

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

MINUTES

September 19, 2019

Council Chamber

CONVENE: 9:03 a.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Kelly T. King, Vice-Chair
Councilmember Riki Hokama, Member (in 9:05 a.m.)
Councilmember Tasha Kama, Member
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member (in 9:09 a.m.)

EXCUSED: Councilmember Tamara Paltin, Member

STAFF: David Raatz, Supervising Legislative Attorney
Yvette Bouthillier, Committee Secretary

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

ADMIN.: Sananda K. Baz, Managing Director, Department of Management (EDB-76)
Erin Wade, Maui Redevelopment Program Planner, Department of Management (EDB-76)
Scott K. Teruya, Director, Department of Finance (EDB-76)
May Anne A. Alibin, Deputy Director, Department of Finance (EDB-76)
Gregory L. King, Central Purchasing Agent, Department of Finance (EDB-76)
David Galazin, Deputy Corporation Counsel, Department of the Corporation Counsel

PRESS: *Akaku: Maui Community Television, Inc.*
Susan Halas, MauiWatch

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CHAIR RAWLINS-FERNANDEZ: . . . *(gavel)*. . . Aloha kakahiaka kakou. `Ekolu minuke i ka hala o ka `eiwa ma kumi...`umikūmāiwa o Kepakemapa i ka makahiki `elua kaukani umikamaeiwa. E `olu`olu mai, e ho`omalū ke Komike Ho`omohala Waiwai me Mo`ohelu Kala. `O wai ka Iku Ha`i o keia komike, Keani Rawlins-Fernandez. It is 9:03 on September 19, 2019. Will the Economic Development and Budget Committee please come to order. I am your Chair Keani Rawlins-Fernandez. I keia la, me ko kakou eia, Committee Vice-Chair and Council Chair King.

VICE-CHAIR KING: Aloha, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha. Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Mike Molina, pehea oe?

COUNCILMEMBER MOLINA: Maikai, fine, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Member Alice Lee.

COUNCILMEMBER LEE: Chair, okay, since this is the Budget Committee meeting this morning, from one of the richest countries in the world, ni hao.

CHAIR RAWLINS-FERNANDEZ: Ni hao.

COUNCILMEMBER LEE: No, not Niihau, ni hao.

CHAIR RAWLINS-FERNANDEZ: Oh.

COUNCILMEMBER LEE: This is from Singapore.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay, and I believe Member...oh, Member Riki Hokama is joining us now. Member Tamara Paltin is excused, and Member Yuki Lei Sugimura will be joining us later. And aloha, Pro-Temp Kama.

COUNCILMEMBER KAMA: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka, Pro-Temp. And aloha kakahiaka, Member Hokama.

COUNCILMEMBER HOKAMA: Good morning, Chair.

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CHAIR RAWLINS-FERNANDEZ: Good morning. Okay, so mai ka Administration we have with from Department of Finance, Director Scott Teruya and Deputy Director May Anne Alibin. From Department of Management, we have Erin Wade, and...yeah. And...

. . .(unidentified sound). . .

CHAIR RAWLINS-FERNANDEZ: What's that? Okay, and then from Corporation Counsel we have Mr. David Galazin. Good morning. And our Committee Staff, we have Yvette Bouthillier.

MS. BOUTHILLIER: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. And David Raatz. Good morning. And at our District Offices, we have on Molokai, Zhantell Lindo; on Lanai, Denise Fernandez; and in Hana, Mavis Oliveira-Medeiros. Okay. Okay, today we have two items on our agenda, EDB-24(11), temporary investigative group on County tax reform; and EDB-76, Wailuku Civic Center Complex. As Members know, this will be a short meeting. I promised our Affordable Housing Committee that we would adjourn at about 9:50 this morning and so that we can complete business in the Affordable Housing Committee. So, we're going to keep it tight. And, Mr. Raatz, do we have any testifiers today?

MR. RAATZ: Thank you, Chair. We don't have any testifiers signed up.

CHAIR RAWLINS-FERNANDEZ: Okay, great. That'll help us expedite this meeting. Okay. So, we don't have to do testimony. Is there any objections to closing public testimony?

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay. All right.

