

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

**MINUTES**

**November 7, 2019**

**Council Chamber**

**CONVENE:** 9:06 a.m.

**PRESENT:** Councilmember Keani N.W. Rawlins-Fernandez, Chair  
Councilmember Kelly T. King, Vice-Chair (out 11:20 a.m.)  
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

**EXCUSED:** Councilmember Riki Hokama, Member

**STAFF:** James Krueger, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

Zhantell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)  
Denise Fernandez, Council Aide, Lāna`i 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 (EDB-56, EDB-45(3))  
Scott K. Teruya, Director, Department of Finance (EDB-56)  
May Anne A. Alibin, Deputy Director, Department of Finance (EDB-56)  
Kay S. Fukumoto, Economic Development Director, Office of the Mayor (EDB-45(3), EDB-54)  
Tina Silva, Economic Development Specialist II, Office of Economic Development (EDB-54)  
Jeffrey Pearson, Director, Department of Water Supply (EDB-45(3))  
  
David Galazin, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the audience:

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Wendy Taomoto, Engineering Program Manager, Department of Water  
Supply (EDB-45(3))

Patrick Ornellas, Economic Development Specialist II, Office of Economic  
Development (EDB-54)

**OTHERS:** Warren Watanabe, Executive Director, Maui County Farm Bureau  
(EDB-45(3))  
Others (4)

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

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CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha kakahiaka kākou. `Eono minuke i ka hala o ka `eiwa ma `ehiku o Nowemapa i ka makahiki `elua kaukani umikamaeiwa. E `olu`olu mai, e ho`omalua ke Komike Ho`omohala Waiwai me Mo`ohelu Kala. `O wai ka Iku Ha`i o keia komike, Keani Rawlins-Fernandez. It is six minutes after 9:00 on November 7<sup>th</sup>. Will the Economic Development and Budget Committee please come to order. I am your Chair Keani Rawlins-Fernandez. I keia lā, me ko kākou eia, Committee Vice-Chair and Council Chair Kelly King.

VICE-CHAIR KING: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Mike Molina.

COUNCILMEMBER MOLINA: Aloha kakahiaka, Madam Chair, and pehea`oe.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Maikai no au`oe.

COUNCILMEMBER MOLINA: Maika`i.

CHAIR RAWLINS-FERNANDEZ: Member Alice Lee.

COUNCILMEMBER LEE: Madam Chair, I want to let you know that I'll be gone all of next week. I know you'll miss me. And but all I can say is viva Las Vegas.

CHAIR RAWLINS-FERNANDEZ: Well, enjoy.

UNIDENTIFIED SPEAKER: And good luck.

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CHAIR RAWLINS-FERNANDEZ: We will miss you. Member Riki Hokama is excused. Member Tamara Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Ohayo gozaimasu.

CHAIR RAWLINS-FERNANDEZ: Ohayo gozaimasu. Pro Temp Tasha Kama.

COUNCILMEMBER KAMA: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Mai ka Administration we have with us Budget Director Michele Yoshimura.

MS. YOSHIMURA: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. Director of Finance Scott Teruya.

MR. TERUYA: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. Deputy Director of Finance May Anne Alibin.

MS. ALIBIN: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. Okay, that's everyone from Administration. And we have also with us Director of the Water Department in the gallery, Director Pearson. Good morning. And from Corporation Counsel we have David Galazin.

MR. GALAZIN: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. And our Staff we have Mr. James Krueger. Good morning. And Ms. Yvette Bouthillier.

MS. BOUTHILLIER: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Okay. And at our District Offices we have in Hana, Ms. Mavis Oliveira-Medeiros, on Lanai, Ms. Denise Fernandez, and on Molokai, Ms. Zhantell Lindo. Okay. We will begin with public testimony. Oh, sorry. We have three items on today's agenda. EDB-56, Amending Fiscal Year 2020 Budget: Department of Environmental Management, Department of Finance, Department of Liquor Control, and

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Department of Public Works; EDB-45(3), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Office of the Mayor (State of Hawaii - Upcountry Maui Agricultural Park, Maui Water System Improvements)); and EDB-54, Office of Economic Development Evaluation of Grants for Fiscal Year 2019. Okay, now we'll begin with public testimony. For individuals testifying in the Chambers, please sign up with...at the desk just outside the Chamber door. If testifying from one of the remote areas, please sign up with District Office Staff. Testimony will be limited to three minutes, and upon request, a minute to conclude. When testifying, please state your name, the name of any organization you may be representing. If you are a paid lobbyist, please inform the Committee. We have established connection with all three District Offices and we'll check in with them first for testifiers. Ms. Oliveira-Medeiros, do you have anyone wishing to testify?

MS. OLIVEIRA-MEDEIROS: Aloha kakahiaka, Chair. This is --

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka.

MS. OLIVEIRA-MEDEIROS: --Mavis Oliveira-Medeiros from the Hana Office. There's no one here waiting to testify.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Ms. Fernandez, do you have anyone wishing to testify on Lanai?

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez at the Lanai Office and there are no testifiers.

CHAIR RAWLINS-FERNANDEZ: Mahalo. And, Ms. Lindo, do you have anyone wishing to testify on Molokai?

MS. LINDO: Oh hallelujah. Good morning. Nope, there's no one here on --

CHAIR RAWLINS-FERNANDEZ: We got connection.

MS. LINDO: --Molokai to testify.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Mr. Krueger, will you please call our first testifier here in the Chamber?

MR. KRUEGER: Chair, the first person signed up to testify is Warren Watanabe testifying on agenda item EDB-45(3).

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

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MR. WATANABE: Good morning, Chair Rawlins-Fernandez --

CHAIR RAWLINS-FERNANDEZ: Good morning.

MR. WATANABE: --Vice-Chair King, and Members of the Committee. My name is Warren Watanabe, I'm the Executive Director of the Maui County Farm Bureau. The Maui County Farm Bureau on behalf of our member farmers, ranchers, and agricultural organizations appreciates the support by the County to agriculture over the years. We are before you today in strong support of this measure to improve the water system providing to the agricultural parks on Maui. We urge you to accept this State funding which provides for moving the main pump for the Kula Ag Park reservoirs to a different location to achieve greater efficiency and consistency of water delivery to the 31 lots in the ag park. Act 53, SLH 2018 appropriated funds for the Upcountry, Maui agricultural park for plans, design, construction, and equipment for a water pump, ground and site improvements, equipment, and appurtenances. This project will ultimately save water and will protect the supply flow during drought conditions. This project has been listed as a priority for the Kula Ag Park all the way back to the Tavares Administration, so we appreciate our State officials and the Governor earmarking these funds and finally bringing this project to reality. We respectfully urge your support on this measure. Mahalo.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Watanabe. Okay, Members, questions? We have a question from Member Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Mr. Watanabe, for being here. You mentioned also State of Hawaii, are they also contributing to the project?

MR. WATANABE: Yes, they appropriated and the Governor is...I guess released the funds for 3.5 million.

COUNCILMEMBER SINENCI: Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo, Member Sinenci. Okay, and so this funding we've already...is already...we're just making a budget amendment. So, mahalo --

MR. WATANABE: Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: --Mr. Watanabe. To receive the funding. Yeah.

MR. WATANABE: Okay, thank you.

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CHAIR RAWLINS-FERNANDEZ: Yeah. Mahalo. Okay. Mr. Krueger, do we have anyone wishing to...anyone else wishing to testify?

MR. KRUEGER: Chair, there's no one else in the Chamber signed up to testify.

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

COUNCILMEMBERS: No objections.

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

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

**ITEM 56:           AMENDING FISCAL YEAR 2020 BUDGET:  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT,  
DEPARTMENT OF FINANCE, DEPARTMENT OF  
LIQUOR CONTROL, AND DEPARTMENT OF PUBLIC  
WORKS (CC 19-387)**

CHAIR RAWLINS-FERNANDEZ: All right, so we'll start with the first item on our agenda, Amending Fiscal Year 2020 Budget: Department of Environmental Management, Department of Finance, Department of Liquor Control, and Department of Public Works. Okay. So, we have Budget Director Yoshimura and Deputy Director Albin to provide us some opening comments. And then I'll open the floor to questions. Okay. Budget Director?

MS. YOSHIMURA: Thank you. Good morning, Chair. Good morning, Members. So, this amendment looks very convoluted and what this amendment does is...first of all I'd like to start off by saying the Fiscal Year 2020 Budget is in balance. This amendment proposes changes or adjustments to the fringe costs and the interfund transfers and supplemental transfers to make sure that each fund within the budget balances. So, if you look through each section of the proposed bill, you'll see the changes are primarily made to the fringe costs, FICA, to EUTF, to OPEB, and to the administrative charges. All of these charges are based on a percentage and so when...we just wanted to recognize the appropriate costs for each item and make the adjustments in the Countywide costs. So, what happens with fringe costs and administrative costs, it's allocated in each special fund. So, say Sewer Fund, the Solid Waste Fund, and that amount gets transferred then to the Countywide costs. And on...in the Countywide costs section, you'll see fringe benefit reimbursements and overhead reimbursements. And those are the monies that are coming from each special fund, paying back the General Fund for all of those costs. So, what this amendment does is just make everything...makes all the adjustments

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to make each fund balance and to properly recognize the transfer from each special fund back to the General Fund. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Yoshimura. Okay, Members, I'll now open the floor to questions. It looks like there's a lot of questions, so I'll start with Vice-Chair and then I'll go to Pro Temp Kama and then we'll work our way down.

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Thank you, Chair. So, I'm...it looks like our revenue is going down and some of these funds are going up, the expenses in some of them are going down, and there's quite a bit of changes in here. So, can you just explain why there was such imbalance in the budget prior? The original numbers that we were given.

MS. ALIBIN: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: We prepared a slide presentation to kind of dive into details if you'll allow me.

CHAIR RAWLINS-FERNANDEZ: Okay. We'll call a...if there are no objections, if you would like to see the details of the changes --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --then we can...

VICE-CHAIR KING: Chair? Yeah and, Chair, the, you know, that might explain a lot of the questions that the Councilmembers have, but there are a lot of changes in the Countywide. And I know we had discussed in the OpenGov software, the possibility of trying to align those costs within each department instead of having this very fuzzy, vague Countywide fund that we can't...we don't know. So, maybe this is kind of the first step of trying to figure out what each department's costs really are. So, yeah, I would like to see that presentation if it's available.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo, Chair.

VICE-CHAIR KING: Thank you.

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CHAIR RAWLINS-FERNANDEZ: Pro Temp Kama, did you want to say anything before we go into... 'cause some of your questions --

COUNCILMEMBER KAMA: Yeah.

CHAIR RAWLINS-FERNANDEZ: --may be answered by the presentation.

COUNCILMEMBER KAMA: I'm sure, but --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER KAMA: --I just wanted to know because what I heard was that this action is being taken mostly to balance what was not balanced. So, my question to the Director, when the Council did our budget, did we balance it out, was it a balanced budget?

CHAIR RAWLINS-FERNANDEZ: Budget Director?

MS. YOSHIMURA: Chair, yes, the budget in total was balanced, we were just making adjustments to each special fund to appropriately adjust for transfers and additional fringe costs and administrative overhead costs.

COUNCILMEMBER KAMA: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo, Pro Temp Kama. Okay, so if there are no objections, we'll take a short recess to get the presentation loaded and we'll be right back. So, we'll...it's 9:18 on November 7<sup>th</sup> and we'll take a recess at the call of the Chair. Recess. . . .*(gavel)*. . .

RECESS: 9:18 a.m.  
RECONVENE: 9:22 a.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order. It is 9:22 on November 7<sup>th</sup>. Staff is now distributing the hard copy of the presentation that Deputy Director Alibin will now go over. Okay, so I'll hand over the mic to Ms. Alibin.

