

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

MINUTES

July 8, 2020

Online Only

CONVENE: 9:04 a.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Kelly Takaya King, Vice-Chair
Councilmember Riki Hokama, Member
Councilmember Tasha Kama, Member (in 9:56 a.m.)
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member
Councilmember Tamara Paltin, Member
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member

STAFF: Lesley Milner, Legislative Analyst
Shelly Espeleta, Legislative Analyst
Richard Mitchell, Legislative Attorney
Yvette Bouthillier, Committee Secretary
Jean Pokipala, Council Services Assistant Clerk

ADMIN.: Lance Taguchi, County Auditor (EDB-81)
Scott Teruya, Director, Department of Finance (EDB-81, EDB-85)
May Anne Alibin, Deputy Director, Department of Finance (EDB-81, EDB-71)
Marcy Martin, County Real Property Tax Administrator, Department of Finance (EDB-81)
Michele M. Yoshimura, Budget Director, Office of the Mayor (EDB-71, EDB-85)
Sananda K. Baz, Managing Director, Department of Management (EDB-71, EDB-85)
JoAnn Inamasu, Economic Development Director, Office of the Mayor (EDB-71)
Lori Ann Y. Tsuhako, Director, Department of Housing and Human Concerns (EDB-71)
Eva Blumenstein, Planning Program Manager, Department of Water Supply (EDB-71)
Marc Iwao Takamori, Director, Department of Transportation (EDB-71)
John Buck, Deputy Director, Department of Parks and Recreation (EDB-71)
Michele N. McLean, Director, Department of Planning (EDB-71)

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Kristina Toshikiyo, Deputy Corporation Counsel, Department of the
Corporation Counsel

Mimi DesJardins, Deputy Corporation Counsel, Department of the
Corporation Counsel

OTHERS: Marilyn Niwao (EDB-81)
Linda Love, President Maui Hub (EDB-85)
Autumn Ness, Board Member, Maui Hub (EDB-85)
Kanani Higbee

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

CHAIR RAWLINS-FERNANDEZ: . . . (gavel). . . Aloha kakahiaka kākou. `Ehā minuke i ka hala o ka hola `eiwa. Ma `ewalu o lulai i ka makahiki `elua kaukani iwakālua. E `olu`olu mai, e ho`omalū ke Komike Ho`omohala Waiwai me Mo`ohelu Kālā. `O wai ka po`o o kēia Komike o Keani Rawlins-Fernandez. It's 9:04 on July 8th, 2020. Will the Economic Development and Budget Committee please come to order. I'm your Chair Keani Rawlins-Fernandez. I keia lā, me ko kākou, Committee Vice-Chair Kelly King.

VICE-CHAIR KING: Aloha kakahiaka, Chair. Good morning, everybody, and my colleagues, and everybody out there watching.

CHAIR RAWLINS-FERNANDEZ: Aloha. Member Shane Sinenci?

COUNCILMEMBER SINENCI: Aloha kakahiaka, my Maui hikina. Hau'oli o wau ma`a ne`i. Good morning from Hāna, and it's nice to be here.

CHAIR RAWLINS-FERNANDEZ: Hau'oli pō`akolu. Member Mike Molina?

COUNCILMEMBER MOLINA: Good morning and aloha, Madam Chair. Blessings to you, my colleagues, and everyone, from beautiful Makawao.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Chair Alice Lee? Which language do you have for us today?

COUNCILMEMBER LEE: Inuit. Our friends up north in Alaska, our Eskimo friends, and our friends here on Maui, and in Wailuku, and central Maui, we say, "ulaakut."

CHAIR RAWLINS-FERNANDEZ: Ulaakut, Chair Lee. Member Riki Hokama?

COUNCILMEMBER HOKAMA: Good morning, Chair. I'll just say good morning because I think this is one of the most educational moments for our whole community. I mean, it's wonderful to at least share some basic acknowledgement of other

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people's language, and I think this is a wonderful thing that the members are doing, acknowledging and appreciating other people's tongues and languages. And it's always nice to say, "hello," "thank you," and "aloha," so I appreciate this opportunity, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Ulaakut to you too. . . *(laughing)*. . . Member Tamara Paltin?

COUNCILMEMBER PALTIN: Aloha kakahiaka from Napili.

CHAIR RAWLINS-FERNANDEZ: Member Yuki Lei Sugimura?

COUNCILMEMBER SUGIMURA: Good morning, everybody. I'm in the County building, and I just want to say that, from my window, I can see Wailuku Union Church. And every morning when I log in, I say, "How lucky we are. Looks like a royal structure, the way that it's built out of the Maui island." I think it came from `Iao Valley, all the stones and rocks that created the most beautiful church, that is in my view, besides the Ka`ahumanu Church. So anyway, good morning, everybody, from the County building.

CHAIR RAWLINS-FERNANDEZ: Morning, Member Sugimura. And pro-temp Tasha Kama will be joining us momentarily. Okay.

From Corporation Counsel, we have Kristina Toshikiyo, Deputy Corporation Counsel. Morning.

MS. TOSHIKIYO: Aloha, Chair and Members.

CHAIR RAWLINS-FERNANDEZ: Aloha. From the office of the County Auditor, we have our County Auditor, Lance Toguchi. Aloha. Mai ka Administration, we have Budget Director, Michele Yoshimura. Aloha.

MS. YOSHIMURA: Good morning.

CHAIR RAWLINS-FERNANDEZ: We will have a bunch of our Directors joining us for each of the items coming up. So mahalo to all the Directors for joining. I will introduce them as the item comes up.

And we have our committee staff. Committee Secretary Yvette Bouthillier. Aloha. Support staff, Jean Pokipala, aloha.

MS. POKIPALA: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Legislative Analyst, Lesley Milner.

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MS. MILNER: Aloha, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha. Legislative Analyst, Shelly Espeleta.

MS. ESPELETA: Good morning, Chair and Members.

CHAIR RAWLINS-FERNANDEZ: Good morning. And our Legislative Attorney, Richard Mitchell.

MR. MITCHELL: Good morning, Chair. Good morning, Members.

CHAIR RAWLINS-FERNANDEZ: Good morning. Okay, Members. We have the full day to take care of four items. EDB-81 Circuit Breaker Tax Credit. EDB-85 Legislation and Discussion on the Effect of Coronavirus Pandemic and Related Issues. EDB-71 Physical Monitoring of Grants and Grant Reporting. And EDB-90 Fiscal Year 2020 Estimated Revenue Shortfall for General Fund and Solid Waste Management Fund. And we will begin with testimony. We have three testifiers, so far, signed up. Oral testimony via phone or video conference will be accepted. Testifiers wanting to provide video testimony, please join by going to the Blue Jeans meeting link at bluejeans.com/612388111 as noted on today's agenda. Testifiers wanting to provide audio testimony, please join by calling 1-408-915-6290, and entering meeting code: 612 388 111, also noted on today's agenda. The Committee intends to keep the same meeting link and phone number for future EDB Committee meetings for the ease and convenience of the Members and the public. Written testimony is highly encouraged by sending your comments to edb.committee@mauicounty.us. Oral testimony is limited to three minutes per item. If you're still testifying beyond that time, I will kindly ask you to complete your testimony. When testifying, please state your first and last name. If you're testifying on behalf of an organization or are a paid lobbyist, please inform the Committee. Staff will...I've already posted the link in our chat to the testifiers list. Please be mindful of the use of chat during the meeting. Chat should not be used to provide testimony or chat with other testifiers. If providing testimony, please be courteous of others by muting your microphone and video while waiting for your turn to testify. Participants who wish to view the meeting only without providing testimony, please view a live cable cast on Akakū, channel 53. You can also visit mauicounty.us/Agendas to access live and archive meeting videos. Mahalo to the Committee Members, Administration, and the members of the public for being patient if we run into any challenges during the meeting. And I will now proceed with oral testimony. Yeah, I have my timer on. Our first testifier is Kari Stockwell, followed by Marilyn Niwao. Terry, are you intending to testify this morning? Or are you providing resource information? Oh, she's not there?