**ITEM 24(11): PRESENTATION ON PROPOSED
RECOMMENDATIONS RELATING TO COUNTY
PROPERTY TAX AMENDMENT (RULE 7(B))**

CHAIR RAWLINS-FERNANDEZ: Okay, starting...Members, this Committee formed a temporary investigative group on May 16, 2019, to investigate ways to promote County tax reform. The temporary investigative group included myself as Chair, Councilmember Lee as Vice-Chair, and Councilmembers Kama and Paltin as members. This is EDB-24(11), TIG tax reform. Today is the deadline to receive the report from the group and Staff has...will be distributing the report to you soon. Under Section 92-2.5 of the Hawaii Revised Statutes, the

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State Sunshine Law--it was a late night last night--the Committee may only receive the report at this meeting and may not have any deliberations on it until a subsequent meeting. According to the Office of Information Practices, TIG members may report orally on the investigation including disclosing the findings and recommendations of the group. Members of the Committee who were not members of the TIG may not discuss the recommendations until our deliberations according to OIP. Okay. All right. So, I'm going to really quickly read the report into record and the written report will be out soon. Okay. The tax reform temporary investigative group of Economic Development and Budget Committee having met on July 17, July 26, August 1, August 14, August 23, August 29, and September 9 of 2019 makes its report as follows: Purpose and Scope. The TIG was formed by the members of the Economic Development and Budget Committee ("EDB") on May 16, 2019 having the purpose, scope, and membership as set forth in the proposal from Councilmember Keani Rawlins-Fernandez dated May 10, 2019. Councilmember Rawlins-Fernandez named as the TIG Chair, Councilmember Alice was named as the TIG Vice-Chair, with Councilmembers Tamara Paltin and Tasha Kama serving as Members. The purpose of the TIG was to make findings and recommendations on policies relating to County tax reform. The scope of the investigation included a list of ten items, in no particular order, which would likely advance the restructuring of Maui County tax policy. The TIG was authorized to have discussions with County personnel related to the goals of tax reform, including personnel from Department of Finance, Office of the Mayor, and Department of Corporation Counsel. The TIG was also authorized to consult with tax reform advocates and experts for purposes of creating tax reform solutions, identifying barriers to creating tax reform, and recommending steps the County can take to facilitate tax reform. The TIG was also instructed to: (1) prioritize the [*sic*] rank in order of importance the top strategies and opportunities for creating tax reform: (2) identify which of the top strategies and opportunities require legislative proposals and action by the Council; and (3) identify which of the top strategies and opportunities would benefit the actions of County departments. Presentation of Report and Dissolution. A report of the TIG's findings and recommendations were due by September 19, 2019. Following presentation of the report, a full discussion of its findings and recommendations may occur at a subsequently noticed meeting of the EDB Committee, in accordance with Section 92-2.5, HRS. Discussion is tentatively scheduled for the Economic Development and Budget Committee meeting on October 3. The TIG shall be dissolved upon this presentation of findings, recommendations, and legislative proposals to the EDB Committee. The TIG is now dissolved. Meetings. The members of the TIG held an organizational meeting on July 17th and organized the ten TIG top scope priorities ("TSP") based upon time sensitivity and in order of importance as follows: 1) TSP c: Considering the possibility of merging valuations or rates for land and buildings. 2) TSP b: Reviewing tax classifications generally and TSP g: Considering a tiered real property tax rate and plan for implementation. 3) TSP d: Considering the possible repeal of or

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amendment to Subsection 3.48.305(C), Maui County Code, relating to properties subdivided into condominium property regimes. 4) TSP f: Identifying and amending potential loopholes in tax classifications. Simultaneously TIG Staff, would research: 5) TSP e: Creating a long-term rental home exemption. (Study other counties, research definitions for “long-term affordable”). The members agreed that the remaining four TIG scope priorities would be taken up in a newly formed Tax Reform TIG Part II, after the time sensitive items were reported out to committee and the current Tax Reform TIG was dissolved, as required. The members identified their proposed TIG resource experts and advocates to help review and comment on the work product of the TIG. The TIG members were asked to work closely with their respective TIG resource experts and advocates to review the TIG’s legislative proposals and to develop recommendations due to the EDB Chair by September 26. These recommendations will then be compiled into a matrix for the EDB Committee Members to consider during deliberations at its October 3 meeting. Findings and Recommendations--we’re getting to the end. The following two legislative proposals encapsulate and satisfy the six scope priorities that were identified as being time sensitive and most important. Legislative Proposal #1: Establishing Tiers & Merging Valuations for Land and Buildings. *Summary:* The amendments proposed by the Department of Finance merge the valuation for land and building to enable the Department to streamline property assessments. The proposed bill will...also creates the framework for certain various tax classifications to have tiered tax rates by establishing Section 3.48.561, “Tax rate tiers,” to advance the principles of equitable tax reform by allowing the Council the ability to establish different rates within various classifications. The proposed tiers are as follows: (1) Owner-Occupied Tier 1, Tier 2, and Tier 3 tax rates; (2) Non-Owner-Occupied Tier 1, Tier 2, and Tier 3 tax rates; (3) Short-Term Rental Tier 1 and Tier 2 tax rates; and (4) Commercial/Industrial Tier 1 and Tier 2 tax rates. The net taxable value for each tax class and tiered rate shall be set forth in the annual budget. *Recommended Action:* The TIG voted unanimously to pass the amendments as reflected within each section of the attached proposal. *Barriers to Implementation [sic]:* None. Legislative Proposal #2: Tax Classification Reform, Repealing Condominium Regimes, Establishing a Long-term Affordable Rental Exemption, Amending the Code to Address Existing Loopholes. *Summary:* The proposed amendments: 1) reorganize and modify the tax class categories; 2) deletes the section on planned developments for transient vacation rentals; 3) creates new tax classes and definitions for vacant agriculture and vacant conservation lands; 4) deletes the section on condominium property regimes; 5) creates a new special land reserve for dedicated long-term affordable rentals and long-term rentals which a) establishes a long-term affordable rental tax exemption and a long-term tax exemption...a long-term rental tax exemption; b) establishes rent control guidelines for dedicated long-term affordable and long-term rental dwellings; and c) establishes an amnesty period for long-term affordable rental dedication applicants to declare unpermitted structures built