MS. ALIBIN: Good morning, Chair and Members. So, in this presentation I will be discussing the following: the need to have a balanced budget and the funds that are impacted by this proposed bill, summary of the proposed adjustments, as well as detailed budget adjustments by fund. And in that last...I mean second-to-the-last bullet is a discussion or comparison between the changes between the revenues and expenditures for each fund to kind of explain what Vice-Chair King's question is. As the Budget Director explained earlier, the Fiscal Year 2020 adopted budget is in balance and it's a requirement by Charter



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to pass a balanced budget. The total estimated revenues equal to the total operating expenditures plus the capital expenditures. However, when Finance Department received Exhibit 1 on June 30, 2019 and as we inputted the detailed budget into our IFAS, our financial system, we found that there were some adjustments needed to be made at the fund level. And this is to comply with our Generally Accepted Accounting Principles. As shown in this slide, these adjustments are needed to prepare our financial statements in conformity with GAAP, and the accounts are organized and operated at the basis of funds. And lastly, government resources must be allocated and accounted for in individual funds as what the Budget Director explained earlier. The funds that are needed to be adjusted include the following: General Fund, primarily in...under the Countywide costs, Department of Finance; special funds which include Sewer, Solid Waste, EP&S, Liquor, and Highway. Before I dive into details, I just want to provide a summary of the adjustments reflected on the proposed bill before you. So, the first adjustments were needed to...the balances at the fund level. These adjustments are result of detailed information provided in Exhibit 1 and Budget Office transmittal relating to the EP&S and Solid Waste Fund. Based on the information provided in Exhibit 1, Finance inputted the information to determine the changes made to both revenues and expenditures, then the spreadsheet shown on the slide before you was generated to determine if there's any surplus or deficit in the budget both at the fund...total level and at the fund level. This slide...sorry. So, the surplus actually occurs when the estimated revenues are higher than the expenditures, while the deficit occurs when the estimated revenues are not sufficient to meet the expenditures, both operating and capital. The slide shows the amount of adjustments needed at the fund level. The General Fund shows a surplus of 576, Highway a deficit of 562, Sewer a deficit of \$20, Liquor a deficit of \$10, Solid Waste a surplus of 627,233, and EP&S a deficit of 627,217. The second adjustment was made after we determined the base adjustments at the fund level. Finance reviewed the Council changes made in the salaries and wages, and based on those changes, we ran a calculation based on the fringe benefits and overhead rate schedule. And we determined that there was some differences in the calculations, primarily in the overhead charges. This slide shows the different fringe benefits and overhead rates for each special funds and enterprise fund which is primarily...which is now just Department of Water Supply. The overhead rate was based on the last overhead rate study completed in 2017, by Matrix, and these are the rates used to determine the amended amounts for the contribution of the special funds to the General Fund. Next adjustment was based on the Finance Department's review of the amounts relating to the fringe benefits and overhead reimbursements from special funds. We compared the line item appropriations throughout the special funds with the amounts shown in the Countywide costs under the Department of Finance, and we found out that there were some adjustments needed to be made. This slide shows a comparison between the fringe benefit and overhead reimbursements between the adopted budget and the proposed

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budget amendment. The sum per line item appropriations in the special funds should equal to the amounts in the Countywide costs. The proposed budget amendment reflects those changes due to adjustments in the fringe benefits and overhead rates calculation as I showed earlier. The last adjustment done was the deletion of the supplemental transfer from the General Fund to the Sewer Fund. This is to maintain the Sewer Fund which is considered as a utility account to be self-sufficient and this is based on a financial practice. The Water Supply, Sewer, and Highway funds are reported as self-sustaining funds in the following financial documents which is the official statements when we issue the bond, presentations to the bond ratings, and also in our annual financial report. Now, I'm going to go into the detailed adjustments by fund and showing the changes made in the revenue and as well as in expenditures. So, for Sewer Fund as you can see, there was a interfund transfer decrease from the...supplemental transfer from General Fund by almost \$80,000. And on the expenditure side, we had some changes to the fringe benefits and overhead contribution to the General Fund. So, the ERS/FICA was increased by 442, EUTF increased by 359, OPEB increased by 173, overhead charge increased by 20,852. And due to this increase and the deletion of the transfer from General Fund, we are proposing to decrease the Wastewater operations by 101,827 and this is for the mechanical/electrical systems and electrical parts and supplies. And this is based on Budget Director's discussion with the Environmental Management Director. For the Solid Waste Fund, the revenues decreased under the interfund transfers by 670,635. And on the expenditure side, we've decreased the following contributions to the General Fund: for ERS and FICA 6,781, EUTF 4,208, OPEB 2,121, and overhead charge 30,292. For the EP&S Fund, the change in the revenue is an increase by 627,217 to balance the budget at the subfund level. And there's no adjustments made to the expenditures. Because of these changes from the special funds we needed to make some adjustments in the General Fund under the Countywide costs on Department of Finance. So, the revenues decreased by 576 to balance the budget by subfund as I mentioned earlier in the slide. And we also made another change in the revenue under licenses, permits, and others which is a decrease of 209,851. The adjustments to the General Fund expenditures include the following: changes in the fringe benefit reimbursements and overhead reimbursements as the Budget Director explained earlier. We've also increased the supplemental transfer to EP&S Fund by 621,217.

CHAIR RAWLINS-FERNANDEZ: Six hundred twenty-seven? Six hundred twenty-seven thousand two hundred and seventeen.

MS. ALIBIN: Six twenty-seven two seventeen.

CHAIR RAWLINS-FERNANDEZ: Yeah.

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MS. ALIBIN: Sorry about that.

CHAIR RAWLINS-FERNANDEZ: I think you said 621.

MS. ALIBIN: Decrease appropriation for supplemental transfer to Solid Waste Fund by 670,635, increase appropriation for supplemental transfer to Highway Fund by \$100,022, deleted the appropriation for supplemental transfer to Sewer Fund by 79,981. Now, the adjustments to the Liquor Fund, so in the revenues we decreased it by or we're proposing to decrease it by 17,489 and decreasing the expenditure due to the overhead charge by 17,499. And there was an offset because of the increase of the \$10 to balance at the subfund level yeah. Okay. Last but not the least is the adjustments to Highway Fund. So, in the revenue side, we increased it by 100,022 due to adjustments in the fringe and...benefits and overhead. And on the expenditure side was also the corresponding increases in the ERS and FICA by 2,180, EUTF by 1,765, OPEB by 850, and overhead charge by 94,665. That's the end of our presentation, Chair, so if you have any questions, I'll be happy to assist.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Deputy Director. Okay so, Members, as Budget Director explained, most of the changes that you see on the budget bill is the overhead costs, and then the bigger change that you saw with EP&S and Solid Waste for the 627,217 I'll have Budget Director kind of give a little more detail on that basic...go ahead.

MS. YOSHIMURA: Chair, on that adjustment, so EP&S does an interfund transfer to Solid Waste for landfill charges related to recycling. And in the proposed budget it showed that adjustment or that interfund transfer; however, in one of the responses that we had provided to the Committee at the time had reversed it and said it was a transfer from Solid Waste to EP&S. And we didn't catch that till later so right now how it's reflected in the budget is correct from EP&S to Solid Waste and this adjustment or this amendment or revision that we're proposing will correct the interfund transfer.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Budget Director. And then...real quick, and then for the self-sufficiency, so the interfund transfers that we made from General Fund to supplement some of the departments and divisions was a policy decision that we made during budget. We understood that these divisions and departments the intention was for it to be self-sufficient. However, while I personally support self-sufficiency on the day-to-day operations, to me I think it's a heavy lift for...to increase rates and put all the burden on ratepayers to cover the cost of CIPs. And so, that was the discussion that we had during budget. And so, you know, we consciously made that decision to supplement these departments, these self-sufficient departments and divisions with General Fund money for the expansion of, you know, wastewater systems for example. And so, we're working together on that. It's

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well within our authority to do that, to supplement funds from General Fund to self-sufficient departments or divisions. And it's something that, you know, we'll work with...I'll work with the Budget Director on in moving forward to the next Budget Session. Okay. And I'll now open the floor to questions. Since we left off with Chair King, I'll go back to Chair King and then I'll go to Pro Temp Kama and then I'll work my way down. Okay.

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

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Yeah, thank you. And thanks for the presentation. I guess I...one of my concerns is we're moving a lot of dollar amounts around, and when we move things in and out of revenues that are not based on actual revenues but based on trying to balance, I think it's not transparent to the public, you know, what are the revenues that we're expecting for each of these departments. And have the revenue expectations changed, or are we just trying to for balance purposes say that they're different? So, maybe you can address that. The changes in revenues, maybe you can give us an explanation for, you know, are we expecting less revenue from fees in those departments like the sewer fees and the Highway Fund, or are we just trying to move money around and then...and the original projections were correct?

CHAIR RAWLINS-FERNANDEZ: Deputy Director Alibin?

MS. ALIBIN: Chair, the decrease in revenues is primarily because of the two, the changes in the fringe benefits and the overhead calculations from the special funds. I...primarily the Solid Waste Fund has a reduction so with all the changes made by the Council during its deliberations on the salaries and reductions in the proposed positions, that was the...there was also corresponding decreases in the overhead rates and the fringe benefit rates. And the other one is because of the Highway Fund we had actually reduced the operations by \$100,000 based on Budget Director's changes and that is to account for the changes. It's, I think they have pretty much the largest increase in the change for the overhead and the fringe benefit rate calculation.

VICE-CHAIR KING: Okay. I think you're still not understanding my question. So, I understand the desire to balance, what I don't understand is if we have a category called revenues that's based on fees, that's getting moved around based on other overhead costs and not maybe based on what the actual revenues are. So, if the revenues haven't changed, maybe there needs to be a different category of how you balance that out. Because I don't think it's...if we have X amount of sewage fees for instance and that's part of revenues, did that calculation change, are there less people using the, you know, paying the sewage fees? How is the revenue, the actual revenue changing or is it? That's

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kind of my question, so you understand? I mean I understand you're moving dollar amounts around, but I'm not getting how our revenues are decreasing or increasing in these various departments.

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: Chair? As far as the charges for current services which is based on fees, the only change that was made is in, under the General Fund safety which is a minor, it's like about \$576 to balance the budget at the fund level. And the licenses and permits, the change that we made was relating to Liquor Fund, again because of that \$20 deficit so it was another decrease in the revenue. The major decrease is going to be under the use of money and property so this is based on our projected interest from all our investments.

VICE-CHAIR KING: Okay. So, that's going down --

MS. ALIBIN: It's going down.

VICE-CHAIR KING: --so the projections are going down?

MS. ALIBIN: Yes.

VICE-CHAIR KING: 'Cause it looks like a total of something like 240,000 or something like that overall revenue reduction.

MS. ALIBIN: Yes.

VICE-CHAIR KING: So, that's what we're expecting in lost revenue from investments not producing what we thought they were going to. Is that the main reason?

MS. ALIBIN: Primarily to balance the budget, made...due to the interfund transfers.

VICE-CHAIR KING: Okay. No, I understand that, I just...what I'm trying to get at is, Chair, is every department has...the ones that we're talking about have certain fees, and we projected certain revenues from those fees. And I'm trying to figure out are those revenues changing, or are we just changing the dollar sign...the dollar amounts to balance out other parts of the budget. Because if the revenues are not what we're projecting then we need to do a better projection next year in what those fees are going to produce so that we don't have this, you know, this massive change happen...occurring later on. If it's a matter of overhead that we didn't anticipate or Countywide costs that we didn't...that we missed somehow, that's a different category. But we need to make this transparent to the public, and that was kind of one of my points in, you know, just suggesting that we look at trying to put these costs into the individual

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departments so we can see how they balance out against the fees and the projected revenues.