VICE-CHAIR KING: Chair, she put in the chat box that she said, "no." That she wasn't going to testify.

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CHAIR RAWLINS-FERNANDEZ: Oh, okay. Mahalo, Kelly. Okay. And our two testifiers signed in are Marilyn Niwao, followed by Linda Love.

Marilyn? Will you please unmute yourself, and you may proceed with your testimony. Marilyn?

. . .BEGIN PUBLIC TESTIMONY. . .

MS. NIWAO: Hello, can you hear me?

CHAIR RAWLINS-FERNANDEZ: Oh, there you are. Yes.

MS. NIWAO: Okay.

CHAIR RAWLINS-FERNANDEZ: Please proceed.

MS. NIWAO: Okay. I sent a written testimony in, and I wanted the Council to consider, when they make any ...(audio interference)...Bill, that they consider principles of tax policy when they are making any changes to the circuit breaker tax. And some of them have to do with provision of appropriate revenues that we're going to be getting as much revenues as a county needs for its services. Neutrality, which means that you achieve the real property tax collection, having a broad tax base and low tax rates. Fairness and equity, real and perceived differences in taxation of equals undermines public confidence in a tax system. Exemptions or credits that favor a few and undermine equality do not give rise to political unrest if there is consensus that the favored group deserves a preference. So there is horizontal equity, where all taxpayers in the same circumstances to bear equal burdens and vertical equity. Basically, if taxpayer differs in circumstances, ability to pay should be factored in for tax breaks. The Law should be easy and economical to administer. In other words, it should be efficient. Cost for compliance for taxpayers and cost of collection should be minimized. Accountability. It should be fair and efficient with a lack of corruption and incompetence, actual enforcement of the tax law, and open, transparent tax policies. Circuit breaker tax for low income taxpayers should be narrowly defined to avoid abuse, and the impression that some are benefitting from the tax credits when they are relatively wealthy, when considering either their net worth or income. Household income does not exceed \$130,000 is likely too high a threshold. Under this threshold, most Maui taxed households would meet this income threshold. According to the most recent U.S. Census data for Maui County, the median, that means where half of the people are, is \$77,117. So by setting a higher limit to the threshold of who would qualify for the Circuit Breaker Tax, you are essentially saying most of Maui would be able to qualify under this criteria. For the circuit breaker calculation of the Circuit Breaker Tax, the total gross assessed...(timer sounds)...value of loans on buildings should be used, not

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the homeowner's gross building assessed value. And I just noticed that in the Statute. And the calculation of household income, I would recommend using gross income as defined by Internal Revenue Code, rather than adjusted gross income. If you use a federal adjusted gross income, there are some items that could be used to reduce the amount of gross income, and I have listed them there. Fifty percent of self-employment taxes paid, contributions to retirement accounts, self-employment health insurance --

CHAIR RAWLINS-FERNANDEZ: Ms. Niwao?

MS. NIWAO: -- IRA contributions, student loan interest, tuition and fees, and alimony. Yeah?

CHAIR RAWLINS-FERNANDEZ: Your three minutes are up.

MS. NIWAO: Oh.

CHAIR RAWLINS-FERNANDEZ: But Members, we will have Ms. Niwao as a resource person. I've invited her to our meeting for EDB-81 Circuit Breaker Tax Credit.

UNIDENTIFIED SPEAKER: I was just going to . . . *(inaudible)* . . .

CHAIR RAWLINS-FERNANDEZ: And her written testimony is also available on Granicus. Okay. So --

MS. NIWAO: Thank you.

CHAIR RAWLINS-FERNANDEZ: -- any clarifying questions that cannot wait until the item comes up? Okay, so I see Chair Lee, and then Member King. Chair Lee?

COUNCILMEMBER LEE: Hi, Marilyn.

MS. NIWAO: Hi.

COUNCILMEMBER LEE: Did you have a lot more to say, like one or two sentences, or, you know, like couple paragraphs? Because I was following along, following along, and then now, if we have to wait half an hour to get back to you, I'm going to, you know, lose my train of thought. Were you almost done?

MS. NIWAO: Ah, yeah, I was. I mean, just...I was on the . . . *(inaudible)* . . .

COUNCILMEMBER LEE: How many sentences? Like, in 30 seconds, you can conclude?

MS. NIWAO: Maybe a minute.

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COUNCILMEMBER LEE: Chair, is that okay?

CHAIR RAWLINS-FERNANDEZ: Yes. Mahalo, Chair Lee.

COUNCILMEMBER LEE: Thanks.

CHAIR RAWLINS-FERNANDEZ: Please complete your testimony for the Members . . .
(inaudible) . . .

COUNCILMEMBER MOLINA: No objections.

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

MS. NIWAO: Thank you. Okay. So even if you use federal gross income, it may not represent the ability of a taxpayer to pay his or her share of the real property taxes. Because of recent tax law changes, businesses can take a lot of depreciation deductions and lower their income, their gross income. Wealthy taxpayers often have investments, like interest muni bonds or interest income, that may not rise to the level of having a lot of income. In other words, the working taxpayer would have a higher income than someone who is just wealthy and earning this investment income. And other receipts of cash that are not taxable for federal income tax purposes perhaps should also be considered in the equation. So when you look at the changes, you have to look to see who is the County trying to subsidize? If you're trying to subsidize elderly, you might consider just having a exemption for 65 and older because it's easier to administer than having to scrutinize all these tax returns to see who qualified for the credit. And you might also consider assistance to those with temporary cash flow problems. And possibly, you could probably consider deferral of the real property taxes, if someone is...doesn't have to pay the taxes. You know, collect the taxes maybe in the future when the property is sold. We are in difficult economic times, and I think that in the future, we are going to end up in a situation which would probably worse financially for the County of Maui because of the pandemic and visitors who might be coming, who might not come to Hawai'i in the future. So those would be my comment, and that's kind of fitting in with the Council of Revenues' forecast of what the State income collections will be.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Niwao. Chair Lee, did you have any additional questions?

COUNCILMEMBER LEE: I can wait. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay. Committee Vice-Chair King, did you have any questions right now?