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before January 1, 2019, without monetary civil and criminal penalties that might otherwise be imposed for constructing a structure without a building permit. The *Recommended Actions*: The TIG voted unanimously to pass the amendments as reflected within each section of the attached proposal. *Barriers to implementing*: The long-term affordable rental and long-term rental exemptions will not be implementable until Fiscal Year 2022. And lastly-- Acknowledgements. The TIG expresses its gratitude to Department of Finance leadership and staff and Executive Assistants of TIG members for their dedicated assistance over the last several months. Mahalo. Okay, so as I mentioned...okay, we didn't get it distributed yet?

UNIDENTIFIED SPEAKER: No.

CHAIR RAWLINS-FERNANDEZ: Okay. So, as I mentioned, we, we'll receive the proposals, the legislative proposals, but we won't be able to deliberate on it, but you don't have it anyway so we can't...you wouldn't be able to ask questions on it anyway. But if you have any questions about process or questions on the final report, that is allowed.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Okay. Chair King, and then Member Hokama.

VICE-CHAIR KING: I don't have any questions in...maybe I will after I see the report, but I just really want to thank the TIG and the Council for approving the TIG. And congratulate you on your work product, because I know you worked hard, all four of you, and I'm very impressed with, you know, the amount of work that went into it and the deadlines that are met. And the committee report that you just read indicates that there's significant changes and possibly improvements. And so, I just really want to commend you all and thank you for doing the heavy lifting on this item that has been kind of hanging over the Council for a while. Thank you.

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

COUNCILMEMBER HOKAMA: Thank you, Chair. My comments at this point in time is one, I appreciate the timeliness to allow us sufficient review of their findings and recommendations. As I stated last night, I am a big supporter of one that has already been part of the consideration as is also stated from the Administration, the repealing of Maui County Code 3.48.305(C). We had discussions last night, this again shows that the Administration has some similar thoughts as some of us on Council regarding improvements as in regards to the taxation and the ability of land use designations through zoning applications. So, I appreciate that. And I also appreciate the comprehensive review, Chair, because, you know, one of the other side components as in the

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Administration's rather is it's, states regarding one farm plan. We made previous attempts by Council under BF-70 regarding agriculture. We got hung up on bumps here and there, but I think your...another look that you've taken from a total comprehensive taxation viewpoint I think has been worthy. And I look forward to the recommendations on how to make appropriate corrections also in agriculture. 'Cause as we stated with last night's project, is the intent of using ag land to maintain agricultural uses. We understand that that's where development can occur, but it should be within the proper policy parameters that we have set that is fair as far as preserving agricultural land also, Chair. So, I thank you for this time for share some thoughts.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Okay. Seeing no other questions or comments, I will, if there are no objections, I will defer this item.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion.

CHAIR RAWLINS-FERNANDEZ: Okay, great. Mahalo. Okay.

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

CHAIR RAWLINS-FERNANDEZ: Yeah, I'm sorry. It's coming.

COUNCILMEMBER SUGIMURA: Oh, it's not coming...

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: It's not ready yet.