MS. ALIBIN: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: So, it's the latter, we made changes to the revenues for the, under the investments to account for the changes because of the special funds.

VICE-CHAIR KING: Okay. So, in this next budget, are we going to be able to calculate based on the fees what those revenues are and have that be, you know, have that calculation stand and not get messed with based on trying to balance out some of the other numbers?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, the proposed amendment that we have before you basically does not touch the revenues that are collected via fees. The adjustments were made to a category that's under licenses, permits, other, and that other category has a miscellaneous type of category and that's where our interest income comes from. So, we took...we looked at that. So, we didn't adjust any revenues generated by fees. So, the, you know, what we're allocating as revenue from license fees or permitting fees for parks and stuff like that, that didn't change. The adjustment was made to the use of money category which includes interest income.

VICE-CHAIR KING: Okay. No, I appreciate that. I think what I'm getting at is the transparency and what it looks like to the general public when we say we're reducing revenues. You know if we don't think that we're reducing revenues and the fees are what we originally thought they were, that should stand and there should be some other category of balancing out. And then it's hard to configure when...and even in our discussion...and I really appreciate the, you know, Finance Department meeting with the OpenGov folks because I think that's going to be a key piece of all of us kind of working together. But in our discussions with them, they noted that we were only one of...we were probably the, only the second community that they had seen do it this way where all the fringe benefits go into one Countywide pot of money and they're not attached to each department. So, it really, it makes the transparency really fuzzy, and then the fact that you have different percentages for some, like Water Department is a different percentage in some of the categories. It's not, to me it's not transparent to the public that when we say we're reducing revenues that we're actually not reducing the amount of money we expect to receive for these fees and, you know, for the Highway Fund, for the sewage fees. We're just kind of trying to balance out numbers. And so, that's kind of my main concern, Chair.

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And I'm glad we're talking about this now before we get to the next budget, because I think this will help inform our next budget process.

MS. ALIBIN: Chair, if I may add as well?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: When Director Yoshimura and I were discussing on the appropriate revenue that should be reduced because of these changes, we felt that the, you know, the investment income side would be more appropriate given...to be a little bit more conservative given because of the change on our investing, I guess, plan right now where we've transitioned to a third party. So, we want to be a little bit more conservative because we don't know what impact it made so we felt that it's more conservative to go lower on that number.

VICE-CHAIR KING: Okay. And I appreciate that, I just think it's not clear from looking at the paperwork that's on Granicus, and I can hear the questions from the public, well why are we expecting less revenue, where is that coming from. And specifically, you know, for us how do we deal with that for the next Budget Session when we're looking at projected revenues. So, if we can kind of keep that in mind and maybe even try to make it more transparent by focusing on each department and what is attached to each department as far as fringe benefits, because they all...we know what the costs are for the salaries, we don't know what the costs are for fringe benefits per department. Okay, thank you, Chair. I think that's...

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King.

VICE-CHAIR KING: Yeah. Unless, do you have any comments on that, Budget Director?

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. YOSHIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Yeah, currently we fund the fringe benefits by fund, so Highway Fund, Sewer Fund, Solid Waste Fund. And then the rest of the departments are all funded by the General Fund and so that's why it's in the Countywide costs. But we could provide you a breakdown per department based on the salaries what the fringe benefits are for each department if that's...

VICE-CHAIR KING: Okay. I think it would help with trying to figure out the, what part of this we're talking about, and as far as fringe benefits what part is things

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like retirement, what part is, you know, are the fees and our projections for revenues. And what parts of our budget are actually operations, because right now there's a lot of fuzzy, gray areas and then when we come back with...even once we understand this, you know, from your presentation, the general public is not going to look at this and be able to understand what we're talking about right now. So, I'm just trying to figure out how to make everything more transparent and easier. It's going to be harder I think in the short term when we readjust these things and try to make things more transparent. But in the long run after it gets, after the hard work gets done, I think it's going to be easier for everybody in the long run.

MS. YOSHIMURA: Thank you, Chair.

VICE-CHAIR KING: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Yeah, so in preparation of the next or upcoming budget, we will be having a discussion with Chair Rawlins-Fernandez and looking at things that we could improve to provide more information to the Committee. So, we'll be looking forward to that discussion.

VICE-CHAIR KING: Okay, well, much appreciated. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Yoshimura. Mahalo, Chair King. Okay. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, thank you for this because it's clear to me what you're trying to convey to us and I appreciate that. I appreciate the fact that you brought this to us and shared with us all of these things and I get it, so thank you for that. But I just want to ask, how if at all will this impact the different departments in terms of the decreases that we had to do to and those adjustments?

MS. YOSHIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Councilmember Kama, the changes that are made are not going to impact the operations at all, it'll just make the adjustments to the amount of fringe that has been budgeted for each special fund.

COUNCILMEMBER KAMA: That's what I thought. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay.



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MS. YOSHIMURA: So...Chair?

CHAIR RAWLINS-FERNANDEZ: Oh, Ms. Yoshimura?

MS. YOSHIMURA: Sorry. Except for the sewer operations where we had discussed with the Department to address the shortfall. You know because there was an increase in E/P and the additional fringe costs, there was a reduction to an item in their operating budget that they felt that they could absorb the decrease to make their fund self-sufficient.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Yoshimura. And that is on page...slide 13 under expenditures, the 101,827 one, yeah, Ms. Yoshimura? Okay. So, that's where you'll see that and as Ms. Yoshimura said that the Department, you know, let them know that it shouldn't affect operations. Mahalo, Pro Temp Kama. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, I've never seen this come before...although this is only my, you know, third or third budget, but so basically what you did if I can put it in layman's terms is that you cleaned up what you received from the Council. It looks like it. Right? Doing checks and balances and is that what just happened to make it...it was balanced but it probably was...came from different funds or it should have that didn't or is that what happened? This is kind of interesting.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, yes. When we did get the budget back, it was balanced. There were just these adjustments that needed to be made. And so, this is basically kind of housekeeping to make sure that each fund when the auditors at the end of the year look at the financial part of it, that each fund is balanced. So, this is just the adjustments that were made and to be properly accounted for.

COUNCILMEMBER SUGIMURA: Okay. I mean I don't want the public to think that we're doing something like illegally plugging things in at the last minute or whatever and that's not what you said today. And the word transparency makes the public think that we're not. And I think that this takes it exactly where it should have been when you received the budget so you're helping to maybe correct some of the things that were not done at the right time so that we'll be fine. So okay, thank you. I support this. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. And just to remind you and all of our Council that we made a lot of changes including adding a lot of personnel, and each individual Councilmember went and worked with the

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departments to figure out exactly what should be proposed for overhead charges. So, the FICA, the OPEB, all these things, and we did our best in that time. And I trusted each Councilmember to bring forward a proposal that had correct numbers as far as when Councilmembers wanted to increase the number of E/Ps in the department. And so, the Councilmembers each worked with the departments, and as Ms. Yoshimura said that the budget itself was balanced, but just adjustments in the overhead costs were made. So, there's nothing wrong, there's nothing illegal that's going on, everything is --

COUNCILMEMBER SUGIMURA: Right.

CHAIR RAWLINS-FERNANDEZ: --all good.

COUNCILMEMBER SUGIMURA: I appreciate that because I don't want people to think that there was. So, I just want that laid on the table. I think from last year to this, the number of E/Ps that were expanded were like 90 people, you know, so 90 positions we're talking about in various departments. So, I appreciate this, you know, just kind of digging through and making sure that it's, we'll start with a clean slate for the next fiscal year budget. Thanks.

MS. ALIBIN: Chair, if I may?

CHAIR RAWLINS-FERNANDEZ: I think 90 is kind of high. Ms. Alibin?

MS. ALIBIN: I have a slide pulled out here, it's not included in the packet or handout that was given to you but it's really small and very busy. But what I just want to point out, so for each category and for each special fund, these are broken down at that level and kind of provides you the changes from what it was originally and what we're proposing to amend. And as you can see the total, I mean it's very immaterial from a financial perspective level. So, I don't really see any issues as far as our auditing is concerned on this.

COUNCILMEMBER SUGIMURA: Oh good. Thank...

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Sugimura. And just for the public record and for those watching, I don't believe it was 90 positions. I don't have the number in front of me right now. I don't know if Administration has the number of new E/Ps that we added, but I'll try to get that number before we end the meeting so that I can clear that up for our record. Mahalo, Member Sugimura. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Couple questions, I just was wondering is this like a standard thing that we do every year?

MS. ALIBIN: Chair?

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CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: Yes, so in the prior years, what Finance Department and Budget Office relied upon is the Exhibit 1, and that provides us...if, I guess if we had that information early on, we would have been able to provide this kind of review. But because it was given on January 30 and...or June 30, we've only had like a day to input everything in our financial system. Therefore, we had a discussion with Budget...I mean the EDB Chair regarding this report being provide to us in the future.

COUNCILMEMBER PALTIN: And then on Page number 9, couple questions. Wondering if you can refresh me like what overhead covers? And also when the percent is...oh, Page 9 of the handout.

MS. ALIBIN: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: So, the overhead rate is actually based on an allocation study done by...we consulted and it was actually done in 2017 by Matrix, study. And basically the intent of the overhead rate is to determine the costs that are provided by departments that are funded through the General Fund. So, for example like Corporation Counsel, any budget finance-related work that is done and what, you know, based on that cost, what would be each of the special funds are responsible for those type of services provided by the general-funded functions of our County government. So, based on that study, they had determined that those are the different rates that these special costs should be providing the General Fund.

COUNCILMEMBER PALTIN: Okay. So, the departments that aren't funded by outside revenue, they did a study on what the cost is to run that, and then they took that cost and put it to the ones that are funded by a special revenue and then take that amount out of the special revenue and give it to the General Fund? Is that what you mean?

MS. ALIBIN: So, Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: So, basically the overhead rate study was created by looking at all the different costs, and this one was specifically based on the 2016 expenditures. They looked at all services provided by departments that are funded by the General Fund and allocated what percentage of each special fund should be paying the General Fund for these costs of services that were provided.

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COUNCILMEMBER PALTIN: And then like the percentages in, on Page 9 of the handout, where it says like say for sewer or for ERS, it's all 23 percent, FICA 7.65, health...what is this a percent of?

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: Chair, for budget purposes it's based on the, I believe it's based on half-year actual salaries plus the projected half-year salaries. And so, based on those total salaries for each fund then we use these rates to calculate what the fringe benefit cost will be.

COUNCILMEMBER PALTIN: I guess I'm confused, like is it supposed to add up to 100 percent or no?

MS. ALIBIN: Chair, I believe it's more than 100 percent.

COUNCILMEMBER PALTIN: 'Cause the 100 percent would be like their salary and then the other extra is the overhead and all those costs.

MS. ALIBIN: So, you're talking about...so in addition to the salaries and wages, we also account for all the fringe benefit costs.

COUNCILMEMBER PALTIN: Like sick leave, vacation, CTO.

MS. ALIBIN: And if you're going to add up all the, you know, vacation and all the other leave and sick leave, it's going to sum up to more than 100 percent per employee.

COUNCILMEMBER PALTIN: Okay. And then on Page 11, I didn't understand...I mean I understand that 20,900...\$20,940,590 is not equal to 20,796,402, but I'm not sure how you got to 20,933,248.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair? Okay, so in the first column where it's 20,940,000, so when you look at each special fund and you add up the OPEB and the FICA and all of that, it totals to that amount. If you look on, in Countywide costs and you look at the reimbursement amount, that wasn't the same total. Okay. So, the proposed budget amendment takes into consideration the changes that we made, and that now is the amount that is allocated to each special fund, so Highway, Sewer, EP&S, Solid Waste, Liquor. And that's the amount now that if you look at your proposed bill on Page 6, letter F, number 2. So, that amount will be the sum of what you would find on the proposed bill on Page 2 item B, Page 3 item D, Page 4 items 5 through 8, and Page 7 item B under Liquor, and

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then on Page 9 under the Highway Administration Fund. So, if you see all those numbers which is the contributions to the General Fund, if you add all those up, it'll total to that 20,933,248, and that's the amount that we anticipate getting back from each special fund to the General Fund to pay for those costs.