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VICE-CHAIR KING: Thank you, Chair, yeah. And thank you, Marilyn, for your written testimony because everything you said was in here, so it's good information. But the one question I have...and if you want to think about this and maybe answer it when we get to this item, that's fine. But I just wanted to bring up, you know, you mentioned ability to pay, and I do think that there's some exemptions right now in people being able to postpone their property tax payments that we put into --

MS. NIWAO: That's right.

VICE-CHAIR KING: -- place because of the pandemic. So I support that. But the one thing that this comes up when people don't have ability to pay, but it never comes up when people have extreme ability to pay. Like, when should we raise taxes? We've had big hotel corporations come in here and take millions upon millions of dollars out of the County. When they were making good money, there was never a push to raise their taxes, and the tax increases were very minimal. So if we're going to make allowances for people's ability to pay, at what point do we increase them because of the income? And so when I brought this up in the past, and people from the really smart, attorney, professional accountant, people have talked about this having a business model where we look at the income or in relative to property tax, and nobody wants to...nobody who's successful wants their business to be part of their property tax. They only want to pay base property tax. And that's why we taxed the Hilton Wailea 400 million when they eventually sold their property for billions. So, you know, I understand that, but this always happens. And I watched it happen in the airline industry when fuel tax went up. They start charging everybody for luggage. Well, when the fuel prices dropped, we didn't get a cut, you know, we're still paying for luggage. So at what point do we balance that out with, you know, the high level income that we're still taxing at these low rates.

So, you know, I could just --

MS. NIWAO: . . . *(inaudible)* . . .

VICE-CHAIR KING: -- think about that when we get to that, you know, if we're talking about income level and ability to pay, that that should be part of it as well.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member King. So we'll save that question for when the item comes up because it wasn't really a clarifying question. But it's a good question to ask now, so that she can...Ms. Niwao, has some time to think about it. And then when the item comes up, we can discuss that further. Yeah? Okay.

VICE-CHAIR KING: Yeah. Thank you. No, I was addressing her written testimony where she talks about vertical equity. But it's a big question, so I'm happy to

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wait. I just wanted to . . . *(inaudible)* . . .

CHAIR RAWLINS-FERNANDEZ: Absolutely. Okay. Great. Mahalo, Member King.

VICE-CHAIR KING: Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Any other questions? Seeing none. Again, we'll have Ms. Niwao with us when the Circuit Breaker Tax Credit Bill comes up. Mahalo, Ms. Niwao for your testimony, and for sticking around to serve as a resource.

MS. NIWAO: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Our next testifier is Linda Love, followed by Autumn Ness, who are the last two signed up to testify. Ms. Love?

MS. LOVE: Aloha, Chair Rawlins-Fernandez and Committee Members. I appreciate this opportunity to talk to you about the Maui Hub. It's a new non-profit online food market that we have started at the end of the March. I'm the President. And we sell fresh, local produce and products, and you can see our website at mauihub.org. Our primary mission is to provide fresh, local produce to low-income and food-insecure families on Maui. We'll give SNAP families discounts and give away boxes, donate to Maui Food Bank, schools, meal kitchens, and provide sponsorships to families. We support local farmers, and we're working to increase the local food production. The Food Hub was started by HFUU Chapter President John Dobovan with help with Common Ground Collective, HFUU's Vincent Mina, and Keith Ranney, Cindy Giebink *..(audio interference)...*, Autumn Ness, and others. And Sun Fresh Hawai'i, you might know them, they're a wholesaler down in Kahului. Their business went down the tube with the virus shutdown, and they have donated their chiller facilities, their trucks, utilities, fuels, and management to our effort here. And we've had more than three months of success. We're growing every week, buying from almost thirty different farmers and producers on the island. And with the net income that we've had from our sales, and some outside funding, we've leased employees from Sun Fresh. We've helped employ six to eight people. They handle our deliveries, they pick and pack our orders, they do our loading, and driving the trucks; but we really want to pay our operations and bookkeeping managers who are working for free right now. We also think we should be paying Sun Fresh, or leasing their facilities, and we cannot operate without subsidies from the County and philanthropists. And we respectfully request that you and your committee urge Mayor Victorino to consider providing a grant from the CARES Act to the Maui Hub, to help with these operational costs and capital expenses that we're going to incur when Sun Fresh's business increases. When the economy reopens, we're going to be looking for a chiller, distribution facilities, trucks, picker-packers, truck drivers, and a produce manager. And so I also submit our business plan and our Maui Hub

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feasibility study. I'll submit that to the Committee as soon as we're done, as soon as we're done here. ...*(timer sounds)*...

That's all I have, unless you have any questions.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Love. It looks like we have a question from Committee Vice-Chair King.

VICE-CHAIR KING: Aloha, Linda. Thanks for being here.

MS. LOVE: Aloha.

VICE-CHAIR KING: Thanks for all you're doing.

MS. LOVE: Thank you.

VICE-CHAIR KING: Is your...is the Food Hub now an independent, non-profit?

MS. LOVE: Yes. We were set up under the Farmers Union back in March. They were one of our most important sponsors, as you can imagine, with giving us people and money. But then, at the end of June, they made the decision, everybody made the decision that we would spin-off as an independent corporation. And we got a lawyer in Honolulu, and he's got us incorporated now as non-profit under the State of Hawai'i. And we are right now submitting our 1023 to the federal government to get 501(c)(3) status. And we've got our board of directors, and bylaws, and we are off and running. We've had the biggest week ever so far with the orders that were closed last night and will be delivered on Saturday.

VICE-CHAIR KING: Oh, that's so awesome. So the money that was going from the -- the grant money that was afforded to the Administration as emergency funding, some of that was going to the Farmer's Union for food distribution. Did that get transferred to you? To the Food Hub? Or are they still doing that as well as the Food Hub?

MS. LOVE: Some of that money did get transferred to us. Some of it got transferred to the Food Hub in Hāna. And as I understand that from going forward, the Farmer's Union's going to take that money and distribute produce on its own with a separate program. As I understand, I think they're going to do a donation program with the coming money that they have from the County to buy produce. Ah, you should check with them for sure, yeah.

VICE-CHAIR KING: Okay, well I --

MS. LOVE: Well, we're not going to get...I don't think we're getting any more of that money.

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

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. Okay. Any other questions? Oh, Chair Lee.

COUNCILMEMBER LEE: Hi, Ms. Love. I'm wondering why there's so many... seems to be a number of groups operating in a sort of uncoordinated fashion? Isn't it better if everybody, you know, like there're maybe two groups rather than like six, giving out food and working on those kinds of donations. And...because it's collecting the food, organizing all of that, and then donating or selling the food. So we're hearing of a number of groups. Is it possible for all of you to, like, work together?

MS. LOVE: That's a great question. In fact, we already are starting to work together with the groups that are making soil amendments. Matthew (phonetic) talked to you recently. We're going to be talking to them about how they can fit into our...this online system that we have, the software, is really amazing, what you can do in terms of buying from farmers and distributing it. It's a little bit different than, you know, buying from farmers and putting in boxes, and have the Food Bank donate it. That's a little bit different process, and it's harder to integrate. But there's lots of people we are reaching out to integrate into our software because it's really efficient, and the farmers can just go online and post how much they've got to sell, and our customers go online and buy it. It really works great, and I really do see it... like I said, we've already been reaching out. Common Ground Collective, and all the other groups we can find who can use our software. O'hana Gardens, we're reaching out to them because they don't have... they now don't have to build up their own software, they can use our software, and we can integrate them into our system. That's what we're trying to do.