CHAIR RAWLINS-FERNANDEZ: Yeah. I really wouldn't be able to deliberate on it anyway. So, if you have any questions about the final report that I gave or about process, you can ask that, but questions on the proposals aren't allowed.

COUNCILMEMBER SUGIMURA: Chair, you're going --

CHAIR RAWLINS-FERNANDEZ: Member Sugimura?

COUNCILMEMBER SUGIMURA: --to post it on Granicus today?

CHAIR RAWLINS-FERNANDEZ: It'll also be handed out shortly.

COUNCILMEMBER SUGIMURA: Oh I see, okay.

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CHAIR RAWLINS-FERNANDEZ: I apologize.

COUNCILMEMBER SUGIMURA: No, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay, any other questions? Okay, so the item is deferred.

ITEM 76: WAILUKU CIVIC COMPLEX (CC 17-335 and MISC.)

CHAIR RAWLINS-FERNANDEZ: And we'll move on to our next item on the agenda, EDB-76, and I'll invite Department of Finance, Department of Management on to the floor.

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

CHAIR RAWLINS-FERNANDEZ: Yeah?

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

CHAIR RAWLINS-FERNANDEZ: Oh, okay. Okay, we're gonna...we need a quick recess. Perfect timing, mahalo, *Akaku*, their film has froze [*sic*]. So, we're gonna...perfect timing and we can have our...the departments set up on the floor as well. Okay, we'll recess at the call of the Chair. It's 9:20...9:21 a.m., recess at the call of the Chair. . . .*(gavel)*. . .

RECESS: 9:21 a.m.

RECONVENE: 9:24 a.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order. It's 9:24 a.m. on September 19th. Mahalo for that brief recess, Members. Okay, we'll get back to our agenda, EDB-76, the Wailuku Civic Center Complex. By correspondence dated September 17th, your Committee Chair sought updated information on the financial status of the project. I will ask the Administration to provide replies to each of the questions from the September 17th letter and then open up the floor for any further questions. So, we have with us today from Department of Management, Managing Director Sandy Baz, aloha.

MR. BAZ: Aloha.

CHAIR RAWLINS-FERNANDEZ: Finance Director Scott Teruya.

MR. TERUYA: Good morning, Chair.

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CHAIR RAWLINS-FERNANDEZ: Good morning. We...Deputy...Finance Deputy Director May Anne Alibin, Planner Erin Wade, and Procurement...Chief Procurement Officer?

MR. BAZ: Central...

CHAIR RAWLINS-FERNANDEZ: Central Purchasing Agent.

MR. BAZ: Yeah.

CHAIR RAWLINS-FERNANDEZ: Greg King, okay. And then...okay. Okay. Oh, we're going...starting with the questions. Okay. So, I'll...like I, as I mentioned I'll start with the questions --

. . .*(unidentified person sneezes)*. . .

CHAIR RAWLINS-FERNANDEZ: --and then I'll open it up and...bless you. Okay. And this was kind of prompted by the closing of the procurement, the RFP deadline and the contracts coming in...the bids coming in over the estimated budget. Okay. Provide a current assessment of the Budget for Phases 1A and 1B. Describe the degree to which the project has secured contracts that are over the initial budget estimates, Phase 1A budget estimates versus contract amount, Phase 1B budget estimate versus contract amount, as well as construction management costs, and all other associated project costs. How much more funding do you expect to request from the Council to complete the project? Are you exploring other ways to finance the overage?

MR. BAZ: Good morning, Chair, Members. Sandy Baz, Managing Director.

CHAIR RAWLINS-FERNANDEZ: Good morning.

MR. BAZ: Happy to be here again discussing this project. We did receive your request on Tuesday afternoon and unfortunately haven't had a lot of time to...we had one small meeting yesterday to kind of gather the information together. We have presented to you which we've handed out a financial status report, if you want to call it that, of the appropriations for the Wailuku Redevelopment Municipal Parking Lot and Wailuku Civic Complex Project. It's had various names over the last few years. So, right now we have...to answer your first bullet...well, so anyway, just because of the short notice, we didn't have a chance to respond to you either in writing or...other than our financial status report so that's all that can be presented in writing today. So, hopefully this answers a majority of the questions that...and we'll reference back to that. For the actual questions, on the first bullet, it's how much more funding you expect to request from the Council to complete the project? We're assuming you're asking Phase 1A and Phase 1B of the project, is that correct?

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CHAIR RAWLINS-FERNANDEZ: That's correct.