COUNCILMEMBER PALTIN: Okay. And my last question is like do you think that new budget software is going to come in time and it'll help with this in the future?

MS. YOSHIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair, so both Finance and Budget did meet with OpenGov yesterday. We do realize there's a short window for us to even implement a new software. We are going to have further discussions. Chair, along with OpenGov there's a phase-in process or we don't think that it's something that we could implement for the Fiscal Year 2021 Budget, but we will be working towards some improvements.

COUNCILMEMBER PALTIN: So, most likely not new budget software for 2021?

CHAIR RAWLINS-FERNANDEZ: We're looking at purchasing budget software to use for our next Budget Session. And we're working closely with the Administration to see how to implement it that works best for all of us. And we're going to be meeting again about this real soon, next week. So...

COUNCILMEMBER PALTIN: Okay. We or we?

CHAIR RAWLINS-FERNANDEZ: Yeah, the budget team, the Council budget team and the Administration budget team and Finance. We're all going to...no. No. So, we're all looking to work together more, to identify the areas that can be improved and to ensure that communication and...is open and that we're all on the same page, you know, to make the Budget Session go smoother. And hopefully, you know, with the budget software, it'll also be a little easier, user friendly for the community, for the public which will be, which will help with transparency. 'Cause we're all looking at our papers right now and it's...I know it's kind of...

COUNCILMEMBER PALTIN: It's more of an `oukou meeting than a kākou meeting though right?

CHAIR RAWLINS-FERNANDEZ: Yes, yes.

COUNCILMEMBER PALTIN: Okay, just clarifying.

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CHAIR RAWLINS-FERNANDEZ: It won't be on the Chamber floor.

COUNCILMEMBER PALTIN: Okay.

CHAIR RAWLINS-FERNANDEZ: Yeah. It'll be our team. Ms. Yoshimura?

MS. YOSHIMURA: Chair, the equivalent personnel that you were speaking of earlier, there was a total of 91.6 E/P added to the Fiscal Year '20 Budget. There was 54.5 E/P proposed by the Mayor and so the balance of 37.1 was added by the Council.

CHAIR RAWLINS-FERNANDEZ: Mahalo for getting that information for us, Ms. Yoshimura. So, you know, I think generally the Council isn't as bold and courageous in serving our community by proposing to add more E/P. So, this is, you know, something new for all of us in, you know, making sure that our departments get the kind of...get enough staff and the community can get the kind of service that, you know, they deserve. And so, thank you to our Council for, you know, proposing that. And mahalo to the Administration for proposing the 57...54 E/Ps to do a better job at serving our community. Okay, I'm going to go to Member Lee.

COUNCILMEMBER LEE: . . .*(inaudible)*. . . Okay, I was just kidding. I just have a few comments, I don't really have questions 'cause, you know, I was Budget Chair for four years and we've, we never had a perfect budget, we always had adjustments to make. So, the way you grade this process is the fewer adjustments, you know, the more successful you are. But this was the first budget for this group here, this crowd, and, you know, everybody...how quickly we forget that we started off on a kind of a rocky road, you know, and I can see the change. I can see that the collaboration is growing, the communication is growing. And this is why I really am happy about to see the Councilmembers are more enlightened and the process is much more productive. And I look forward to all the new things that you guys are planning for us in the next term, in the next fiscal year. And I want to say that I really appreciate watching this happen and all the work and effort that all of you have put into this, especially the budget heads, the Chair and the Director and of course Finance. Thank you very much.

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

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. Gee, I don't know what to say after what my brilliant colleague from Wailuku said, but I just want to echo her sentiments too. Because, you know, admittedly at the start of this term, it was a little bit contentious between the Council and the Administration as it relates to the Budget, but since that time, the lines of communications

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have opened. And, you know, I want to thank the Administration for, you know, bringing this to our attention today, because I know there was concerns expressed that maybe what the Council did was not quite in line with generally accepted accounting principles. But no, if not, you know, we did what we had to do and it can work the...for the Administration too, people can say the same thing too. So, we're...I believe now we're all on the same page. And this is very complex to make sure that we balance all of our special funds with the General Fund and then the fringe benefits and the overheads and all of that stuff. I mean, you know, I want to thank Ms. Yoshimura and Ms. Alibin. This is very complex stuff. So, the issue of transparency, well, we're here, we're doing it right now. So, and thank you to you, Chair, as well 'cause it's hard assuming the mantle, taking this position as a freshman Councilmember and then working with a new Administration on top of that and, you know, eight other Councilmembers who, you know, we got a total of nine different egos in this room, so.

COUNCILMEMBER LEE: I don't have one.

COUNCILMEMBER MOLINA: Yeah, well except for Alice, you know. But anyway, but yeah, with all of that said, I just ready for your recommendation, Madam Chair. Thank you.

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

COUNCILMEMBER SINENCI: Thank you, Chair. And mahalo to fellow Councilmembers for their comments. I just wanted to add that just to expand our viewers' experience, it smells like toast bread in here.

UNIDENTIFIED SPEAKER: Yeah, it does.

COUNCILMEMBER SINENCI: But yes, so but again I just appreciate the comments. I just had a few questions. On Page 9 when we looked at some of the percentages, I was just wondering why for health under Water that it was a full percent lower than the rest. If anybody can...

CHAIR RAWLINS-FERNANDEZ: Ms. Alibin?

MS. ALIBIN: Chair, I don't have an answer to that question, but we can check and provide that information.

COUNCILMEMBER SINENCI: Oh, okay. Thank you. And then, yeah so, you know, when we did go ahead and expand our E/Ps, is there like a general percentage, so like just in preparation for next budget when we're looking at added E/Ps to departments. Is there a general percentage that we should be adding or it's...I

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know it's different for every department. So, just kind of being, having the foresight.

CHAIR RAWLINS-FERNANDEZ: Before I call on Ms. Alibin, so I'm going to use this opportunity here to do a plug. If --

COUNCILMEMBER SINENCI: Have at it.

CHAIR RAWLINS-FERNANDEZ: --the Councilmembers are planning to add more E/Ps, I would like to strongly encourage everyone to go and start working with the departments now and tighten up the numbers that you're going to...that you would like to propose for budget. And then that way, you know, it'll be a number that'll, you know, a correct number. And if there's also any projects that the Councilmembers are working with the departments on, again I would like to, you know, encourage all the Councilmembers to start working with the departments now to figure out what the cost will be, and then that way we're not, you know, scrambling in the month of April to figure out what that number would be. Okay. And then I'll hand it over to Ms. Yoshimura and then I'll call on Member Molina.

COUNCILMEMBER SINENCI: Thank you.

MS. YOSHIMURA: Chair, the Finance Department will be issuing shortly a fringe benefit calculation worksheet. And that will tell you what percentages the Budget Office uses in doing the fringe calculations for the upcoming budget. And that will be transmitted to the Council as well so you are aware of what percentages we have used to calculate. Uniform Police, uniform...for Police and Fire they are basically on a higher percentage than the rest of the general employees. So, I think probably in about a month or so you'll be getting that worksheet from the Department of Finance.

CHAIR RAWLINS-FERNANDEZ: Mahalo nui for that, Ms. Yoshimura. Ms. Alibin?

MS. ALIBIN: Chair, if I might add, with regards to the overhead rate though, it will remain the same until we do another rate study.

CHAIR RAWLINS-FERNANDEZ: Member Sinenci, good? Okay, mahalo. Member Molina and then Chair King.

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. You just stimulated my mind with the subject of E/Ps, because I've been getting calls about late rubbish pickups so maybe our Environmental Management may need more personnel. Because the public, there's an expectation of a level of service and it's been happening on a somewhat frequent basis where maybe because of employees getting sick and not having enough personnel that day. And some



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members of the public are getting frustrated with their rubbish not getting picked up, and, you know, they're paying for it. So, you know, that's one area I think we need to explore. But at the same time, when people want a level of service and they tell me why don't you guys just hire more people, but then you have one segment of the public they don't want to pay for it. It's like well there's a tradeoff there. If you want an improved level of service, well, you got to pay for it too. So, but just for me I think this is one area we need to look at to see how we can make sure that we don't have so many missed rubbish pickups from this particular Department. And it may be due to the fact that they just simply may need more personnel. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Chair King?

VICE-CHAIR KING: Thank you, Chair. That's a perfect comment to segue into my comment, because one of the things, you know, as your Chair that I'd like to suggest to all of the Councilmembers for committee work is to start doing reviews of the various departments that are within your committee purview so that in preparation for the next budget so you can understand exactly where the money is getting spent, what the services are that are being provided, where the pinch points are. And, you know, we have some things we have to look at. I know that we put in the review of the landfill disposal, the --

CHAIR RAWLINS-FERNANDEZ: Green waste.

VICE-CHAIR KING: --extra Sundays that are going to be open...that have been open for green waste and we're going to be reviewing that and seeing how much that's costing us. But we have things like that that are in there that may be where the money would be at to find that extra, those extra hours for the garbage pickup. But that's one thing that I think needs to be started now is a review of all the departments by the Council so that when we get to the budget, the actual budget, we know exactly where the money is going, it's fairly transparent, we know what their goals are for the coming year. And I know that there's been a restriction on the departments of sharing their goals with...or their actual dollar amounts with the Council too early which I respect, and I think the Mayor wants to keep his own budget close to the vest until the date that he hands it over. But I think working with the departments to know what the goals are, you know, and did they reach their...are they reaching their performance measures for this current fiscal year, and what are their hopefully expanded goals for the future. Because, you know, you always want to be striving to do more and do better, and then how can we help them get there. That's going to be a really important piece for us that we work...we try to get there every year, and then the time creeps up and then all of a sudden the budget is upon us. So, if we can start now thinking about doing those kinds of reviews, I think it's going to help everybody. And I also wanted to give a shout-out to the Budget Director for coming onboard with the OpenGov

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software, because we had a little bit of pushback at some point on whether we were going to be working together. And I know it's going to be difficult the first year, because the Council has kind of stepped into it first. And so, my understanding is that the budget will be done as it's always done in the Administration, and then, you know, and then hopefully we'll get a chance to prove it out and then go forward together with that. And so, I just really appreciate you guys being open to that and willing to work with us and move forward, because, you know, we're looking at all options to make everything easier and to try to bring more transparency and a seamless operation where we're actually collaborating. So, appreciate that. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. And mahalo to Member Lee and Member Hokama for already doing an overview and getting an update from the departments on the Human Concerns grants and the Water grants, and we're going to have Ms. Fukumoto with us on the floor to do a review of the OED grants. So, thank you for starting early and mahalo, Chair King, for encouraging all the subject matter committee chairs to start their review early because, you know, as Member Molina was speaking, I wonder, I was wondering if perhaps it was, you know, maybe it's not additional personnel but maybe it's positions that are vacant. And, you know, maybe we can help the Department by getting the word out that there are vacant positions that they're looking for, you know, people to apply for. So, you know, in looking to see, you know, what's the challenges that the departments and divisions are experiencing, maybe we as the Council can also help to, you know, address those challenges. Okay. Okay, any further comments or questions? If not, I will give my recommendation. Okay. So, okay. The Chair will first entertain a motion to recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Estimated Revenues; Department of Environmental Management, Sewer Fund; Department of Environmental Management, Solid Waste Management Fund; Department of Finance, Countywide Costs; Department of Liquor Control; Department of Public Works, Highway Fund Total Operating Appropriations; and Total Appropriation (Operating and Capital Improvement Projects); incorporating any nonsubstantive revisions to be requested from the Administration; and filing of County Communication 19-387.

