in violation.

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: That's what a violation is. You didn't get a legal permit, now you're coming in trying to, I mean this is, this like almost like an amnesty thing. Like saying well as long as...you broke the law, but if you come in and tell us about it and apply to get this permit, we'll reduce your fine to 1,800. So the whole idea of putting that 20,000 in there was it's supposed to be a deterrent, and we're basically taking that deterrent away because anybody who gets caught and gets levied with a \$20,000 fine just goes oh, but I'm applying now. So, now I only have to pay 1,800. That doesn't make sense to me. That kind of undermines what that Charter Amendment did, and so I think we should just take that line out because after-the-fact means you're in violation.

CHAIR RAWLINS-FERNANDEZ: Right, right. Okay, if we would like to --

COUNCILMEMBER SUGIMURA: Let's discuss.

CHAIR RAWLINS-FERNANDEZ: --discuss this, I'll start with Member Sinenci, and then...and work our way down. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair. Yeah, I think if it, there was ordinance that you would be fined, then I believe we should address everything in the rates and fees that are contrary to that ordinance. So, this section would be contrary to the, to that bill, yeah. So, I concur --

CHAIR RAWLINS-FERNANDEZ: Charter Amendment.

COUNCILMEMBER SINENCI: --I would take it out.

CHAIR RAWLINS-FERNANDEZ: Pau? Okay, Member Molina?

COUNCILMEMBER MOLINA: Definitely more discussion, and especially with the community on this just to get input on this, if we're gonna take this out, but certainly worthy of looking into it in light of the Charter Amendment, yeah, so.

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER MOLINA: I'll leave it at that for now.

CHAIR RAWLINS-FERNANDEZ: Mahalo --

COUNCILMEMBER MOLINA: Thank you.

CHAIR RAWLINS-FERNANDEZ: --Member Molina. Member Lee?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

COUNCILMEMBER LEE: My opinion is to delete it because it wasn't there before, right, this is a new proposal, so this is not something that people have relied on or looked forward to because it's not there. So, the only thing that is there is the penalty for an illegal short-term rental, right?

COUNCILMEMBER SUGIMURA: No, it's there.

CHAIR RAWLINS-FERNANDEZ: So, this wasn't proposed by the Mayor this year, the number three after-the-fact short-term rental home permit application fee. That it's...that's existing, that's an existing fee, and I don't know if it came on, you know, at the same time as all the other fees in 2012, 2013. So, when you say new, I don't know if by new you mean like 2012, 2013.

COUNCILMEMBER LEE: Because what did you want to delete? What are you referring to?

CHAIR RAWLINS-FERNANDEZ: The \$1,850 fee, application fee for the after-the-fact short-term rental home permit.

COUNCILMEMBER LEE: So, what I said was I'm in favor of doing that, since we already have a penalty, yeah. For...

CHAIR RAWLINS-FERNANDEZ: Deleting it? You're in favor of deleting it?

COUNCILMEMBER LEE: Of deleting the after-the-fact permit. Can we do that? If it was preexisting? Can we ask --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER LEE: --Corp. Counsel?

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I just would ask the Council that little reference on the right to 19.65.080, you guys might wanna take a look at that section to see what's already allowed in there. 'Cause if you just delete the fee, there's still a portion in the Code on operating a short-term rental home without a valid permit and getting this after the fact, so it's not as simple as just deleting the fee, you'll have to amend the County Code. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka.

COUNCILMEMBER LEE: Well, in that case we'll just have to work on it further and check with Corp Counsel again, for a legal opinion. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Hokama?

COUNCILMEMBER HOKAMA: I will be happy to support things that will bring enforcement to illegal uses. So, I'm open to as many tools. You know I see Ms. Lee's point and it's a good point we should take into consideration, but we also have a Charter

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

Amendment ratified by the voters on the amount of penalties we can consider, so my thing is I'll look at...to maximize the efforts for compliance and I don't have a problem going to maximum penalties. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Paltin?