MR. BAZ: So, not the whole project? Okay. None. Yeah, so we will not be asking any more money from the Council for Phase 1A or Phase 1B. And then are you exploring other ways to finance the overage? Since we will not have an overage of the budgeted amount, we were not looking at financing it in other manners.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. During a committee meeting last month, the Department was asked to consider ways to trim the project budget. Has that been considered? How much savings could be realized?

MR. BAZ: So, the bid posting...excuse me, bid opening was last week as you're aware, and those bids came in over budget so there was insufficient funds to execute a contract. So, our project engineer, our project consultants, as well as our architects have been working over...since that period of time, to rescope the project, to make sure it fits under budget. We will be presenting a new invitation for bid within the next couple of weeks, and that will have...we estimate to be coming in under the budgeted amount. So, as far as the details of ways that we're trimming the budget, we're going to kind of wait till the invitation for bid is created and then you'll be able to see the actual details of what's going to be removed or changed. Because we want to make sure that we're doing things that don't require a significant amount of redesign, 'cause that takes a lot of time, or, as I mentioned before, significant changes to the project that would possibly get a question on whether or not we should do a new EA. So, we're being very cognizant of those things. And the savings that we're realizing would be the savings that we would be needing to make sure that it comes under the budgeted amount.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. During a committee meeting last month, the financials were laid out in a matrix and questions were brought forth regarding available pockets of money that were not part of the recent budget amendment proposal. Examples are lapsed bond funds and money that was encumbered but not actually spent such as the land purchase allocation that was encumbered for a total appropriation with only half expended for the purchase. Please detail the approved funds and breakdown by category what pockets remain and what funds have been expended specifically for the various project components. Please detail the contract expenditures that have been paid out, and identify the specific contractual services that have been invoiced and paid.

MR. BAZ: Thank you, Madam Chair. So, the...referencing the handout we provided this morning, we have it broken down by fiscal year appropriation. And each one...starting from Fiscal Year 2016, you'll see there was an almost \$7½ million appropriation for planning and design and creating RFP and scope of work,

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assistance there. So, you can see those contracts only amounted to a total of about \$4.6 million. So, if you look at the far-right column you'll see that almost \$2.9 million was...it came under budget. So, the...what...that \$2.9 million was returned to the General Fund. We did split out each one of these appropriations by the category of funding that you're...I apologize, I'm not sure what you meant by pocket of money so I'm assuming that you're talking about the different funding sources. We have a cash column, lapsed bond column, and bond column, and then you'll see throughout the fiscal years that appropriation. So, the first few fiscal years were out of cash and you can see that appropriations. FY '17, the amount appropriated was almost \$3.4 million, we spent a little under 3 million, so there was almost \$400,000 returned to the General Fund. Then in FY '18, you'll see a lot more activity on there; \$4.3 million cash appropriation. That one was almost all spent, 4,291,000 was spent so it left \$8,000 or so returned to the General Fund. That lapsed on December 31, 2018. And the current appropriation, Fiscal Year 2019 is on Page 2 there and you'll see the...no cash was appropriated. We had \$2.2 million in lapsed bond and then \$42 million authorized bond. And you can see the total encumbrances to date, the estimated costs for 1A and 1B minus the parking structure contract clearly outlined on that page.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo for that information. Provide an updated breakdown of Fiscal Year 2019 funds used for Phase 1A construction and construction management for Phase 1A and B, 1B. Please reference the document entitled Project Cost to Date provided at the committee meeting of August 28, 2019.

MR. BAZ: Okay. So, we feel that the response provided in the spreadsheet is answering that question. If you have additional questions, let us know.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. The wailukulive.com website states the County's goal is to have the temporary parking and shuttle schedules finalized by September 2019. Please provide specific information to more fully explain the status of the temporary parking and shuttle schedules.

MR. BAZ: Okay. I'll defer to our Planner Erin Wade for response to that.

CHAIR RAWLINS-FERNANDEZ: Ms. Wade?

MS. WADE: Thank you. Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning.

MS. WADE: We've updated the WailukuLIVE website to state that we'll have the temporary parking and shuttle schedules available by the end of the year. Those schedules were intended to coincide with Phase 1B so it's not...they're

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not...there's no urgency to them in connection with Phase 1A which is scheduled to start shortly, so we pushed that back a little bit.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay. Four more questions, okay. Provide a status report of the other project components described at wailukulive.com.

MR. BAZ: So, Chair, if you could be more specific to that question? We're not quite sure what you meant by other project components.

CHAIR RAWLINS-FERNANDEZ: Okay. Maybe I'll ask them together. Okay. So, describe the process for publishing content to wailukulive.com. Describe the public information campaign to ensure awareness of the project's elements, including business and transportation disruptions. And...