VICE-CHAIR KING: So moved.

COUNCILMEMBER KAMA: Second.

CHAIR RAWLINS-FERNANDEZ: Okay, moved by Chair King, seconded by Pro Temp Kama. Any discussion? Member Lee?

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**ITEM 45(3):     AMENDMENTS TO APPENDIX A, GRANTS AND  
RESTRICTED USE REVENUES – SCHEDULE OF  
GRANTS AND RESTRICTED USE REVENUES BY  
DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR  
2020 (OFFICE OF THE MAYOR (STATE OF HAWAII –  
UPCOUNTRY MAUI AGRICULTURAL PARK, MAUI  
WATER SYSTEM IMPROVEMENTS))**

CHAIR RAWLINS-FERNANDEZ: Okay. The next item we have is EDB-45(3), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Office of the Mayor (State of Hawaii - Upcountry Maui Agricultural Park, Maui Water System Improvements)). We have Ms. Yoshimura, Ms. Fukumoto, and Mr. Pearson here on the floor with us. And I'll hand the mic over to Ms. Yoshimura for opening comments or Ms. Fukumoto. Ms. Yoshimura?

MS. YOSHIMURA: Chair, the proposed bill before you will add \$3.5 million to Appendix A, Part I, under the Office of the Mayor, from, and it's a grant from the State of Hawaii for the Upcountry, Maui Agricultural Park. And it's for the Maui water system improvements. So, back in Fiscal Year '19, we did do a budget amendment to recognize the \$3.5 million; however, the monies were not received in that fiscal year and so now all we're asking is that it be reappropriated in Fiscal Year '20 and recognized in the Fiscal Year '20 Budget. If you need more details about the actual project itself, Kay Fukumoto is available and also Mr. Pearson.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo, Ms. Yoshimura. Vice-Chair King and then Member Sugimura and then Member Molina.

VICE-CHAIR KING: Okay. Chair, I just wanted to just sort of back up what the Budget Director has said, and that this was part of the original agreement when we received the original monies to help us purchase that extra piece of the Kula Ag Park, and we were expecting the 3.5 million to come for this particular water issue. So, it was a little late but better late than never. We'll take 3.5 million when we can get it. So, I'm ready for the question when you're ready. Thank you.

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

COUNCILMEMBER SUGIMURA: Yeah, thanks. So, this happened through my Committee during the last term. And you're right, it was when we added on the additional second phase I guess of the Kula Ag Park. I want to thank Kay Fukumoto for sitting down and I think she wrote out the request to get this money brought to us at this time for the 3.5 million along with the Water

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Department. So, thanks for the coordination. And I'm glad the Governor released the funds and we're going to receive it so we can proceed. Thanks a lot. Call for the question.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Before I call for the question, I will call on Member Molina.

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. My question for Director Pearson, just if he would have a general timetable for the start and completion of these improvements?

CHAIR RAWLINS-FERNANDEZ: Director Pearson?

MR. PEARSON: I'd actually rather defer to Kay Fukumoto 'cause we're here to support and I'm here to give you any information on the water system itself. And if you need detailed information, I have an engineering program manager in the audience to also provide additional information if needed. So, Kay may be able to be better to answer that.

COUNCILMEMBER MOLINA: Yeah, I'm just more interested in the start and finish of the project.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo, Mr. Pearson. Ms. Fukumoto?

MS. FUKUMOTO: The monies that, you know, once we receive the monies, we start actually going out for an RFP for design, and, you know, based on design and actual costs, we'd have to then figure out whether we have enough of a budget for construction or, you know, we need to come for Council approval for budget. So, these monies are actually for design, partially for construction, but, you know, until we get a design from a civil engineer, we wouldn't be able to set a construction timetable yet.

COUNCILMEMBER MOLINA: Okay, I guess that answers my question. Okay, but thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay, any other questions/comments? If not, I will give my recommendation. The Chair will entertain a motion to recommend passage on first reading of the following proposed bills: A Bill for an Ordinance Amending the Fiscal year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Office of the Mayor (State of Hawaii - Upcountry Maui Agricultural Park, Maui Water System Improvements) --

VICE-CHAIR KING: So moved.

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**ACTION:      FIRST READING** of bills by C.R.

CHAIR RAWLINS-FERNANDEZ: Look at that, we did that in three minutes. Good job, Members. We made a...we compensated for the first item. Okay. It's 10:29. Would Members like to take our morning break now? We'll go ten minutes. So, please return to your seats by 10:40...yeah, 10:40, okay, and mahalo, Director Pearson, for joining us and then Ms. Fukumoto will be back with us for the last agenda item. Okay, it's 10:30 on November 7<sup>th</sup> and the Economic Development and Budget Committee is now in recess. . . .*(gavel)*. . .

RECESS:            10:30 a.m.  
RECONVENE:       10:44 a.m.

**ITEM 54:            OFFICE OF ECONOMIC DEVELOPMENT EVALUATION  
                         OF GRANTS FOR FISCAL YEAR 2019 (CC 19-378)**

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order. It is 10:44 on November 7<sup>th</sup> and we are on our last agenda item, EDB-54, Office of Economic Development Evaluation of Grants for Fiscal Year 2019. And we have with us Director of Office of Economic Development Kay Fukumoto and Ms. Tina Silva. Oh, did I say it right?

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

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, so as I said I'm hoping that we can continue to do these overviews and updates on grants and, you know, department operations. So, thank you, Ms. Fukumoto, for being with us. Will you please provide us opening comments?

MS. FUKUMOTO: Thank you, Chair. Good afternoon, Councilmembers. One of the things I'd like to say is that having come into this office on January 2<sup>nd</sup>, there are many things that we wanted to implement after, you know, looking at the grant process within our office. So, I just wanted to just briefly let you know what we have done during the last ten months. We were trying to actually create efficiency, transparency, and fiscal accountability in the OED grant process. With respect to efficiency, we wanted all grants to come in twice a year so that we could actually send it to, through a committee process of approvals. So, our first deadline was July 1<sup>st</sup> and our second deadline is December 1<sup>st</sup>. We created for efficiency sake creating a checklist of required documents that all grantees had to submit in order for us to even take a look at a grant. In the past, we were hunting down various Compliance Express and liability insurance documents, so we wanted to create a situation where everything is

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complete, the package is complete from a grantee before we looked at it. From a transparency perspective, we created a scoring system to review all grants so it was committee-based grading. We had committees made up of specialists from our office and also people from various departments like Finance, the Mayor's community liaisons, and even DEM. The group committees would score and would come up with funding suggestions which would then come to me, and I would generally make sure that it was within our budgeted areas, and then it would get approved and sent forward. With respect to fiscal accountability, we were trying to keep to a system so that we weren't, you know, trying to track down documents again from grantees. So, we required quarterly reports and it can now be tracked, because we are on a calendar quarterly basis with respect to reports. We're being, trying to be more accountable as we reviewed payments, matching them with budgeted items and requiring budget amendments for any changes. And insurance actually became a huge issue with our requiring coverage requested by Risk Management and Corp. Counsel. So, that's in general what we tried to accomplish in changing the grant process within our Office of Economic Development.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Fukumoto. Okay, Members, I'll open the floor to discussion. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. And thank you, Ms. Fukumoto. You know Staff assisted me with looking at the spreadsheet that was transmitted to the Council first I guess on October...August 23<sup>rd</sup> and it was an updated listing. The August 23<sup>rd</sup> spreadsheet showed 48 grants that were not...that have not utilized any funding, and the updated list that was sent on November 5<sup>th</sup> shows 43 grants that have not utilized any funding. So, I had one question that comes in three parts, okay, and you can answer it as best you can. First what is the status of those grants, folks that have not used their funding, and the performance periods for the grants that have remaining funds? And then can the funding periods be extended and if so, how long is the extension period? Sorry, kind of heavy loaded question here but whatever you can provide to us.

CHAIR RAWLINS-FERNANDEZ: Ms. Fukumoto?

COUNCILMEMBER MOLINA: And I might want to add that some of those grantees are like the University of Hawaii for example and there's some MEO as well, so whatever you can touch upon is appreciated.

MS. FUKUMOTO: Right. Thank you, Chair. Yes, the...what we found was with the 2019 grants, there were different performance periods, so, you know, they weren't necessarily lining up like July 1<sup>st</sup> through June 30<sup>th</sup>. So, obviously if a project does not complete their work within the stated period of time, you know, if there is a reason for that to have to be extended, we can extend a grant. So,



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what you see on the list is actually outstanding grants with respect to funding that is still available, because they still need to complete their projects.

COUNCILMEMBER MOLINA: Okay.

MS. FUKUMOTO: Right.

COUNCILMEMBER MOLINA: Okay. All right, thank you.

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

COUNCILMEMBER LEE: Thank you, Madam Chair. Ms. Fukumoto, I notice that you have 114 grants to manage, is that correct?

MS. FUKUMOTO: That's 114...from last year?

CHAIR RAWLINS-FERNANDEZ: From FY '19, yeah?

MS. FUKUMOTO: From...yeah. That's FY '19, so...

COUNCILMEMBER LEE: So, you have what, four or five people managing those grants?

MS. FUKUMOTO: We have one person.

COUNCILMEMBER LEE: One person.

MS. FUKUMOTO: This is my Tina Superwoman Silva.

COUNCILMEMBER LEE: Okay, Tina.

MS. FUKUMOTO: We have one person. So, yes, that list is for Fiscal '19 --

COUNCILMEMBER LEE: Yeah.

MS. FUKUMOTO: --grants. We currently have 110 Fiscal Year '20 grants processed. So, we are actively, actually actively managing 185 total grants at this point from both years.

COUNCILMEMBER LEE: Yeah. Okay. And Tina's ready to quit. I think, Madam Chair, we take a, put a note down that we need to bolster that group, you know, and we check on the fringes and whatnot, yeah. But that's one issue. I'm sorry that you have to have such a heavy load. Secondly, I have the benefit of talking, meeting with you yesterday --

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MS. FUKUMOTO: Right.

COUNCILMEMBER LEE: --so we covered a lot of things. One of the things I asked you about was second round funding.

MS. FUKUMOTO: Right.

COUNCILMEMBER LEE: Okay. So, if we had a second round funding, you would just pretty much use up all the balances that, you know, are languishing. And we as Councilmembers who perhaps proviso'd a number of these funds would have to get on the ball and move our, you know, our funding requests forward; otherwise, we lose them. And that is how it should be because, you know, we shouldn't just let money be wasted when it could be used by some other worthwhile agency. So, you know, I'm hoping that you would consider doing the second round funding. And also, one of the things I'm going to be proposing in the budget is that the First Fridays or Saturdays or whatever they are be in one category, because the First Friday for Wailuku is taking up a lot of...when you count the First Friday for Wailuku and then the public relations cost of that and then other costs of that, that, you know, when I look at it, wow, you know, it's a pretty substantial sum. So, I think rather than set aside First Fridays for every district, we should have one sum that covers all the districts and all the ancillary funding for the events so that you're not dealing with, you know, multiple expenses for actually one issue, you know, one event which is the First Fridays or Second Fridays, whatever it is. So, I'm hoping that, you know, we'll go through that. 'Cause you actually have several agencies that come in for multiple grants, yeah, and I see them repeated and repeated all over. And the UH one is it necessary to grant them the money because they seem to be a big hindrance?

MS. FUKUMOTO: Well, you know, each grantee decides who they're going to use as a fiscal agent. You know we don't require them to use a fiscal agent, it's up to the grantee to decide who. So, when fiscal agents are used, you know, obviously we have to work with that fiscal agent that the grantee has chosen. You know part of what I am going to look at in the future is that there are fiscal agents, there's like some fiscal agents charge like 15 percent over the, you know, across the board. So, if you have a \$1 million grant then they get a 150,000 as their fiscal agent fee, right? So, and then there are other fiscal agents like the college that their fees are 25 percent, you know --

COUNCILMEMBER LEE: Wow.