COUNCILMEMBER LEE: Thank you. That sounds very promising.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. Okay. Seeing no other questions, mahalo for your testimony this morning, Ms. Love.

MS. LOVE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Aloha. Our last...oh, sorry. We have Autumn Ness, followed by Kanani Higbee, who will be our last testifier who was signed up. Ms. Ness?

MS. NESS: Aloha, everybody. My connection is a little bad, so I'm going to do my best. Can you hear me?

CHAIR RAWLINS-FERNANDEZ: Yes.

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MS. NESS: Okay. I'm going to do my...(audio interference)...I will chime in on the phone. I'm also here too, to advocate to the Council and to the Mayor for CARES funding to support the Maui Hub. You may remember, I was talking about the Maui Food Hub during COVID. And during the COVID shutdowns, we kept money going to farmers. And we also were able to donate about \$2,000 worth of that produce to individual families in need, all while employing people that would have been laid off due to COVID. So the good news, like Linda said, is we are now a fully functional, independent, non-profit organization called the "Maui Hub", with the intent to operate here in the community for the long term. This is not just a COVID response thing. I keep saying this is where crisis met opportunity because we were launched as a COVID response. But we are set up to operate in the long term, which I think, to answer Member Lee's question, that's what sets us apart from a lot of these organizations. We are not just here to give food away to families in the short term. Full disclosure, while we're at it; I am on the Board of the organization, but I am not paid. And most of the volunteers working on this are not paid. Just to clear that up. Right today, I'm about to sign paperwork to start the acceptance of EBT and SNAP. So a lot of this food is going to go to our low income and food insecure families. Right now, like Linda said, we are looking to expand our operations. So we're very different than an organization that is buying food and giving it away once or twice a month. That is not our goal. We are here to collect food from all of the producers, including value-added product producers. We aggregate it, and then we find homes for it. Whether it's a consumer, whether it's a wholesale restaurant; things like that. So we need things. In order for this to be an actual hub, it's going to be a part of Maui's economy, and a part of the way we move food around. We need things like forklifts, and chillers; and like Linda said, when Sun Fresh comes back online, when the hotels and stuff come back, we're going to need our own home. So this is very much the people who have been giving out food at the school's, for example, to families that were laid off, that is very, very, very important work. This is different than that because we're looking at creating an actual economic driver for Maui's food and agriculture systems, you know. And that's going to... so grant money that's given to this operation is not going to be given away in food boxes. It's going into...it's actually an investment in a new economy, and a new way that we grow and distribute food. So like Linda said, she's going to give you guys our...we have a really beautiful business plan drawn up that has very clear numbers. And . . . (inaudible)(timer sounds)... and if you have any questions, I am here to answer as well.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Ness. It looks like we have a lot of questions. We have Committee Vice-Chair King, followed by Chair Lee, then Member Paltin, and then Member Sugimura.

VICE-CHAIR KING: Aloha, Autumn. Thanks for being here --

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MS. NESS: Hi.

VICE-CHAIR KING: -- and thanks for what you're doing. So I have two questions. One is, are you guys also part of the Maui Nui Food Alliance, which is another organization that . . . (*inaudible*) . . .work on systems?

MS. NESS: Not officially. I've been to a couple of their meetings right in the beginning. There's a lot of things that we are looking to do, and where we are looking to connect. Because the Maui Hub was literally born in a pandemic, we had to take care of first things first. And that was finding produce that needed homes from farmers, getting money for it, and getting it to people who were hungry. So now that's kind of pa`a, yes, there's a lot of things that we need to connect to, and that's one of them. So thanks for reminding me.

VICE-CHAIR KING: My second question is, you know, the earlier question that Member Lee brought up about a coordination of all these programs. Is that something you see the Department of Ag doing, if we can get a County Department of Agriculture is kind of coordinating all these ...(audio interference)...and figuring out how to get funding to folks who are doing you know the important work?

MS. NESS: That would be great. To be fair, the creation of a food hub, and things like the microgrants that we talked about...we all had to put our lives aside and do that because there was nobody steering this kind of thing, like a Department of Ag. But I know how government works. And even if it does pass on the ballot, we're not... I don't think we're going to have a functioning Department of Ag in time for it to connect these . . . (*inaudible*) . . .—

VICE-CHAIR KING: I totally agree with you. I think it's something that's going to take time, but just the question...the question is on the ballot. So. Oh, I think you're trying to talk, but you're muted. Autumn?

CHAIR RAWLINS-FERNANDEZ: Ms. Ness, it might be a connection.

VICE-CHAIR KING: Oh.

CHAIR RAWLINS-FERNANDEZ: Oh, no.

VICE-CHAIR KING: You've been muted. You've been muted for a while, Autumn. Oh, no, now you froze.

CHAIR RAWLINS-FERNANDEZ: Yeah, I think it's because of her connection. Oh, there. Oh, I can hear you now. Yeah, okay. We can hear you too.

MS. NESS: Okay.

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CHAIR RAWLINS-FERNANDEZ: Your screen...your video was frozen, but we...your audio was working.

MS. NESS: Okay.

VICE-CHAIR KING: The way this is --

MS. NESS: I'll turn my video off.

VICE-CHAIR KING: -- okay. We probably missed about the last thirty seconds, but I think you answered the question. It's just that, you know, that's something that is a long-term goal as far the Department. And obviously, it's not going to happen in the next year or two, but just wondered if that was something, you know, part of the vision of all these different groups that are doing this work.

MS. NESS: . . . (*inaudible*) . . . was that, we are already connected with the Hāna farmer's market...the food hub. They were part of our birth. And so logistically, we've just been trying to arrange the transport of items from Hāna to Kahului and back because they have very different items than we do. So that's...we're already coordinating with that. And that's the goal of every food hub, is to connect with their partners, and trade products, you know.

VICE-CHAIR KING: Okay.

MS. NESS: Yeah.

VICE-CHAIR KING: Okay, great. All right. Well, thanks for being here, and thanks for what you're doing.

MS. NESS: Mahalo.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. Chair Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Hi, Autumn. Did I hear that you're looking for a location to operate from?

MS. NESS: We are, yeah. That's, you know, we're doing everything kind of in triage because, like I said, we came out of a pandemic. But now that we have our non-profit organization registered, we're looking for a home now.

Currently, we're at Sun Fresh. And it's a really symbiotic relationship. So we're not in a hurry, but we are looking. Yeah.

COUNCILMEMBER LEE: Okay. So where would you...if you had a choice, where would you like to be located geographically, you think? Central Maui?