MR. BAZ: Yeah, Madam Chair, Ms. Wade can respond to those two questions.

CHAIR RAWLINS-FERNANDEZ: Okay.

MR. BAZ: Yeah, thank you.

CHAIR RAWLINS-FERNANDEZ: Should I ask the last question too? And then you can respond to all of them together.

MR. BAZ: Sure.

CHAIR RAWLINS-FERNANDEZ: Okay. And then provide an update on any recently completed, current, or forthcoming invitations for bids, requests for proposals, or similar procurement-related efforts for the project.

MS. WADE: Thank you, Chair. So, for the updates to the WailukuLIVE website and any information going out regarding the project, the intent is anytime there is a significant change to the project status or timeframe, any factual information associated with the project, that we're able to post it either online or through social media. Those two formats allow us to provide timely information and updates. The process is essentially whenever there's a change, whenever there's a significant change, when we have additional information that the public would be interested in hearing about. The awareness campaign is intended...the social media associated with WailukuLIVE is intended then to provide additional access to information for folks. We're following the City of Seattle's transportation model of providing updates. They have really good information about shuttles, transit, parking, where to park, parking rates when they have parking fees described. So, they have a branding program associated with that, and we're using Seattle as a model, and I can...I'd be happy to share additional links to that if you're interested.

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MR. BAZ: Okay. And, Madam Chair, in relation to the last bullet, provide an update on recently completed, current, or forthcoming invitations for bids, request for proposals, or similar procurement-related efforts for the project. So, as you're aware, the invitation for bid for the Phase 1B construction of the parking garage came over budget so we are rescoping that, putting out a new invitation for bid and hopefully like I mentioned, get that out within the next couple of weeks. And there are as...on the second page of the handout today, there are those further activities that you'll see in the additional estimated costs section that we will be working on executing contracts, doing RFPs before the end of this calendar year, to work on those items themselves. Okay.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay, and then this is my last question, and then I'll open it up to the Members. And this wasn't included on the written correspondence that was sent. But I understand that the permit that we've, the County has been waiting on from SHPD is, hasn't been completed or given to the County yet, and that there's only one archaeologist or one person at SHPD that is doing it Statewide and that the delay may be much longer than originally anticipated. Would you be able to speak to that?

MR. BAZ: Thank you, Madam Chair. The, I've been more deeply involved in this process as the Council appropriated and recommended an archaeologist in my office so I've been significantly more educating myself over the last couple of months. The issue of the State Historic Preservation Division and their timeliness of review of applications is a major issue, one that does not affect just this project, just the County projects, it also affects our community. So, I will be, actually I've met with a number of individuals here on Maui and I'll be flying over to Honolulu very soon to meet with the archaeologist, the head of the Archaeology Division of the State Historic Preservation Division to see, you know, what we can do to assist them, how, you know, if this archaeologist that we're going to be getting on board can assist them in processing. Also I'll be making an individual request for this specific project as well as for a couple other County projects that have been delayed significantly because of their review. They have...their own rules state that we, they have to respond to us within 90 days. We haven't really in the past hold them, held them too accountable to that, because we do want to respect their abilities and review of projects. But, you know, the Mayor has to decide at some point, you know, is...do...how long do we wait, right? I mean we haven't hit that yet but we have...we haven't...actually I shouldn't say we haven't, I've heard of at least two instances where we have not waited for SHPD, so that is a possibility as well.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Managing Director. Okay, so I'll open the floor up to questions now. I'll start with Committee Vice-Chair King and then I'll go to Pro-Temp and then work our way down.

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VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: And just being mindful of the time, we have about 10 to 13 minutes, so.

VICE-CHAIR KING: Okay, real quickly. I just wanted to follow up on the SHPD issue because at the Housing Summit a week or so ago, we were able to discuss this issue with our State Legislators as well as...you know, it was a summit called by our US Senator Brian Schatz. And so that was one of the issues that hopefully we will be working on as far as State legislation and allowing our own archaeologists, possibly allowing them to, you know, to come up with standards for archaeology so that if we hire somebody that they automatically qualify. So, there is some movement on that already. If you can follow through with Speaker of House and Senate President were in that room. And then what I...the question I have for Ms. Wade is, or maybe it's for Mr. Baz, is why we're going back out to bid and rescoping? Because my understanding on the parking lot was there were several items on there that you could remove and still get within, possibly within that, the 28.7 million. But I mean are we at risk if we send the whole thing back out to bid of, you know, having a complaint by the person who actually won the bid originally?