MS. FUKUMOTO: --so it, there is differences in the agency fees. Yeah.

COUNCILMEMBER LEE: Yeah, and so maybe that's...well, if you had more people, you know, you could help the grantees find other less expensive agencies to

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umbrella their grants or even assist them in applying for their own status with the IRS.

MS. FUKUMOTO: Yeah.

COUNCILMEMBER LEE: So...

MS. FUKUMOTO: Well, it's not...actually we're not required to have a nonprofit.

COUNCILMEMBER LEE: Oh, really?

MS. FUKUMOTO: Yeah. We're not required to have a nonprofit.

COUNCILMEMBER LEE: You mean you can --

MS. FUKUMOTO: For grants.

COUNCILMEMBER LEE: --have a for-profit --

MS. FUKUMOTO: Yeah.

COUNCILMEMBER LEE: --person?

MS. FUKUMOTO: You know because it is off...well actually, within the grants section of the Charter, it's in the Charter that they're not required. And when you look at Office of Economic Development grants, it could be businesses that we're actually funding. Yeah.

COUNCILMEMBER LEE: Well, and then too, I mean couldn't you also combine a number of these economic development grants through MEDB or MEO and let them manage those grants because that's actually their focus?

MS. FUKUMOTO: Yeah, we do...Lokahi Pacific for instance, we...there's a Molokai and Lanai ag, you know, funding, and they come in and they, you know, receive the funds for that and they actually administer it, which, you know, from my perspective it's way, you know, for our Department to give one farmer 5,000 and 5,000, you know, that would be pretty tedious for us to do. So, through Lokahi they, you know, actually vet the people who should get the grants, and then they, you know, process the payments and such. So, we do have some fiscal agents that do that. You know we try not to be administering a particular program so to speak, you know, we're administering the funds, right, so.

COUNCILMEMBER LEE: Well, I just want to congratulate you and your staff for doing a really great job under the circumstances. I mean I don't know how Tina is

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able to manage all of these grants by herself. I think actually it's unfair. So, you know, we have to help her.

MS. FUKUMOTO: Yeah

COUNCILMEMBER LEE: Thank you.

MS. FUKUMOTO: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Before I call on Chair King, I wanted to find out from Ms. Fukumoto, so is it your understanding that some of these organizations or projects go through fiscal sponsors because the project must put the or fund the cost upfront and then the County's policy is to reimburse after the expenditure is made? And that some of these organizations don't have the funds to put upfront first and that's probably the reason that these organizations go through larger entities like UH or Lokahi Pacific.

MS. FUKUMOTO: Thank you, Chair, for the question. Yes, the fiscal agents' responsibility is to front monies, you know, in most of the cases. And sometimes like a smaller organization, say they won a \$10,000 grant but they're not Hawaii Compliance Express, you know, approved. There's many, there's like about five different things that are required for us to, you know, have a grant processed through. And Hawaii Compliance Express which means that you are tax compliant with the State of Hawaii, the IRS, with Department of Labor, you know, for some of the small organizations they don't want to go through all of that, right, so they work through a fiscal sponsor, because these fiscal sponsors they're just automatically, you know, because they're on top of it and they know the requirements, that's one...that is another reason. Also, the fiscal sponsor also may have the insurance to cover, you know. So, if you have a \$10,000 event but, you know, if you had to separately go buy insurance...and one of the things that was challenging for us was that when we first came in, we were really trying to stick by the, by what the intention of the Risk Management and Corp. Counsel wanted which was to limit County's liability. So, essentially we were telling all our grantees that the wording within your insurance certificate needs to essentially say the County is not liable for anything that you do. We are just giving you the money to do the project. And that was difficult for some of the insurance companies to agree to. And there were some, you know, that had to change insurance companies because we were sticking to this requirement of protecting the County. So, some fiscal agent, you know, companies they have that policy and so it's easier for a small organization to fall under a fiscal agent because of that.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Fukumoto. Chair King --

VICE-CHAIR KING: Thank you, Chair.

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CHAIR RAWLINS-FERNANDEZ: --and then Member Sinenci.

VICE-CHAIR KING: Yeah, thank you, Chair. Actually that was what I was going to bring up too was the insurance issue. And I'm glad that you kind of outlined the reasons for that, because it sounded really egregious when it came up because it had never come up in that way before.

MS. FUKUMOTO: Right.

VICE-CHAIR KING: And I know that you were just following what you were told to do so it's good to reiterate that. And I also want to thank Tina because when you guys came onboard that was the fastest response I ever got from a department was when I e-mailed you about a grant and Tina answered right away. So, thank you for your responsiveness. And I do agree that we need to look at...but what I wanted to ask you about as far as personnel is you have other people in your, in OED so like we have Patrick over here for the ag specialist and we have an energy coordinator. So, do they help at all with any of the grants that are in there? Do you have some other assistance with the grant program?

MS. FUKUMOTO: Well, this year in particular because we were forming committees to review these grants, you know, I didn't want to make the decisions, right, about where monies were.

VICE-CHAIR KING: Right.

MS. FUKUMOTO: So, each of the specialists, whether it was, you know, ag specialist or environmental specialist or my energy specialist or even small business, right, each specialist was given the task of being the chair for that committee that was reviewing the grants that were under their jurisdiction so to speak. So, my person in, the two people in Molokai that I have, Cynthia Rawlins, you know, she was responsible for overseeing all the Molokai grants, right, and she had a committee. And so, they were responsible for having the meetings, you know, reviewing everything, coming back with the funding. They will also be involved in looking at the quarterly reports from the grantees, you know. So, we are getting them involved, but, you know, from a processing perspective, you know, it has to do with a lot of legal documents so you don't want too many people doing that when they don't have that experience, you know, because she has to write the actual grant agreements that go through Corp. Counsel. And then when we're doing payments, we have to make sure that the payments expenditures are in line with the budget that they originally had intended. I mean there were some instances where people wanted a budget amendment, and I said no, you know, I'm sorry, and it was...it's difficult when the grantees have decided to spend the money and then they're coming in for an amendment afterwards and I have to tell them no. But, you know, it was not spelled out in

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their grant agreement and if it changes the project or the intended use of the original funds, you know, that's what I tell them is like if you came to me with this requested budget in the beginning, I would have told you no so I'm telling you no now.

VICE-CHAIR KING: Right.

MS. FUKUMOTO: You know it's been a, challenging because I think we have sort of stepped up to implement different things. And even with the insurance clause, I asked Lydia Toda, I said why are we having so many issues with this insurance, I don't understand, you know, and she said, you know, you're just trying to implement what we've tried to do from the beginning, but, you know, I guess we are...I don't want to say playing hardball but, you know, we really do want to protect the County, you know.

VICE-CHAIR KING: No, I appreciate that. And I think it's hard the first time you're the one that says no because nobody ever did that before, but it'll get easier because after a while people know the rules --

MS. FUKUMOTO: Right.

VICE-CHAIR KING: --and they're willing to play by them. So, I think that's good that you're, you know, you're stepping in and you're looking at what is supposed to be the norm. On the grant...so you said that the next deadline for the grants is December 1<sup>st</sup>?

MS. FUKUMOTO: December 1<sup>st</sup>.

VICE-CHAIR KING: Okay. So, that's kind of what I think Mr. Molina was talking about as far as a second round or...but I appreciate your follow-up too on the provisos. Because the first time I had, you know, OED call me up and say hey, you had some provisos and, you know, these aren't happening.

MS. FUKUMOTO: Yeah.

VICE-CHAIR KING: And there was one that did, in my district that did decide they didn't...weren't going to do it so they withdrew, and then another one that said oh, I better get my application in.

MS. FUKUMOTO: Right, right, yeah.

VICE-CHAIR KING: So, sometimes it's a matter of us helping the public follow up on...because the project was actually started, they actually started the meetings with the Parks Department to do that partnership with a new park. So, I appreciate the follow-up that your office has done with such limited personnel.

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And I think that's one area that, you know, I would definitely support having because it's helping the public basically.

MS. FUKUMOTO: Right.

VICE-CHAIR KING: And I think part of what you need to do, what your office needs to do too is help the public understand how to...they're not difficult grants to write but they are writing exercise and a lot of people don't understand what's involved in writing grants and having that insurance and the process. And then the last thing I wanted to say was that, to follow up on Councilmember Lee's suggestion about the Friday events is if we did kind of bundle the Friday events together, you could possibly put out a grant for advertising for all of the Friday events so that they weren't...because we're doing a lot of doubling up. And I know the one time that we tried to do Whale Day in conjunction with Fourth Friday in South Maui, most of the money was spent on advertising for that one event. And it was the largest event I've ever seen in South Maui, so it worked but it was...it wasn't necessarily a giant Whale Day. We had great music and there were some displays and so this next iteration I think is going to be bringing the actual Whale Day back to South Maui. But for the Fridays, I think you can...we can get more bang for our buck if we do bundle them together and we hire...we put out one grant for the advertising for all the Fridays.

MS. FUKUMOTO: Well...

VICE-CHAIR KING: And then...

MS. FUKUMOTO: I'm sorry to interrupt, but actually we RFP'd the bundling of all the Fridays so it's done by Gilbert and Associates. So, we have a contract for the overall marketing of all the town parties.

VICE-CHAIR KING: Okay.

MS. FUKUMOTO: Yeah. So, you know, and they manage the website, they put out the social media, they have the radio spots, you know, for the town parties.

VICE-CHAIR KING: Okay.

MS. FUKUMOTO: So, it is...that is already bundled.

VICE-CHAIR KING: Okay, I wasn't aware of that. I thought --

MS. FUKUMOTO: Yeah.

VICE-CHAIR KING: --that was separate because I had --

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MS. FUKUMOTO: So, it...

VICE-CHAIR KING: --actually heard a lot about...

MS. FUKUMOTO: So, yeah, when we talked about the different districts that are, you know, having to pull out monies for First Friday, that the separate line item in their districts is the Gilbert and Associates line item for the Friday.

VICE-CHAIR KING: Okay. And that's divided equally among all the Fridays, is that how you do it?

MS. FUKUMOTO: It's, yeah, it's based on, you know, obviously Lanai only has four or five Fridays so we took the contract and divided it by, you know, the amount of events that they have --

VICE-CHAIR KING: Okay.

MS. FUKUMOTO: --and then allocated it accordingly.

VICE-CHAIR KING: Okay. And then I think the biggest expense that Fourth Friday in Kihei has is security, right?

MS. FUKUMOTO: Police, yeah.

VICE-CHAIR KING: I appreciate so anyway, I thought it was a good idea and I, you know, I'd like to explore that further. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, and then Member Sinenci, Member Paltin, and Member Sugimura.

COUNCILMEMBER SINENCI: Thank you, Chair. I too wanted to share my sentiments and appreciation for yourself and Tina, and especially with the help in East Maui and our grant requests there. And like Member King said, just the added e-mail correspondence has really helped and keep up abreast of whatever is happening. So, I myself, we also had a couple people because of the reimbursement process, they opted out of the grant. So, moving forward if we're going to reuse that money that was once proviso'd then we would have to go through a budget amendment?

MS. FUKUMOTO: Right. So, because we have couple budget amendments for the different districts, you know, we're going to lump it together and then come in one time.

COUNCILMEMBER SINENCI: Okay.



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MS. FUKUMOTO: Yeah.

COUNCILMEMBER SINENCI: All right. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Member Paltin and then Member Sugimura.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Fukumoto and Ms. Silva, for all your guys' hard work. I just had, I don't know if it's a question or a concern or...I wrote a couple grants before with the Hawaii Tourism Authority and some other folks. And so, my question for when the County of Maui gives out grants, do we have any guidelines or rules as to how much of the money can be used for administrative costs, as well as a definition of what qualifies as administrative costs?