COUNCILMEMBER PALTIN: Yeah, I kind of agree, I just was wondering for discussion, I think there was a time when there wasn't a pathway to get a short-term rental permit, and so maybe this was enacted during...right after there became a pathway to become legal because prior to that pathway, everybody was illegal, and so with the change of times that now there is a legal pathway, and the Charter Amendment, so it kind of seems like it's time to update it a little bit. Because it might have been enacted shortly after there was a legal pathway to operate a short-term rental home permit, and now that pathway has been in existence for quite some time. And there's been many years for folks who weren't previously legal to have gone that route. I think part of the issue that might come up would be the discrepancy in the Paia area, because it's my understanding that there's some folks in that area that is in limbo because of the conflict between the Community Plan and the other one that I forget what it's called, sorry. But, so I mean, good discussion, but like Councilmember Molina was saying we might need to get some community input, especially in the Paia area. Thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Sugimura?

COUNCILMEMBER SUGIMURA: I like this discussion, I think I've already expressed what I feel about this, so, thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Member Kama?

COUNCILMEMBER KAMA: My sense is that we should all take a look at 19.65.080 and read what it says, and to ensure that we'll be following in line with what it says we can do, and if we can do more, or go do something different, we can do that too. Thank you.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Okay, Chair King, and then --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --Member Hokama.

VICE-CHAIR KING: First of all, I just wanna say that I feel like the community has had input, that's why they voted for that Charter Amendment, because they're tired of the violations. So, we have to honor that community input that was given with that Charter Amendment. But I think if we just take this line that says after-the-fact short-term rental home permit application fee, and we put the amount as up to \$20,000 that would take care of honoring that Charter Amendment, that would allow the Planning Department to set a fee which is what the Charter Amendment allows right now, up to \$20,000 and we don't have to mess with 19.65.080 because that apparently has us, puts that determination in there, but we can put the dollar amount

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

that was apparently, you know, we put it on the ballot, it was approved by Corp. Counsel, and it was voted on by the people that the initial first time violation fee could be up to \$20,000. So, I think that would solve the problem.

CHAIR RAWLINS-FERNANDEZ: Sure, okay. Member Hokama, and then Member Lee. Did...was there something specific you wanted to hear from Corporation Counsel?

COUNCILMEMBER SUGIMURA: I would just like to hear what Corp. Counsel says about the Charter Amendment as it impacts this conversion. 'Cause I thought the Charter Amendment was a penalty, it wasn't necessarily a, you know, a guide towards permitting fees, but it sounds like that's where the discussion is going, so I would like to hear what Corp. Counsel has to say. I gotta find it in the...

CHAIR RAWLINS-FERNANDEZ: Okay, I'll...okay, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Section 13.10, it's penalties in the Maui County Code. Except that the penalty for the operational transient accommodation without a necessary permit shall not exceed a civil fine of \$20,000 plus \$10,000 per day for each day the unlawful operation persists, unless a higher fine is authorized by State law. So, it is a penalty. This section in here, I believe, 19.65.080 I believe this is the process to get into compliance if you are operating illegally and you're trying to get into compliance. My understanding is you'd probably be paying that \$20,000 plus \$10,000 per day, and then to get into compliance, you'd need to pay this additional fee also. I know Member Lee has brought it up multiple times regarding fee versus tax discussion. I believe government is also allowed to set regulatory fees to also, I guess, try to persuade people not to behave in certain ways or to apply certain things also.

COUNCILMEMBER LEE: Madame Chair, can I quickly respond?

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Yes. Yeah, I've always been told there needs to be a nexus fee to cost. Anyway, another way to remedy this situation is to amend the ordinance and eliminate the after-the-fact permit. Right? Then we wouldn't have to worry about a fee. Then people...all people have to worry about is paying up to \$20,000 in a penalty. I mean it's better to do that and drive the message home, because after all, our priority is affordable housing, and the best we can get out of this is long-term housing, at least.

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

CHAIR RAWLINS-FERNANDEZ: Yeah. I think it makes it cleaner.

COUNCILMEMBER LEE: Yeah, but nobody said that specifically. So can we amend the ordinance and eliminate that section?