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MS. NESS: I'm only one of the Board. And we've been talking about this a while, you know, for a while. And there's two schools of thought. One is, an upcountry location would be ideal because a lot of our farmers are upcountry. The other one is central because central is good for when we want to start connecting to, you know...the long-term goal of a hub is to, for example, be able to buy all produce from local farmers, and then whatever we can't sell immediately, locally, we would put on a boat and send it to O`ahu. Because O`ahu always has a huge demand for local produce that they just can't fill. In that case, being near the port, or somewhere central, would be great. And that would also allow more tourists, as they're leaving, to stop and buy value-added products as they're...so I don't know the answer to that, is the long-winded answer to that question. Either central or upcountry, we're looking at right now.

COUNCILMEMBER LEE: Okay. One last question. And how large of an area would you need?

MS. NESS: A couple thousand square feet. It depends on whether we decide to...right now, the area we're operating in is about 1,000 square feet, and that's just enough to store in a chill, and pack...(audio interference)...and then put them on trucks so they can go out.

As we expand, we're going to need a bit more than that. And then, if, we want to include commercial kitchens in the operations so that there could be kitchen connected to the Hub warehouse, where all excess produce is turned into a product, then we're going to need another 1,000 or 2,000 square feet. So right now, I like that you're asking these questions because this is our, like, our like, wish list. Now we got to go find if that exists; if it's open, or do we have the funding to build something like this? And these are all questions we're exploring right now.

COUNCILMEMBER LEE: Yeah. Well, I'm asking because maybe some of us can help you. Thank you.

MS. NESS: Thank you. Yay, I appreciate that. I'm here to talk. You can call me on my cell phone anytime, and I will tell you the mechanics of what we're looking for.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. Okay, Member Paltin, followed by Member Sugimura.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Ness. I was stoked to hear about the commercial kitchen comment. And the reason I was...or what I wanted to ask about was, you know, besides the value-added products, is it on your radar, or are you thinking of possibly employing or partnering with chefs? Like, you know, we can give families or sell families these food boxes; but if you

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were to make like, you know, kind of like soup kitchen action, or something. Possibly sell memberships or things like that, is that something on your radar? You know, because not everyone cooks well.

CHAIR RAWLINS-FERNANDEZ: Ms. Ness? Oh, it looks like you're muted on your end. Ms. Ness? That was a really important question Member Paltin asked, because not everyone can cook well.

MS. NESS: Can you hear me?

CHAIR RAWLINS-FERNANDEZ: Yes, we can hear you now.

MS. NESS: Okay. So I think I heard her question right, and is that, are we partnering with chefs? And it's a little bit --

COUNCILMEMBER PALTIN: Or do you have plans in the future to employ chefs?

MS. NESS: Yeah.

COUNCILMEMBER PALTIN: A lot of them are laid off right now too.

MS. NESS: Yeah. So that's actually why the commercial kitchen model is so cool. Whether we have it connected to our hub or not, the idea is that we really kind of want to decentralize this. So like, instead of us...there's one model where we could employ people to work in the hub kitchen and create products that are for sale. Or the other model is that we can just let people know what we have excess of, and any entrepreneur could start a business pretty easily, and use a commercial kitchen to create new products that would be sold on the hub. There's so many different ways that this can play out, but they're all definitely on our playing...on our field. For example, we just got a call from an organization that provides kits to kids in elementary school. Things like a salsa kit, or a guacamole kit, and they do a lesson to teach the kids how to make food. So we're actually looking at...so we're going to be filling those orders. We're going to be using local farms, collating products, and making these little boxes that are going to go out to our elementary schools so they can learn how to make salsa and take it home and do it at home. So there's just so...the opportunity, that's really what I wanted to say. The opportunity is endless. Investing in this food hub is going to create so much opportunity for years to come, you know.

COUNCILMEMBER PALTIN: Or even too, like, you know, internship programs, if there are...if there is a chef component to it, or things like that. So that, you know, not everyone can afford to go to college, or the CIA, I mean, the culinary institute of what not. Like, I mean, if there's a commercial kitchen, then yeah, the possibilities are huge. Thank you.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin.

COUNCILMEMBER PALTIN: I guess the signal keeps...(audio interference)...

CHAIR RAWLINS-FERNANDEZ: Yeah. It's going in and out.

MS. NESS: ...(audio interference)...trying. Sorry, you guys.

CHAIR RAWLINS-FERNANDEZ: Okay. There you are. Okay. Member Sugimura, followed by Member Sinenci.

COUNCILMEMBER SUGIMURA: Nice seeing you, Autumn. For a little while, I saw your daughter peeking her head --

MS. NESS: Oh, yeah. She's in and out . . .(laughing). . .--

COUNCILMEMBER SUGIMURA: -- somewhere I saw . . . (inaudible) . . . So did you submit your business plan to us? Hey, how are you? Look at how big you are now.

MS. NESS: Linda is going to send it to you right now. We actually thought this meeting was tomorrow, which is why I still have my glasses on. She's going to send it to you right now, so you can see it in full.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

MS. NESS: Thanks.

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

COUNCILMEMBER SINENCI: Thank you, Chair, and aloha, Autumn. Thanks for being here. Just to let you know, that for the Hāna food market, this Friday, what they're doing is, they're giving residents these tickets that are from the County. And with the tickets, they can go into the farmer's market and then purchase vegetables and produce from the individual farmers. So that's what they're doing with the Hāna food. . . (inaudible) . . . funding that they did. I was going to ask you...our office had received phone calls from a Michael Hillinger, and I know he's been helping with the food hubs. But Mr. Hillinger has wanted to help with...he owns a refrigeration company with different refrigeration trucks. So I don't know if you eventually get a place to store and operate out of, I mean, he would be a good resource if we need to refrigerate any produce. Just wanted --

MS. NESS: Okay. Great.

COUNCILMEMBER SINENCI: -- yeah.

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MS. NESS: Thank you.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. Any other questions, Members? Seeing none. Thank you so much for your testimony this morning, Ms. Ness. I think you may have lost connection again. Perfect timing. Okay. Oh, there you are. . .*(laughing)*. . .

Okay. Our last testifier signed up is Kanani Higbee.

MS. HIGBEE: Hi. Yes. My name is Kanani Higbee. I just found out about this meeting a little while ago, like, probably twenty minutes ago. But, I was asked to provide some testimony...*(audio interference)*...I can tell you what's happening in my community.

So I was talking ...*(audio interference)*...

CHAIR RAWLINS-FERNANDEZ: Ms. Higbee? I'm sorry --

MS. HIGBEE: Yes?

CHAIR RAWLINS-FERNANDEZ: -- your connection is going in and out, and so we didn't hear the last fifteen seconds of what you said. Would you mind repeating yourself?

MS. HIGBEE: Okay.