MS. FUKUMOTO: That's something that, you know, for sure the next grant session, not for December 1<sup>st</sup>, but moving forward, I definitely want to have some conversations about what does qualify for administrative costs. You know each grantee is different, you may have somebody that's a nonprofit and they do a festival, right, it's a one-day festival so I don't think I should be paying for overhead for their, you know, administrative staff. But then you have other grantees who they do programs the entire year, right, and they...and we're funding, you know, personnel that deploy the program. And, you know, obviously there's some overhead associated with that, because they don't separately line item like rent or that kind of thing. So, I think it's discussions we need to have in terms of trying to be more specific on what qualifies for administrative costs.

COUNCILMEMBER PALTIN: Yeah, I was, I just was kind of concerned because like, you know, I think to me maybe like 10 percent would be like a standard number. And I see some of the grants had zero which is awesome, you know, like the East Maui Taro Fest or the Maui Nui Canoe Race and like that. Like that's how you said it was like an event over three days or two days or whatever. One grantee I notice was like 62 percent, but then because I was familiar with the program and I looked at what the administrative cost was, I felt that, you know, they were paying for the facilitator and it was a program. So, I thought that would actually be more like an operating --

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: --expense --

MS. FUKUMOTO: Right.

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COUNCILMEMBER PALTIN: --because without the facilitator you don't have a program. So, just for me in the future, I would kind of like to see us, you know, if we are going to allow for that administrative expense because it goes on over the course of a year --

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: --I'd like to standardize what administrative expenses cover, like if it's accounting or bookkeeping and so forth, taxes.

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: Or if it's, you know, if it's...and I don't think we should go over 10 percent of the total awarded. And, you know, just kind of making it more standard. A lot of the grants I wrote they never allowed any administrative expense so, you know, it's like...I'm not saying that that's the way to go --

MS. FUKUMOTO: Yeah.

COUNCILMEMBER PALTIN: --but just saying we don't have to be that generous to just not have any kind of controls on that type of thing. I think it really needs to be tightened up. But other than that, thank you so much for what you do for all of our communities and organizations.

MS. FUKUMOTO: Thank you. I...and, you know, I totally agree, we will try to come up with some definitions of what would be allowed. And, you know, obviously we don't want to be so strict in our definitions that you don't allow flexibility, because every grantee seems to be different --

COUNCILMEMBER PALTIN: Yeah.

MS. FUKUMOTO: --you know.

COUNCILMEMBER PALTIN: And then maybe you can work --

MS. FUKUMOTO: Yeah.

COUNCILMEMBER PALTIN: --with them too --

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: --'cause like the one that I was referring to was the Ka Ipu Kukui one where it was 62 percent, and I was like whoa, I'm out of that

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program, I don't want to like, you know. And then maybe just say like hey, this actually looks like an operating expense and not --

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: --an administrative expense. And then you're like in a reasonable amount, you know, so just maybe not just disqualify them right away on first glance but take a deeper dive and then see like hey, you know this, I would kind of consider this an operating expense or something like that.

MS. FUKUMOTO: Right. There's several grantees that are going to get calls from me because I'm going to talk about sustainability. You know I...my...I guess from a fiscal perspective, you know, I always like to have savings, right, I mean and I always feel that there's always ebbs and flows with our economy, and unfortunately if you had to make a decision between, you know, a homeless program and unfortunately the arts or something else, there's got to be tough decisions made. And I don't want our grantees to be stuck at that point in time. And so, you know, I'm going on the, you know, economy is going to turn and it can turn at any moment, and so let's look at how we can make your program more sustainable, right, you know, and --

COUNCILMEMBER PALTIN: Yeah, I...

MS. FUKUMOTO: --so there may be some tough calls and maybe you all may be getting those calls also because I'm trying to, you know --

COUNCILMEMBER PALTIN: I know the way --

MS. FUKUMOTO: --be strict on it.

COUNCILMEMBER PALTIN: --the Hawaii Tourism Authority did do it at one time and it seemed to have changed every year even though they're like this is the way it's going to be. And but at one time they were saying you can only apply for the grant like three times in five years or something. So, like when I applied for it, they're...and the second time in two years, they're like you better not apply next year or something like that. So, that, I mean that could be something. And also that I think like you said, maybe possibly like encouraging folks to pool their resources and work together. Like if there can be...maybe not you guys because Tina is managing 140-something, but like if maybe within internally we can write a grant to bring in folks to help all of our organizations tighten up on their grant writing procedures and maybe put out a other supplemental list. Like, you know, in the interest of sustainability, maybe you're not going to be able to fund you every year, here's some other guys that give out money, why don't you submit applications to all five and, you know, something like that. I think, you know, there's, there is a lot of money outside

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of the County of Maui, and I'd rather to look at us like the last resort than the first resort kind of thing. And, you know, people that are getting 4 million every year, that's kind of not sustainable.

MS. FUKUMOTO: Yeah, it's hard because obviously like coqui frog, that's not something we can, you know, have them say sustainability. I mean obviously from our perspective maybe we go out and try to get monies from the State or some other funding to help us with that kind of environmental programs. But moving forward, we have definitely tried to get our grantees to look at other funding sources. And as an example Ipo Mossman is my Hawaii Tourism Authority liaison. So, the HTA actually pays a portion of his salary for what he does for HTA, and this year we really stressed to the grantees that your...and he actually had specific discussions with certain grantees that he knew would fall within the HTA program, right, and to go apply for the HTA monies so that they can be on the HTA radar, that these are things that we're doing, you know. And God bless him, he, you know, he was able to pull in almost \$400,000 more of monies to the County of Maui with programs that HTA is funding. Yeah.

COUNCILMEMBER PALTIN: Yeah, I know like they also like to do like a match, a one to one too --

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: --so even if we are able to give them half as much by them getting another government source. The other thing with HTA, one year I think it was when the transition to a new Governor, they had a huge lag, like, you know, when you apply for the grant, you're used to getting paid on a certain time.

MS. FUKUMOTO: Right.

COUNCILMEMBER PALTIN: And once it was in April and lucky we had like four months of reserve, but that last one I overdrew the checkbook so it's like you got to...cost an extra \$30 but you got to be prepared for all sorts of things. Because as grantees are not all the time together, sometimes the grantor's administration change like that, it's not easy either.

MS. FUKUMOTO: Yeah, their process is July 4<sup>th</sup> or 5<sup>th</sup>, I'm sorry, was their I think application deadline. They are contracting now, you know, like October 30<sup>th</sup>, you know --

COUNCILMEMBER PALTIN: Yeah

MS. FUKUMOTO: --so you're looking at two more months before maybe you even gonna get monies right.

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COUNCILMEMBER PALTIN: Yeah that kind of started I think with the Ige administration 'cause --

MS. FUKUMOTO: Yeah.

COUNCILMEMBER PALTIN: --it wasn't like that before. And the first time it happened to me I was pinching.

MS. FUKUMOTO: Yeah.

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

COUNCILMEMBER SUGIMURA: Yeah, thank you for your good work. And I agree, Tina, we're all ready to give you more help 'cause it's a lot of work. Not only is it managing the grant and receiving and grading it, but it's also going to the event to check it out to make sure they're doing what they said they would. It's like more than just the paperwork, so thank you very much for doing that. And I look forward to supporting you really during the budget time. I guess I wanted a clarification, what is second round funding mean? That came from Ms. Lee but what is...

MS. FUKUMOTO: Well, what it is is, you know, we told everybody July 1<sup>st</sup> was the first deadline --

COUNCILMEMBER SUGIMURA: Right.

MS. FUKUMOTO: --right, and then if there's monies left over in any district or any pots then it's available, right, for use. So, the next round is December 1<sup>st</sup>.

COUNCILMEMBER SUGIMURA: Oh, that's...I see what you mean.

MS. FUKUMOTO: Yeah.

COUNCILMEMBER SUGIMURA: So, it's not that you're getting...you want extra money, you just --

MS. FUKUMOTO: No, no, no, no.

COUNCILMEMBER SUGIMURA: --are having another grant period --

MS. FUKUMOTO: Right.

COUNCILMEMBER SUGIMURA: --application period.

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MS. FUKUMOTO: Right.

COUNCILMEMBER SUGIMURA: Okay.

MS. FUKUMOTO: And we tried to set certain deadlines because again it's like, you know, having committees, you know, like we...in the past, grants were coming at any old time and that was hard to manage. I mean you cannot do it by committee like that, right, so that's why we did this process.

COUNCILMEMBER SUGIMURA: Okay. And of course we're all passionate about our district pot so I hope you and I can meet 'cause I see some problems with mine. And just would like have some follow-up on some of them, so not that I have a lot in there but I just want to see where we are. I...one of the things that because I'm like Ms. Paltin where we applied for grants with, you know, different funding sources and I know the convenience of the HTA method which is you get a certain percentage upfront and then another percentage until you get to...and your final report then you get your 100 percent of what you applied for. And I had asked before if OED would look at that same...instead of a reimbursement. Because reimbursement means that you got to spend the money first and then you get the money, and that means somebody has to be your pot so you create this arbitrary kind of challenges for small funders, you know, for a small organization. So, I don't...I would like to, Chair, if we can look at that. And I know that Housing and Human Concerns grants they do that where they give them certain percentage upfront. I'm not too sure, there must be a reason why OED decided not to do it the same way, and maybe we can explore what those challenges are and see if maybe we can assist with that. You know, for the people doing all this work out there in the community, I think it'll help them so that they don't have to come up with these, you know, pots of money first. I like also hearing that we are to have some, you know, savings in the end. I used to think that oh, if we ask for 100,000, we cannot have, you know, 10,000 leftover, that means we shouldn't ask for the 100,000 or...although, you know, we...and whenever you go out and you do these kinds of things not only do you get it from the County but you get it from other sponsors. So, you, you know, you have a...you have to go out and look for other funding sources. So, I would like to hear or have a conversation about what that all means and, you know, what you'll be willing to accept for the community 'cause I really believe you need to...you have to have a savings for the next year.

MS. FUKUMOTO: Right.

COUNCILMEMBER SUGIMURA: And I would love to sit with you and talk about that, you know, to look at that to see if we can change the reimbursement. And I totally support all the work that you're doing. I like...I see Patrick Ornellas in the audience here, and I just would like to commend him 'cause I've been

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keeping in touch with the Kula Ag Park and just that transition alone from where we were and where we are today versus where we're going since we...thanks for writing that \$3.5 million request for the money to come from the State. Because now we can proceed on that, and then, you know, the climate is different now because now with Mahi Pono and the things that they're doing, I'm not too sure what the impact of that is with the Kula Ag Park. But I want to have a conversation to see how we can help you if we need to, Chair, on that. So, thank you.

MS. FUKUMOTO: Thank you.

COUNCILMEMBER SUGIMURA: This is very good.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. I support that effort of figuring out how we can amend the language to help support our smaller organizations. So, I'm not sure if we will have to refer the matter. I'll figure that out and then we'll make it happen. Okay. Pro Temp Kama and then Member Lee.

COUNCILMEMBER KAMA: Thank you, Chair. I want to echo that same sentiment too because a lot of the organizations that have capacity to do this they don't have the upfront monies to do it, and we're missing out on a lot of other wonderful programs that are in our community but because you have to have the money upfront it doesn't get done. So, I would like to see if we can do it and then maybe next go-around in July have it so that we can open it up. And I tell you, you'll have more people, you probably won't have a round two probably 'cause everybody will come and they'll be able to actually get it. And I think, I'm not sure why we do it like that, but I would assume that you want to make sure that you're not giving out the money and that nothing's being done. So, but a lot of other grantees, you know, they give you a percentage of your dollars upfront, and then if you want the next drawdown then you got to write a report that tells us you did all of this when you said you were going to do it. So, you know, it's broken down into timeline and calendar so for three months this is what you say you're going to do, then you got to get it done before you ask for the next drawdown in three months. So, that's my sense about getting monies out there on the front and then not the backend. But the other thing was so when you apply for the grant, irrespective of how much you are asking for, the application is still the same --

MS. FUKUMOTO: Yes.