COUNCILMEMBER SUGIMURA: Wow.

MR. UEOKA: Chair?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yes, this body does have the right to amend the ordinance. I would strongly suggest you guys take a look at...I think there was a lot of discussion, and a lot of meetings that went into the language of 19.65.080, so recommend this body at least take a look at that and a more detailed look into 19.65 would be required because oftentimes just deleting one section out has --

COUNCILMEMBER SUGIMURA: Impacts.

MR. UEOKA: --other impacts, and unintended consequences. So, while you could simply just delete things, it may not be that simple in the long run. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka. Member Hokama?

COUNCILMEMBER HOKAMA: Chair, I would request we send a letter to the Planning Department, I believe last term we provided funds for the Department to contract a third-party consultant to get back to us on reporting the status of illegal TVRs and B&Bs, and I think that might give us a sense of how dire we need to make appropriate adjustments sooner than later, and then we can tie in, you know, I would agree with every Member, there's many ways to skin this cat, and I don't have a problem skinning it every way we can.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Could we ask Mr. Ueoka to read the 19.65.080(E)(2)? It seems like it's...that the language is temporary under (E)(2).

CHAIR RAWLINS-FERNANDEZ: Do you have it?

MR. UEOKA: Thank you, Chair. This exception to the five-year ineligible status for owners operating without a permit shall apply from July 1, 2016 to December 31, 2016.

COUNCILMEMBER SINENCI: Does that say that it's a temporary, that it just applies to December 31, 2016? And so the fee was only applied for a grace period?

MR. UEOKA: You know, Chair, I don't know this area well enough to just read it right now. Possibly a question to our office or Planning, but I'm not that familiar with this. I'd hate to give you a on the fly wrong answer right now.

CHAIR RAWLINS-FERNANDEZ: Okay, so did OCS catch that question? That's regarding 19.65.080(E)(2), regarding whether this fee actually had the sunset date of December 31, 2016.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay, Members, any other discussion on this item? Okay. Okay, seeing none. Okay. You need a break? Okay,

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

we would...do this last one? Okay, okay. Alright, there's a request for a quick recess, and when we come back, I'd like to discuss on Page 45 the addition of a biodiesel tax. Okay, so ten-minute break, and I was hoping to only go to, till 5:00, if okay. So, just ten-minute break, is that okay? Okay. Okay, if there are no objections, we'll take a ten-minute recess.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay, it's 4:15, April 2nd and the Economic Development and Budget Committee is now in recess. . . .*(gavel)*. . .

RECESS: 4:15 p.m.
RECONVENE: 4:30 p.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order? It is 4:30 on April 2nd and we just received some information from Planning confirming that the...sorry, that the fee that we were just discussing on Page 29 for the after-the-fact short-term rental home permit application fee, has in fact sunsetted. And so the idea is to zero it out and put a note next to the ordinance...the Code noting that this fee had sunset on December 31, 2016, and before budget ends, we'll refer it to the subject matter committee. And we're not voting today anyway, but so that, that's the idea that maybe we can do that and then we'll refer it to the subject matter committee for the additional housekeeping for that issue, okay. Okay, if there are no objections we'll move onto the next item.

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

CHAIR RAWLINS-FERNANDEZ: I'm sorry?

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

CHAIR RAWLINS-FERNANDEZ: Oh. . .okay.

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

CHAIR RAWLINS-FERNANDEZ: Okay, so on Page 45, there's a new tax that has been proposed by the Mayor, it's a...or in the Mayor's proposal, it's a 12 cents tax on biodiesel, and my proposal is that we zero that tax out because we want to incentivize and encourage more renewable, sustainable, cleaner energy to be used so that we're reducing our carbon footprint. Okay, so I'll open it up for discussion starting with Committee Vice-Chair King, and then I'll go to Member Sinenci, and then work our way down.