CHAIR RAWLINS-FERNANDEZ: In your community --

MS. HIGBEE: Yeah. So in my community, I know it took a long time for a lot of people to get unemployment benefits, and a lot of people are still waiting on that. So the lines for food is very long. So I would suggest more food. And just as Autumn said about the Maui Hub, I think that's a good long-term investment. And then, I just know that the churches are struggling. Those lines are so long. And as far as the homeless, there's a lot of them out. I think there should be more outreach for them. And then because we're going to probably get hit hard when the economy opens, and the schools open, it would be good if we can keep giving our seniors a lot of support, so they don't need to be going out if they can still get food deliveries. I have a neighbor who is handicapped, and it'd be good if she can keep getting those food deliveries so she doesn't need to go out to get that. I know a lot of kids are bored because there's not much to do. I mean, they can go to the beach and everything, but a lot of other places are closed. My kids are, luckily, a part of Queen Lili'uokalani

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Trust, so they do have a worker who comes and visits and drops off activities for them. And my daughter's a part of Upward Bound, so she's very busy. But, I know school's going to start in August, but a lot of the families aren't comfortable with their kids participating in their regular activities, and I don't know if you know of any activities that they could do? Any non-profits that help with that? But my kids are used to playing sports all the time, and they can't do that because the sports is mostly closed down. They have, like, one sport they can participate in that's organized, and they're basically the only kids that show up...(timer sounds)...

All right. Thank you. Any questions?

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Higbee. Seeing no hands up, no questions from the Members. Mahalo for your testimony this morning.

MS. HIGBEE: Thank you.

CHAIR RAWLINS-FERNANDEZ: I will...so that was the last testifier signed up. I will now ask if there is anyone signed in who would like to provide testimony. You may now unmute yourself and proceed.

Hearing no one starting to provide testimony, if there are no objections, I will now close public testimony. Any objections?

COUNCILMEMBERS VOICED NO OBJECTIONS

. . .END OF PUBLIC TESTIMONY. . .

CHAIR RAWLINS-FERNANDEZ: Okay, and we received written testimony, which we will receive into the record. Any objections?

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members. Okay. So the plan for today, is we will take up EDB-81 Circuit Breaker Tax Credit, and EDB-85 Legislation and Discussion on the Effect of the Coronavirus Pandemic and Related Issues. And since we have...we don't have to squeeze this entire discussion in three hours, we have the day to discuss these, I can give the Members more time to ask more of the questions. And then I plan to take a break after that item for lunch, and then we'll complete our meeting with EDB-71, which is Fiscal Monitoring and Grant...of Grants and Grant Reporting, and EDB-90 Fiscal Year 2020 Estimated Revenue Shortfall for General Fund and Solid Waste Management.

Any objections to that plan? Mahalo, Members.

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COUNCILMEMBER MOLINA: No objections.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina.

ITEM 81: CIRCUIT BREAKER TAX CREDIT (CC 20-261)

CHAIR RAWLINS-FERNANDEZ: Okay. So we'll start with EDB-81 Circuit Breaker Tax Credit. We'll continue our discussion from the June 18th meeting. I have transmitted a revised Bill dated July 2nd, 2020, incorporating the proposed revisions that the Committee discussed. As I mentioned during public testimony, I invited Ms. Marilyn Niwao, from Niwao & Roberts, and Mr. Lance Taguchi, our County Auditor. Both are CPAs to serve as resource persons for this discussion in accordance with Rule 18 of the Rules of Council.

Are there any objections to designating them as resource persons?

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members. We also have online, Director of Finance, Scott Teruya, and I saw Deputy Director May Anne Alibin. So we'll start with Director Teruya for opening comments. Aloha.

MR. TERUYA: Aloha, Chair and Members. Good morning. Scott Teruya, Director of Finance. This is a continuation of our discussion earlier, where the Department had submitted some amendments to the existing Bill, to be little bit more with the time, updating, so to speak, due to changes in values, et cetera. And this is just our proposal that we had submitted to you folks, to be more inclusive of people, due to discussion of Councilmembers and the public as well, about how values have gone up, building values have gone up. And we had just proposed some language amendments to be more inclusive of people's needs as values have increased. So before you, there's some amendments that we've included for your consideration, Chair. And I'll leave it at that because I know there's going to be a lot of discussion. So thank you, Chair. And on the line, we also, I believe, have Marcy Martin from Real Property Assessment Division, and May Anne Alibin, Deputy Director. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Teruya. Okay. And then I will...Ms. Niwao? Ms. Niwao was recommended by former Councilmember Gladys Baisa, and so that's how we learned of her expertise. And then...okay. So there. Okay. So we have Ms. Niwao, Mr. Taguchi, Director Teruya, Deputy Director Alibin, and Ms. Martins *[sic]* for questions. I'll start with Committee Vice-Chair King, and then I'll go to Member Sinenci for questions. Committee Vice-Chair King?

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VICE-CHAIR KING: Thank you, Chair...(audio interference)...Are we expecting to hear from the Auditor...(audio interference)...somebody's got their --

CHAIR RAWLINS-FERNANDEZ: They're here to serve as resource people.

VICE-CHAIR KING: Oh. Okay.

CHAIR RAWLINS-FERNANDEZ: So we...I can pick up where we left off in our discussion, and why it's on today's agenda, if you would like me to ask the questions to start. And then Members can follow up. And before I begin with the questions, I'll recognize pro-temp, Tasha Kama. Aloha kakahiaka.

MS. KAMA: Aloha kakahiaka, Chair. And good morning, everyone. And it's still a beautiful day in Kahului, even if I'm having technology issues. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: I'm glad you were able to make it over those technicality issues. Okay.

VICE-CHAIR KING: So Chair, if you could do an overview, and then maybe explain the revisions, and that might answer a lot of people's questions too. And refresh our memory from last time.

CHAIR RAWLINS-FERNANDEZ: Right. So that's what I was going to do. Okay. So Members, did everyone get the revised copy of the Bill? Okay. So as Members may recall, at the last meeting on June 18th, there was a discussion on whether we should keep Circuit Breaker...the Circuit Breaker exemption for households at the adjusted gross income, which it currently states in our Code, or if we should amend it to gross income, and remove the word "adjusted". Director Teruya informed us that in order to make that adjustment, or amendment to the Bill, we would need to also amend the homeowner's exemption. Oh, sorry. Sorry. I'm getting ahead of myself. There's two amendments. The first amendment is the adjusted gross income. Director Teruya let us know that, or recommended us having a CPA so that we would administratively, the Finance Department would be able to easily find the gross income on the IRS form. Right now, they find on the IRS form the adjusted gross income, and that's how they process it. And Ms. Martins, you're welcome to correct me if I'm not correct, in a moment. Okay. And then the second amendment is the delinquency time period. So that's where the homeowner exemption came in. So our discussion was that once someone is delinquent in paying their property taxes, they are disqualified from receiving homeowner exemption, and therefore, Circuit Breaker exemption as well.

So...because the Bill that we received from the Administration did not have those amendments...those are the proposed amendments that you have before you. So the amendment that would allow for delinquency for up to a year. So that

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amendment...(audio interference)...Section 3.48.450, "No home exemption is allowed if taxes on the property are delinquent for a period of more than one year". And that would allow for a delinquency for more than a year. And what we discussed at the June 18th meeting was that if a spouse who pays for...who's the...who makes the income for the household, passes away, for example, if that surviving spouse is unable to pay that first property tax, then the surviving spouse immediately is disqualified from applying for homeowner exemption and Circuit Breaker exemption, or Circuit Breaker credit, which kind of exacerbates that situation. And with the pandemic right now, it's even more of a dire situation for some people. So that's the conversation that we had at the June 18th EDB meeting. So I'll call on...I'll ask our County Auditor first, and Ms. Niwao after, on the...for the gross income tax. Is it easily found on the IRS form on your tax?