COUNCILMEMBER KAMA: --right? So, could we have a shorter version for a smaller amount? Because to me, you know, and I know the application is not that lengthy, I see it, but for smaller groups who are just asking for \$1,000, you don't want them to have to go through all of that stuff, do you? And maybe

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they don't have a--what you call it?--an umbrella organization they can run and go to. So, could we take a look at that too, to be able to see if the grant is like, I don't know, under five grand, they don't need to go through the entire everything? You know the reporting periods could be shorter, you know, but just so that we can get the money out easier and they can do their programs, and then we get more people to come in and apply for grants. So, thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Yeah, that's a little hard to do. How many pages is your application?

MS. FUKUMOTO: We actually revised the application so that there's a word count so, you know, you can only write so much, and that was technically for grants under 50,000. So, we had, you know, in the past, there were no word count...there wasn't a form that limited your word count, right. So, I don't know, I think eight pages. You could probably do your grant within eight pages, and that's actually telling us about your organization, what your project is, your schedule of what you're going to do, your marketing efforts, your green initiatives, your goals, and your performance measures, right. So, within usually...

COUNCILMEMBER LEE: That's too bad. That's too bad because when I was Director of Housing and Human Concerns, I asked our people to check with OED because I heard that you had a two-page application. And, you know, when you apply for a mortgage, it's usually a one...a two-sided, one-page application. And our...my concern was our application was eight to ten pages which to me was ridiculous, you know. And I still think it's ridiculous. But anyway, you know, we need to be more efficient and especially for these 1,000 or \$10,000 grants, I mean it's kind of, you know, absurd to have them spend so much time on such a small amount, so that's one. But my real comment was really in the area of sustainability. And I just thought I'd make a suggestion to you that this is what I tried but didn't work, but since you're the new kid on the block, it might work. What I tried to do so that...cause we have easily 150 grants, okay, so what I tried to do was discourage people from coming for the exact same amount for, you know, the same...relying on the County for the same amount every year, yeah. Because people get lazy, yeah, number one, and number two, I kept telling them like you there's no guarantee that this money is going to be here next year, so you need a plan B. And I would encourage them to, you know, we would have a point system and if they got funding from other sources, that's a plus, you know. And the goal was, the goal for all of our grantees was to reduce their funding by 50 percent, yeah, and the incentive would be...of course their other funding would be supplemented from other sources. But if they cut the County amount by 50 percent, when we do have extra money, they



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would be entitled to a bonus. So, you know, that's something that you may want to think about. The trouble with a lot of our nonprofits and our community organizations is that their boards are, consists of people with the exact same qualifications and passion as them, as the leaders. And I would tell them that's fine but what you need is you need financial people on the board. You need people to help you think of ways to, you know, generate funding. So, if that has to be a subcommittee of some kind or an ad-hoc committee, fine, but that's the kind of committee for money, and not the same people that, you know, that have the, who are focused mainly on program. But anyway, I just thought I'd share some thoughts. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay, so I have some questions. So, for...okay, I really liked Director Tsuhako's spreadsheet as a first step with the Human Concerns grants review evaluation score sheet, and I asked Ms. Fukumoto if she could do something similar. And, you know, in recognizing that, you know, Ms. Fukumoto is, stepped into OED in the second half of the fiscal year, you know, I wasn't expecting it to necessarily happen for Fiscal Year '19 updates. But in the next, for Fiscal Year '20 grant updates, I would like to see...I would like the Council and the public to have that kind of information organized in that way. And so, in lieu of having that type of a spreadsheet today, I asked Ms. Fukumoto to send us the final reports that were submitted by the grantees who drew down all of the, their requested funds. And so, that's what's on Granicus, so if you would like to, you know, check those out and see, you can give it your own, you know, evaluation for now. And so, that was the purpose of all of that on Granicus. So, my question to Ms. Fukumoto is when can we expect those grants that are still open to close?

MS. FUKUMOTO: Thank you for the question. At this point, the 2019 grants have different completion dates, right, so unlike our current 2020 grants who they expire by June 30<sup>th</sup>, so hopefully in a year that they'll all be done. Yeah.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. So, some of these grants were like two-year grants --

MS. FUKUMOTO: Well --

CHAIR RAWLINS-FERNANDEZ: --or...

MS. FUKUMOTO: --so at the end of...two months before the last fiscal year ended, so that was March, around March or April of 2019, we funded any remaining amounts from Fiscal Year '19's Budget, you know, for amounts that were not expended, right. And so, those people have a longer period of time to finish their projects obviously because we just funded them recently. But moving forward we, you know, we changed that to say well, you either have to have a fiscal year of July 1<sup>st</sup> through June 30<sup>th</sup> or January 1<sup>st</sup> through December 31<sup>st</sup>.

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So, you know, most people will finish their grants before December of 2020, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo for that. Okay. And for the second round of, with the December 1<sup>st</sup> deadline, is...are you only looking at funding existing applicants or is it, have you reopened the process?

MS. FUKUMOTO: Yeah, it's new grants. I mean I guess there could be an existing grantee who has another project that could come in but it's like totally new grants, you know, right.

CHAIR RAWLINS-FERNANDEZ: Oh okay. What I meant by existing applications was that they submitted their application on July or before July 1<sup>st</sup> but didn't receive funding because there was only so much funding.

COUNCILMEMBER LEE: I was just going...do they have to reapply?

MS. FUKUMOTO: Yeah, whatever we got on July 1<sup>st</sup>, we've already informed everybody where they are. Maybe there might be one or two that we're still working on, but essentially everyone who applied they either were denied or they were...they said, you know, we said that their grant looks good, you know, we're processing it, right. So, these are new applications coming in December 1<sup>st</sup>.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. Mahalo. I guess the assumption I was making was that some grants, grant applications that came in before July 1<sup>st</sup> were denied not on the merits but because of lack of funding. Is that an incorrect assumption?

MS. FUKUMOTO: Yeah, I think two were denied because they didn't have all the qualified documentation when they applied. The rest were the committee chose them because of, you know, not meeting the requirements or the project wasn't something that they felt they would support.

CHAIR RAWLINS-FERNANDEZ: That's great. Okay. And...okay. And then for moving forward, do you anticipate being able to provide us a spreadsheet with like a, basically like a score sheet, scorecard for grant, grantees for next fiscal year?

MS. FUKUMOTO: For '20...I'm just thinking when I'm going to have my new staff. Yeah, I need, you know, obviously the additional staff in order to clearly tell you yes, I'm going to be able to give you that score sheet.

CHAIR RAWLINS-FERNANDEZ: Okay. So, what is the process now for the Department to monitor the grants? Is there...I understand that there's probably like a scoring system in order for grantees to be awarded grants, but

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after all the reports are submitted, the final report is submitted and does the office then review the reports that were submitted and make a determination of whether, you know, if the...whether the program achieved its goals --

MS. FUKUMOTO: Right.

CHAIR RAWLINS-FERNANDEZ: --and whether the office would consider funding that grantee again if the request is made?

MS. FUKUMOTO: Yes, what happens is, you know, we would look at the final report mainly to tie in the budget that they requested and what activities they did and the expenses, to make sure that they're in line with what the program was intended to do for the County. There's...we don't have a scoring, like a grading system for that. You know obviously we could do that and will do that when we get new staff. We definitely follow it based on the criteria of selection, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. So, basically it's like a pass or fail?

MS. FUKUMOTO: Right now --

CHAIR RAWLINS-FERNANDEZ: No grades.

MS. FUKUMOTO: --it's pass or...well --

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. FUKUMOTO: --you know if they fail they don't get their money essentially. Because there's a --

CHAIR RAWLINS-FERNANDEZ: Oh right.

MS. FUKUMOTO: --a final payment, there's a...

CHAIR RAWLINS-FERNANDEZ: Because there's a reimbursement process.

MS. FUKUMOTO: Yeah, it's a reimbursement process. There's a, I think 10 percent hold back on the grant until they submit their final report, and then we...once the final report is in and we look at everything then we release the final payment and then we close the grant at that point.

CHAIR RAWLINS-FERNANDEZ: I see. Okay. And how many more staffers do you think you would need to...you would need?

MS. FUKUMOTO: What we would like versus...I would like to say three, but I would...you know it's hard to...the reason why it's hard to say is that, you

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know, one of the things that was interesting, because Tina had been in the office before and came back, you know, she was in OED, left, and then she came back. I asked her to tell me what changed between 2016 and 2020. There's 5 million more dollars of grants that are awarded. Back in 2016 she had 67 grants that were processed, right now we have 110. At that time there were 45 prior year active grants, right now we have over 75 active grants, right. So, the amount of monies increased in grants, and then obviously the amount of grants being processed increased. So, if this Council increases the budget substantially, you know, if we increase coqui frog 2 million, that's 2 million more dollars that we have to...we look at the expenses and, you know. So, if the funding stays the same then I would say two to three people, yeah, would be my request.

CHAIR RAWLINS-FERNANDEZ: Two to three more people?

MS. FUKUMOTO: Uh-huh.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. And I think we as a Council can figure out how we make that determination as far as staff goes, 'cause with the Water grants, there's 4 and they have 11 active grantees with substantial amount of money but they have 4. So, maybe we can look at all the departments that manage grants and to come up with some kind of a formula to help us decide what is fair as far as, you know, departments and divisions and ensuring that we are properly staffing, you know, our departments and divisions with the help they need.

MS. FUKUMOTO: Thank you. You know...

COUNCILMEMBER LEE: Madam Chair, but, you know --

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: --keep in mind that the people in the Water Department also do other tasks too besides grants management, yeah.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. So, that would be a factor in us deciding how...what would make sense in working with the departments and the number of staff they have in managing the grants. Yeah?

COUNCILMEMBER LEE: Oh, here's an idea, if the money stay the same then you ask for three positions. If the money is increased, you look at your grants and see where you can give 'em away to Water or to somebody else, Housing and Human Concerns. That's what I would do.

CHAIR RAWLINS-FERNANDEZ: Pro Temp Kama?

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COUNCILMEMBER KAMA: Or why don't we just fold in all the grant managers and have them work together on all the grants?

COUNCILMEMBER LEE: It can't be done because you have to have a working knowledge of the subject matter.

COUNCILMEMBER KAMA: Yeah.

COUNCILMEMBER LEE: Yeah. And the social grants are all nonprofits and, you know, domestic violence, this is...that...nothing to do with coqui frogs or invasive species. So, it's hard to comingle all the grant managers. You know it was considered before.

COUNCILMEMBER KAMA: Things have changed. Thank you, Mother Teresa.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, any other questions or comments? If not, if there are no objections, I will defer this item.


COUNCILMEMBERS: No objections.

**ACTION: DEFER** pending further discussion.

CHAIR RAWLINS-FERNANDEZ: Okay, item deferred. Mahalo, Ms. Fukumoto and Ms. Silva, for joining us today. Okay. And that was the last item on our agenda. We get to go to lunch early, a whole 19 minutes early. You're welcome. Okay, it's 11:42 on November 7<sup>th</sup>, the Economic Development and Budget Committee is now adjourned. ...*(gavel)*...

ADJOURN: 11:42 a.m.

APPROVED:



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

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Transcribed by: Daniel Schoenbeck

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CERTIFICATE

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

DATED the 29<sup>th</sup> day of November, 2019, in Kula, Hawaii

  
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Daniel Schoenbeck