VICE-CHAIR KING: Thank you, Chair. This came up, seems to come up every year and it seems very personal to me because it feels like I direct the tax since I'm connected with the biodiesel business here in Hawaii, but it's also a very small manini attack because especially based on the 370,000 that they're basing it on gallons, it would amount to \$44,000 and...\$44,400 for the entire year, it would also shut down the

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

biodiesel pump, so we wouldn't have one, so it'd actually amount to zero extra dollars in the biodiesel. But like you said, it is a discouragement on something that's a solution, but I think the thing that probably feels the most egregious about this is that for 25 years Pacific Biodiesel has been keeping used cooking oil out of the landfill. Since the late '90s, we've been keeping all the grease trap material that we can get our hands on out of the wastewater treatment facilities, so the County has saved hundreds of thousands of dollars on wastewater spills that went down to zero or one a month, from eight to ten a month, the year we started picking up grease trap material and keeping it out of the wastewater treatment facility at the request of the County. And on top of reducing greenhouse gas emissions and providing local jobs, and keeping the revenue in the State and County, it just feels like an extremely egregious move when to make less than \$50,000 a year when even a half a penny tax on petroleum would result in almost \$400,000 a year, for half a penny that people wouldn't even know was there. It came out to my calculations last year like \$2 a year for somebody who has a car the gets 30 miles a gallon. So, I'm not sure why this keeps coming up. I also wanted to make a note that I thought last year we passed a fee on electric vehicles but I don't see that in here, and which I'm glad because I was gonna propose we take that out too, but I don't see it even in here, and one of my staff members has an electric vehicle, she just got her car reregistered in January and there was no fee on it, so I'm not sure what happened to that fee that we supposedly passed. But it would've been good to have it there so that all the electric vehicles owners could come out too and testify against these renewable fuel taxes. As a testifier said yesterday, we've had all four Mayors in the last year come out and verbally give their strong support for renewable transportation. I think it was probably two weeks before the...our Mayor proposed another tax on biodiesel last year, so it was, you know, we're sending messages out and then we're pulling them back or we're...the actions don't meet the intent. So, it's very disturbing, we have to make a decision as I said earlier, and Mr. Hokama said the budget is our policy. What is our policy gonna be? Are we gonna support climate change solutions and renewable energy? Do we really believe in what's happening with sea level rise? Or are we just pretending? So I appreciate your attention to that matter, and I also want to say that biofuels industry and the renewable fuel industry and renewable energy in general is having a major attack at the Federal level with our President, and we don't need to be attacking it on the County and State level as well, or we won't have it. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, so if Members will turn to Page 14, under Department of Finance, Highway Fund, highway improvement fee, there's a...under...there's two, there's electric vehicles which is \$100 per year, and hybrid electric vehicles which is \$50 per year under County Code 3.25.025.

VICE-CHAIR KING: Okay, so is that...can I ask the Budget Director?

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: Is that supposed to be collected at...with your vehicle registration?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, yes, I believe it's placed on your vehicle registration renewal form.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

VICE-CHAIR KING: Okay. 'cause I, you know, I just, you know, just talked to somebody with an electric vehicle who reregistered their vehicle in January and didn't get charged. So, that's why I thought maybe it wasn't in here. I didn't realize it was under Department of Finance, but I know that's where DMV is so it does make sense, but I think, you know, I'd be in favor of relooking at that too.

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: I don't think a lot of people knew it was there, I have gotten a couple of e-mails from people with electric vehicles saying, what are you doing, you know, I thought you guys were supporting renewable energy. We did talk last year during the budget, we did talk about exploring the idea of when renewables reached a certain level of, you know, then imposing that tax and so I think...but we didn't do anything about it all year, I mean we should, we should look at that and we should look at what is the reasonable time where displacement seems to be happening. Right now we still aren't, you know, there's still a real manini number of vehicles on the road that use biodiesel, and so that's why even if you impose this tax, even if nobody stopped using it, which we'd probably lose at least 60 percent of the business, you know, we make less than 50,000 'cause there aren't that many vehicles right now, and trying to build up the industry while you're taxing it is almost an impossibility. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, I'll go to Member Sinenci, and then work our way down.