MR. TAGUCHI: Aloha Members, this is...can you hear me?

CHAIR RAWLINS-FERNANDEZ: Yes.

MR. TAGUCHI: Okay. I'm just going to give you a slight disclaimer before I start. One is that I'm here is a technical resource. I am going to stay away from what I consider policy considerations as much as possible. There's a whole myriad of policy considerations that I think that Councilmembers got to consider, but that's not really why I'm here. So from a technical standpoint, to answer your question. The only housekeeping, I think that, when I looked at the proposed Bill that I would recommend is, on page 2, under household income, if you delete the word, "adjusted," you may want to consider also deleting the word, "gross income," and insert, "total income." Because on the 1040 return for the IRS, there is no really gross income on the form itself. There is a line 7B, which identifies total income. So you might want to do that as a housekeeping. I do agree with Ms. Roberts that there are other places in the tax law that defines gross income though, but it's not on the 1040 return. And if the intent is to have the Real Property Tax Department take it off the 1040, then there is no such thing as gross income on a 1040.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Taguchi. Ms. Niwao, is there anything you would like to add to that? Okay. There we go. I unmuted you. Ms. Niwao?

MS. NIWAO: Yeah?

CHAIR RAWLINS-FERNANDEZ: Oh, there you are. Okay. Is there anything that you would like to add to the comments that our County Auditor made, regarding --

MS. NIWAO: Income?

CHAIR RAWLINS-FERNANDEZ: Yes. Gross income --

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MS. NIWAO: Actually, gross income --

CHAIR RAWLINS-FERNANDEZ: Instead of "gross."

MS. NIWAO: Yeah. Gross income is defined by the Internal Revenue Code. And if you want to be very technical, it's Section 61 of the Internal Revenue Code. If you're looking at the forms, there is, on the return, a line for total income, which is basically something like gross income. But the total income...gross income...the total income on the form for Form 1040 basically allows for deductions for business. For example, if you have a self-employed business and you have gross income of 100,000, and you have expenses of 90,000, the net of 90,000 *[sic]* would show up on the return as net. And also, you'd have things like Social Security. You know, some of the Social Security benefits could be reduced by the amount of...it could be taxable or not taxable, depending upon the amount of your income. So if you're actually looking at the line on the return, it's, you know, defined as total income. But the definition, according to the Internal Revenue Code, is actually "gross income" that's used. But as I said before, because the tax code and the tax laws are changing, and are very complex, it is actually very difficult to go through all these returns. And the more people you have that come under the Circuit Breaker Tax Rule, the more work you're going to have the County will probably tax people having to go through all these returns, because especially in this year, we're looking at a paradigm shift as far as the economy. We have business owners who have received no income for months. We have hotels, we have people who own rental properties, no income. You know and, and Maui, compared to the other islands, is hit more. Why? And O`ahu, they think, okay, we have this kind of problem, but Maui doesn't have military. Maui doesn't have the universities. Maui, you know, the big universities. And Maui doesn't have a lot of the population that O`ahu does. We are going to be hurt here a lot more than the other islands. And basically, because of that, I said, we are in a paradigm shift, we have to think differently. And when you implement any tax law changes, it has to be thought of with the whole economy in mind. Because it's not only the individuals that are hurting; it's also the businesses, it's also the hotels. You know we...you know, you're going to be having all these hotels with real property taxes, and they have no income because they've been closed down for so many months. Ultimately, what happens is, your property values may fall in...for a short term because there are people who won't be able to pay their mortgages on these real property. And so when real property falls, then your tax base falls. And so you have to be cognizant that, okay, if you're giving a break here for individuals, homeowners, well, the problem is that this problem with the economic damage is not only for individuals, it's all through the Maui economy. You know, and I...and everybody is being hurt by this. Maybe, except, for the retirees who are on fixed income. So --

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Niwao.

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MS. NIWAO: -- I would be more conservative in the Circuit Breaker Tax because there's so many people who are going to be in need this year, and next. Maybe the following year. Because of...the thing about it is, if you think that the people from the mainland are going to risk flying on the plane for five hours, six hours, to come to Maui and risk getting the disease, the COVID-19, then I guess you would have to think, okay, would you risk, if you're older, risk going to the mainland or elsewhere? And so similarly, people who are older are less likely to fly in and take a vacation here. So we are in really serious economic problem in the future because of what I see. And I'm Vice-Chair of the Council of Revenue, so I've gone through a lot of economic reports, and I've seen things. But...and I tell them, Maui's a lot worse than O'ahu because of the fact that our underlying economy is so dependent on tourism.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Niwao. Okay. I'll call on Director Teruya, and then Ms. Martins.

MR. TERUYA: Thank you, Chair. I appreciate the comments by our CPAs. I'm kind of not following Ms. Niwao's train of thought about trying to help the people of Circuit Breaker by moving it to gross income because when we moving it to gross, more people are not going to be able to qualify for it. So I'm not kind of following the nexus there. Chair, I just wanted to point out one comment. I know...regarding the County Code, Section 3.48.825(b)(1), the exception is if the owner should pass away, the surviving spouse is allowed to receive it. So I just want to make that clarification. And I think that one of the comments that we've heard before was allowing other people in the household, who live there, to be allowed to get the exemption. I thought that was... I heard before. My only comment to that would be, it would be different because those title holders would have a different income than probably the person who submitted it. You still do have certification that certifies to the credit. So normally, according to the code, this would more be attributable to the following fiscal year. That's normally how it works. But I'm open to whatever the Members want. We're just here for resource, and appreciate the discussion. Thank you, Chair. And one last comment was...whatever it may be, whatever you choose it to be, whether it's total adjusted gross, or whatever it is, from the Department's standpoint, it's the ease of finding out what it is. We currently require an account transcript, and I'm not sure what is on the account transcript, but that is the information that a clerical staff would be able to identify off the bat. As mentioned in prior testimony, I mentioned that the City and County of Honolulu uses gross income, but they have a definition as to what is gross income. But they...their program is supported by accountants, and our program is supported by clerks. So just wanted to point that out. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Ms. Martins? Marcy Martins?

MS. MARTIN: Yes.

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CHAIR RAWLINS-FERNANDEZ: There you are. Okay.

MS. MARTIN: I just want us to be careful because this isn't the year to make fundamental changes to Circuit Breaker. In the past, we've had some unintended consequences when we've made changes, so we need to make sure that everyone who's currently in the program can remain in the program.