CHAIR RAWLINS-FERNANDEZ: Managing Director?

MR. BAZ: Thank you. I'll actually refer the question to our Central Purchasing Agent, Greg King, who handles our procurement process, and he can respond appropriately --

VICE-CHAIR KING: Okay.

MR. BAZ: --to those questions.

VICE-CHAIR KING: Okay.

MR. BAZ: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Mr. King?

MR. KING: Thank you, Chair. Councilmember King, the, first of all the Hawaii Administrative Rules, Section 3-122-96(a)(2)(D) says prices...cancellation after opening but prior to award can occur when prices exceed available funds and

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would not be appropriate to adjust quantities to come within available funds. So, basically we don't...legally we're okay.

VICE-CHAIR KING: Okay. But originally we were told by Ms. Wade that that was the reason they put in kind of a menu of add-ons that could be taken off so that they could fall within without going back out to bid. So, now we're going back out to bid and I just want to find out why we're doing that.

MS. WADE: Thank you, Chair. It's, there's just not enough, there weren't enough add-ons to see, when you see the total that we're trying to get to down here. It wasn't enough deductives to get us to that number.

VICE-CHAIR KING: Okay.

MS. WADE: And because it changes the scope significantly enough, the, following procurement law, it's cleanest to go back out to bid.

VICE-CHAIR KING: Okay. So, you are going to be able to rescope it to fit under, you believe, fit under that amount that's left?

MS. WADE: That is our intention. They're working on doing that now, yes.

VICE-CHAIR KING: Okay. Without major reengineering?

MS. WADE: Correct, yes.

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

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, Pro-Tempt Kama?

COUNCILMEMBER KAMA: Thank you, Chair. Just one question. So, when you do go out to bid, okay, so when you went out the first time, there was an overbid and therefore we got no takers so we didn't take anything. So, if we send it out to bid again, do we think that we're going to actually get somebody to bite?

CHAIR RAWLINS-FERNANDEZ: Pro-Temp Kama, there were two bids that came in and they were over --

COUNCILMEMBER KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: --budget, so.

COUNCILMEMBER KAMA: So, we're going to go out and bid again right?

CHAIR RAWLINS-FERNANDEZ: Yeah. Managing Director?

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COUNCILMEMBER KAMA: So...

MR. BAZ: Yeah, so thank you, Member Kama. That's a good question 'cause, you know, you do the same thing over and over again, that's insanity, right?

COUNCILMEMBER KAMA: Right.

MR. BAZ: We are rescoping the project and taking items out of there, revising some of the language in the specs itself to help to reduce what would cost somebody to construct this project for us. So, we do believe that by rebidding it, it's not just the same document that we're putting out again, it's actually a revised project itself.

COUNCILMEMBER KAMA: So, Chair, oh, could we see what that is before or at some time be able to look at that?

MR. BAZ: Yeah, so...

CHAIR RAWLINS-FERNANDEZ: Managing Director?

MR. BAZ: Thank you. So, it'll be presented on our procurement website within the next couple of weeks and it'll be available for public review, and I can assist your staff on how to look that up, yeah.

COUNCILMEMBER KAMA: Thank you, Chair.

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

COUNCILMEMBER SUGIMURA: So, appreciate all the detail that you're providing. And I will tell you that last week when I was at the Upcountry Farmer's Market, this lady from Huelo was scolding me about this project, and she was saying with all the community support that this project has had, what are you folks trying to do? And I got this whole lecture. I said wait, wait, wait, wait, we kept it, it's alive. So, I just wanted you to know that even people not in Wailuku are watching and that there's appreciation for this moving forward from...and she's refers it being...

CHAIR RAWLINS-FERNANDEZ: Member Sugimura, do you have a question?

COUNCILMEMBER SUGIMURA: No.

CHAIR RAWLINS-FERNANDEZ: Sorry, I'm just trying to be mindful of the Committee...

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COUNCILMEMBER SUGIMURA: Okay, of the next thing. Anyway, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: Thank you.

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

COUNCILMEMBER HOKAMA: My question, Chair, is more about is it other things besides SHPD that we having issues with? 'Cause the State does three things really bad, they know it's bad, and yet the Leg won't give them either more positions, more money, or whatever it takes to make it work. And that is SHPD, State surveying, and the fourth...the third one is...gosh, I just was writing it down. Historic Preservation, State surveyors, and Bureau of Conveyances. Okay. Recordation is years behind. State surveyor is years behind. I get one residential property on Lanai, more than two years this homeowner is waiting for the State surveyor to just certify another licensed engineer's metes and bounds. Okay. Now, you're telling us about SHPD. So, only SHPD is our State hang...bump on the log per se? We don't have any other issues with the Bureau or the surveyor's, the State surveyor's office?