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a question about, you know, looking at underneath biodiesel it has ethanol, methanol, liquefied petroleum.

CHAIR RAWLINS-FERNANDEZ: Member Sinenci, will you please speak into the mic?

COUNCILMEMBER SINENCI: Yeah, sorry. And so underneath the biodiesel tax --

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER SINENCI: --there's also ethanol, methanol, and liquefied petroleum. And I just wanted to look at it if there were any figures of how much use do we have, and those other alternative fuels, if it is available. Thank you.

CHAIR RAWLINS-FERNANDEZ: OCS did you get that question? Okay, mahalo.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Sinenci. Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Madame Chair. This question for Administration with regards to the proposed 12 cents increase, how is this arrived? Just out of my own curiosity. The determination to go 12 cents, what was I guess the nexus, or the rationale?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: OCS did you get that question? Okay. And, Ms. Yoshimura, if you'd like to comment on that?

MS. YOSHIMURA: Chair, could I respond to that in writing? I'd like to discuss it with the Department of Public Works.

COUNCILMEMBER MOLINA: Okay, right.

CHAIR RAWLINS-FERNANDEZ: And we can get that --

COUNCILMEMBER MOLINA: Thank you.

CHAIR RAWLINS-FERNANDEZ: --response from the Department.

COUNCILMEMBER MOLINA: And just for the record, our sister counties, do they have a tax on biodiesel as well? Anything?

VICE-CHAIR KING: No.

COUNCILMEMBER MOLINA: No, okay. Thank you, Ms. King. Okay, I think she would know. Should of asked Miss, Chairman King in the first place, so. Alright, thank you. Appreciate that.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Member Lee?

COUNCILMEMBER LEE: Hi.

CHAIR RAWLINS-FERNANDEZ: Hi.

COUNCILMEMBER LEE: I'm not too familiar with this subject so I just...I thought in the past that an exemption was given to biodiesel because it, in its infancy stage, you know, the earlier part, so I'd like to know what happened with that, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER LEE: Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: OCS, did you get that question? Okay, great. Mahalo. Mahalo, Member Lee. Member Hokama?

COUNCILMEMBER HOKAMA: I'm open to your proposal, Chair, but for me, everybody that uses the road should help pay for the road. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Paltin?

COUNCILMEMBER PALTIN: I kind of agree with Member Hokama and Member Molina that was asking for the nexus 'cause it's kind of weird that, you know, ethanol, and methanol is...methane is 11.5, and then you're asking for 12 cents for biodiesel, and

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

there's not even...hardly anybody drives biodiesel, and like Chair King was saying it's under \$50,000 that it would generate, so good discussion. Thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. This has come up every year since I've been here, that is correct. And there is a communication sent April 1, to the Public Works Department, that...from us...or from you, that basically asked questions regarding this particular tax, and I didn't see a response yet, I think you asked for it by April 5th. I also know that, I think it was last year Mr. Goode had an analysis done on biofuel, how much of it is made out of fossil fuel, was it 80 percent of it, or I don't know the percentages, but if Public Works could again present that documentation, and if you could ask for it. I think that was, you know, brought up as part of the discussion. And I know even the State is looking at doing studies of road use tax, so if you...they're trying to figure out another way of taxing, so that it can be a fair assessment by miles traveled is what they're looking at, but that's probably gonna come up in a year. And as you know, this is a road use tax, right, this is a highway tax to fix the roads and it's a fairness tax, if you drive on the road, then it's a sharing of the cost, unless you're...I always say unless if you're George Jetson and you can fly over the roads and do not use it then, you know, that's another discussion, but I think that's, you know, that's it. For Pacific Biodiesel, I just wonder how long it's been, we have communication from Bob King, your husband, I just wonder how long you've been in business trying to Ms. Lee's question about the support and, you know, we cannot ask confidential questions like how many customers you have, or whatever, but just wondering the impact that it has. I know we had coming to testify was Roger Yamagata from Maui Disposal, that they were using for their trucks, they were using biodiesel, you know, fuel, and I wonder if they still are, or what the impacts there are. So, just good discussion, more to talk about.

VICE-CHAIR KING: Chair, I can answer some of those questions if you want. 'Cause if...

CHAIR RAWLINS-FERNANDEZ: Would you like a response to some of the questions?

VICE-CHAIR KING: Well, 'cause I don't think the Department knows that, the answer to that, if you're asking the Department.

COUNCILMEMBER SUGIMURA: The letter that we're waiting for them?

VICE-CHAIR KING: Roger Yamagata and some of the other --

COUNCILMEMBER SUGIMURA: Oh.

VICE-CHAIR KING: --questions that you asked.

COUNCILMEMBER SUGIMURA: Okay.

VICE-CHAIR KING: I can tell you that they are, but they will stop if it goes up even one penny. And they're very cost conscious, so the problem with when biodiesel was in its infancy, petroleum was going up, and so it was easier to compete when petroleum was

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

higher. Petroleum has been at the lowest point almost ever that we've had in recent history, and so it's made it more and more difficult to compete with petroleum because of the price. Petroleum doesn't pay the cost of the environmental damage it does, and so we trying to make up for it with renewable fuels. If you want everybody who uses the roads to use the roads, then what about everybody who pollutes, to take care of those environmental issues? And to feed into that, and there was a Federal program that was doing that, that was asking the petroleum industry to pay its fair share, President Trump has all but killed that program. So, we are at an imbalance. We also have zero help from the petroleum in our environmental...the...keeping the used cooking oil out of the landfill and keeping the waste out of the wastewater treatment facility, so it's been very hurtful to our industry and to any other companies that try to come in here when they see year after year, the potential to end the industry. So, how do you get investment in without the support from counties? Right now the only county that supports the biodiesel industry is the City and County of Honolulu, and they've been using the fuel since 2005, and they've been paying higher when it's higher because they understand the value that they're getting of keeping all that grease out of their landfill and extending the life of their landfill, and the environmental remediations to them are worth it. So, they've been supporting...they've been supportive, you know, from the beginning. All the other...really the tax exemption is all that we get from the neighbor islands counties.

COUNCILMEMBER SUGIMURA: What about Big Island? I thought that's where you produce your fuel.

VICE-CHAIR KING: On the Big Island?

COUNCILMEMBER SUGIMURA: Yeah.

VICE-CHAIR KING: But they don't tax...

COUNCILMEMBER SUGIMURA: They don't give you...

VICE-CHAIR KING: They don't tax...they don't have a road tax on biodiesel.

COUNCILMEMBER SUGIMURA: So, only City and County of Honolulu does?

VICE-CHAIR KING: No, they're the only ones using the fuel in their fleet.

COUNCILMEMBER SUGIMURA: And nobody else taxes you? So, you have zero tax from all the other --

VICE-CHAIR KING: No there's --

COUNCILMEMBER SUGIMURA: --counties?

VICE-CHAIR KING: --zero tax...zero road tax in the...on Kauai and the Big Island. The City and County of Honolulu has a 50 percent road tax, which is great I think, because they actually use the fuel, so they give us support on the side of their biodiesel user.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

None of the other islands...none of the other counties in Hawaii use the fuel, you know, there's no support for it other than the one tax exemption.

COUNCILMEMBER SUGIMURA: Big Island doesn't use your fuel?

VICE-CHAIR KING: No.

COUNCILMEMBER SUGIMURA: You produce it...

VICE-CHAIR KING: They did under...they started to under Mayor Kenoi, and then Harry Kim came in and just killed all the contracts.

COUNCILMEMBER SUGIMURA: How long has Pacific Biodiesel been in business? That's part of my question. Want to send written? We can send written too.