MR. BAZ: Yeah, thank you.

CHAIR RAWLINS-FERNANDEZ: Managing Director?

MR. BAZ: Yeah, Madam Chair. So, from, for this project, I'm only aware of SHPD delays, nothing else with that.

COUNCILMEMBER HOKAMA: 'Cause I was just wondering since we bought and we may be consolidating lines, if the surveying component has also been hindered moving forward and getting final acceptance because of the situation with the State surveyor's office.

MR. BAZ: Right. Our County subdivision office would be the one to manage that.

COUNCILMEMBER HOKAMA: Can handle that for us?

MR. BAZ: Yeah, yeah.

COUNCILMEMBER HOKAMA: I don't know why they don't handle everything else too then.

MR. BAZ: Call me and we can discuss that issue with your resident, or have the resident call me.

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COUNCILMEMBER HOKAMA: Okay.

MR. BAZ: Yeah, we can try to figure it out.

COUNCILMEMBER HOKAMA: Thank you.

MR. BAZ: Trying to solve problems one at a time but, you know...

COUNCILMEMBER HOKAMA: Thank you, Mr. Baz. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Lee? No questions. Member Molina?

COUNCILMEMBER MOLINA: Yeah, just the one question. You know with the announcement, you know, we're going out to rebid and now the delays I guess caused by us maybe in some way. Will there be any penalties associated with all of these delays at this time? And if yes, what kind of penalties are we potentially being subjected to?

CHAIR RAWLINS-FERNANDEZ: Managing Director?

MR. BAZ: Thank you, Madam Chair. Member Molina, we never entered into a contract for that construction. We do have a contract for construction of Phase 1A but that hasn't been delayed necessarily by this. We had a few days of rain and things like that, other challenges, but not because of this process, yeah.

COUNCILMEMBER MOLINA: Okay, thank you. Thank you, Madam Chair.

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

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a question about the archaeology, under the CIP appropriations it lists Public Works Department, can you explain that?

MS. WADE: Thank you. Yes, during that fiscal year, we utilized the Public Works' Highways staff to facilitate the machine work required to do the trenching. So, we did do an Archaeological Inventory Survey throughout the municipal parking lot that was authorized and approved by SHPD and directed by that archaeologist at the time. Public Works' staff assisted us in the trenching with the supervision of three archaeologists, and therefore after that was complete, an AIS was filed with the State Historic Preservation Division. It was most affordable for the County to utilize Highways' staff rather than going out to bid. We did...that was essentially a demand for payment from Public Works, that's what that code was for.

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COUNCILMEMBER SINENCI: Oh, okay. Thank you, Ms. Wade. And you said there was an archaeologist on site while the work was being done?

MS. WADE: Correct. Eric Fredrickson from Xamanek Archaeology [sic] is the lead architect and he had two other...or sorry, archeologist, and had two other archaeologists on site at the same time.

COUNCILMEMBER SINENCI: Okay, thank you. Thank you for that.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. And then I have one more question regarding the infrastructure improvements. So, I understand that some of the initial testing that was recently done showed that some of the pipes were actually in better condition than anticipated. Do you see any cost savings associated with this unexpected find? Ms. Wade?

MS. WADE: Thank you. Yes, there will likely be some cost savings in Phase 1A that we'll work out with the contractor as that proceeds.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, any last questions? Okay, okay. Mahalo nui for being here, for presenting. Okay. It's 9:52. Okay, let's see. Are there any objections to deferring this item EDB-76?

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. And we'll continue to, you know, monitor this project. I'll have it, you know, on the agenda so we can fully discuss the updates and, you know, when it goes back out to bid. So, you know...okay.

MR. BAZ: Okay. Thank you, Madam Chair. Thank you, Members.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Managing Director. Okay, it's 9:52 and September 19th. If there's no objections, I'll now adjourn the meeting.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay, the Economic Development and Budget Committee is now adjourned. . . .(gavel). . .

ADJOURN: 9:52 a.m.

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APPROVED:

Keari Rawlins-Fernandez

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

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Transcribed by: Daniel Schoenbeck

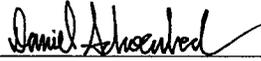
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CERTIFICATE

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 26th day of September, 2019, in Kula, Hawaii



Daniel Schoenbeck