VICE-CHAIR KING: Yeah, since 1996, well 1995 the company started, we started making fuel out of the used cooking oil in 1996.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: I can ask more questions later. Thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura and Chair King. Member Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, it seems that we have some kind of good stuff going on here. We have the biodiesel industry that keeps the oil out of the landfills and we have the EVs that contribute to reducing the carbon imprints, but only one of them is gonna be taxed in this setting right here. So, we're kind of like out of balance. I mean, if we're all gonna contribute, we all should contribute, and we contribute by paying taxes, or by paying a fee, or by paying whatever it is we're supposed to be paying. So, I think we should put EV on this list and put something over there, even if it means a split, but you couldn't charge one for something and not charge the other for doing the same thing, you know, which is, you know, reducing carbon imprints or doing environmental remediation. I mean, I think EVs are great, I think biodiesel's industry is great, but we're only taxing one. How is that fair? How's that right? So, my comment is, how do we make this right, how do we make it balanced? Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Kama. So on Page 14 of Appendix B, there is a tax on the electric vehicles and hybrid electric vehicles.

COUNCILMEMBER SUGIMURA: It's 50.

CHAIR RAWLINS-FERNANDEZ: A fee, fee. E kala mai. Mahalo, Mr. Ueoka. There's a fee on Page 14 under Department of Finance, Highway Fund, highway improvement fee. Electric vehicle is \$100 and hybrid electric vehicle is \$50.

COUNCILMEMBER SUGIMURA: Right here. You're right.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Because there's no price per gallon under the Department of Public Works, Highway Fund, because it's charged via electricity. And so the fee scheme is a little different.

COUNCILMEMBER SUGIMURA: Fee scheme.

COUNCILMEMBER KAMA: . . .*(inaudible)*. . . Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Kama. Okay, Members...Mr. Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Madame Chair. Just more for clarification or my quest for information which is stimulating my curiosity about biodiesel in all of this discussion, how much is it currently for a gallon of biodiesel on Maui? And pumps the way I presume we have biodiesel pumps on Lanai and Molokai...no nothing, so just everything is all on Maui, and I guess in comparison to the cost of fossil fuel, say regular fossil fuel versus biodiesel, what's the typical price? I guess maybe Ms. King could provide that information, just curious.

VICE-CHAIR KING: Yeah.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: I don't know exactly what the price is right now at the pump. There's only one pump station in Kahului and then there's one in Lahaina that's got...has biodiesel, it's owned by one of the petroleum companies. If the tax passes, there will be zero, so there won't be anything to worry about anyway. You'll probably cost a couple people their jobs. The biodiesel will go into...it's probably about, I would say there's less than 400 people on this island that are driving on biodiesel, so they have to go back to petroleum diesel, so you're gonna increase the emissions, you're going to probably, we'll probably just put all the fuel into off road and then we'll go backwards as far as our carbon emissions on our road transportation. If we stop making it, that's a big issue for the landfill, because now you got the grease going back into the landfill, you got the waste...grease trap material going back into the wastewater treatment facility. So, you know, I would guess that would probably be hundreds of thousands of dollars of cost to the County.

COUNCILMEMBER MOLINA: Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Members, any other discussion? Okay. Okay, I thought today's discussion was good and healthy and robust. My \$5 word for the day. Okay, so, Members, if there are no objections, I'd like to adjourn today's meeting.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CHAIR RAWLINS-FERNANDEZ: Mahalo. And then tomorrow we'll be discussing the RPT, Real Property Tax. Okay.


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

CHAIR RAWLINS-FERNANDEZ: Yes, yeah we'll have our presentation. Okay, and so please bring your Appendix B again tomorrow, okay. Okay, it is 4:53 before five o'clock as promised on April 2nd and our Economic Development and Budget Committee is now adjourned. . . .*(gavel)*. . .

ACTION: DEFER pending further discussion.

ADJOURN: 4:53 p.m.

APPROVED:



KEAN N.W. RAWLINS-FERNANDEZ, Chair
Economic Development and Budget Committee

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Transcribed by: Melissa Agtunong

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE MINUTES
Council of the County of Maui

April 2, 2019

CERTIFICATE

I, Melissa Agtunong, 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 29th day of April, 2019, in Kahului, Hawaii

A handwritten signature in black ink, appearing to read 'Melissa Agtunong', is written over a horizontal line.

Melissa Agtunong