CHAIR RAWLINS-FERNANDEZ: Okay. So the question... I guess we'll take it one at a time, since there are three. So we'll take up the adjusted gross income amendment first. And so the discussion was that we would remove "adjusted," and just leave "gross income," because the concern was that when we just...when we say "adjusted gross income," there are ways that people are able to hide, adjust, their money so that they could potentially qualify for Circuit Breaker Tax when they, you know, if it was gross income, then they would not qualify. So that was the discussion at the last meeting. And so we...what it says in the Circuit Breaker bill is, "Household income means the adjusted gross income, as defined by the IRS, of a household for the year preceding the tax year in which an application for Circuit Breaker Tax is filed. The concern that Director Teruya shared at the last meeting was that adjusted gross income for the Department, for our clerks, is easy to find. And since Director Teruya is not a CPA, he wasn't sure if the gross income would be as easily identifiable. What our two CPAs pointed out is where that gross income could be found. My question to you, Ms. Martin, is after hearing from Mr. Taguchi and Ms. Niwao, do you think that the clerks in your Division would be able to easily identify the gross income as pointed out by our two resource people?

MS. MARTIN: So right now, we are asking for an account transcript from your applicants, and it includes the adjusted gross income. It does not have a line for gross income that I can see. And maybe Lance or Marilyn can elaborate on that. But from what I see...oh, May Anne can also elaborate on that as well.

MS. ALIBIN: Chair, if I may?

CHAIR RAWLINS-FERNANDEZ: Deputy Director Alibin?

MS. ALIBIN: Thank you. So currently, Maui County Code, Chapter 3.48.820, lists the proof of the household income as the following: so the first two is tax return transcript from the IRS, and the second one is the tax account transcript. Right now, as what Ms. Martin just mentioned, the Treasury Division actually requires, for any applicant of the Circuit Tax Breaker, to provide the tax account transcript.

Now, the difference between the return transcript from the account transcript, is the return transcript actually provides, you know, gross income information, or total income information, as filed, so as originally filed, while the account

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transcript is actually based on the amendments made from the original tax return. So the Staff do not request for copies of 1040 at all because we want to make sure that whatever the applicant is stating on the form was actually what was filed with the IRS.

MS. NIWAO: Can I comment?

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Alibin. Ms. Niwao?

Ms. NIWAO: Yeah. You know, the transcript from the IRS is not a complete accounting of the income of a person. Basically, if someone who's a third-party person gives you a 1099, then that shows up in the IRS transcript. But there's a lot of people who do not issue 1099s. So that's not going to show up. Usually what happens is, we use the tax return amount as the figure of how much income a person has. You can verify what is reported by using the transcript, but the transcript by itself will not give you a...an accurate, a totally accurate figure, unless those...that person has received 1099 or W-2 income from a third party. And as I said before, there's a lot of people who do not issue 1099s, and so you are going to be missing income from that person. So I would request that, you know, if you're trying to find the...determine the income, you actually get a copy of the tax return, the federal tax return. And you compare, you know, you can verify that it ties into the amounts reported with the federal transcript. But I don't think that you should be just relying upon the federal transcript. And there's a line on the federal return, you know, line 7b, basically, right now, that you can use to identify the amount of gross income. And as Lance had originally mentioned, it is called, "Total income," but is considered to be gross income from the IRS point of view.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Niwao.

MR. TAGUCHI: May I comment?

CHAIR RAWLINS-FERNANDEZ: Mr. Taguchi?

MR. TAGUCHI: I certainly agree with Marilyn. I think what the Members need to understand is that the instances that Marilyn is talking about may occur in the...in both the definition of taxable income and adjusted gross income. A simple example would be an individual who has a business which was operating. That individual has certain tax options that they can do to move their income up and down. There's things called a "Accelerated Depreciation 179 Deduction," where they can drop their income. So there are abilities for them to move around the income and create losses in taxable income, which will affect both taxable income and gross income. I think one of the considerations would be that, like Marilyn said, to look at the entire tax return. However, that could be quite onerous. I'm not quite sure what the intent of the Council is when we're providing

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the Circuit Breaker Tax credit. There's a practicality that comes in as to whether or not you're going to be looking at all of these things. And the way I would kind of characterize it to the Members would be...when I used to...long, long time ago, when I used to go throw net, you could use a very small eye net, like one inch, and you would catch all kinds of stuff. But you would catch a lot of things that you didn't intend to catch. I could go out, with now, and use a two and a half inch eye net, and that's going to let a lot of things through, perhaps some things that shouldn't go through, but I would only catch a certain amount. That's the scenario I can present to you, that there is no perfect law that you can pass that's going to catch everything without any unintended consequences. That is what I can provide to you. And also, finally, I remember long time ago, when I was an analyst with the Budget and Finance Committee, one of the biggest concerns that they had back then was that the people that was intended to get the Circuit Breaker Tax credit, which was our Seniors, didn't apply. They didn't apply because it was too convoluted for them. So all of these things, I guess, has to be considered as you go forward with your decision. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Taguchi. Okay. So just a reminder for the Members and for the public, 3.48.810 Circuit Tax Establish, B., household income does not exceed...\$100,000 is what it currently is, and the amendments that we're considering from the Administration is to increase it from \$100,000 to \$130,000. Okay. And on Form 1040, 7b, as Ms. Niwao pointed out, it adds lines 1, 2b, 3b, 4b, 4d, 5b, 6 and 7a. And those are wages, salaries, tips, et cetera. 2b is tax exempt interest that's taxable, so the taxable interest. 3b is ordinary dividends. 4b is taxable amount of IRA distributions. 4d is taxable amount of pension and annuities. 6 is capital gains or loss. And 7a is other income from Schedule 1, line 9. So that's on the 1040. That's what line 7b is. Okay. So we'll take up this amendment first. And like I said, I'll go to Committee Vice-Chair King, and then we'll go to Member Sinenci. And then we'll work our way down the row, discussing this one amendment, and then we'll take up the delinquency amendment after. Okay? Committee Vice-Chair King, questions?

VICE-CHAIR KING: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

COUNCILMEMBER PALTIN: I had a question for you about the process.

CHAIR RAWLINS-FERNANDEZ: Yes, go ahead

COUNCILMEMBER PALTIN: So, you know, in the discussion we had before we ask questions of our resources, a lot of them seem to say they weren't clear on what our intent was. And I know what my intent...(audio interference)...but I'm not sure what everyone else, like the other eight members' intent is. And do you think that we should try and clarify what the intent is before...because then it

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seems like they might be better able to advise us if they know what our intent is. Like for me, my intent would be, I don't want to tax folks out of their homes, but I do want to provide enough revenue for the County to operate, you know? And then between Ms. Niwao and Mr. Teruya, I think Ms. Niwao's conservative approach versus Ms. Martin, Mr. Teruya, they don't want to, you know, not allow people that have been collecting the Circuit Breaker to do it anymore. So I mean, do we want to clarify what our intent is before going through the questions?

CHAIR RAWLINS-FERNANDEZ: Sure. I mean, if that's what the Members would like to do quickly. Make a statement on what the intent is for the Circuit Breaker bill, and what they mean by household income. Would Members like to do that?

VICE-CHAIR KING: Chair, well, I'd like to ask the questions because I think the original intent of it was whatever...when it was put in place, was whatever it was back then. You know, our questions and our eventual decision may be based on, you know, some different version of that intent for each Councilmember. But if you want us to, before we ask questions, give a brief statement of what we, you know, what my individual intent was, which is kind of the original intent of the Circuit Breaker, to alleviate those...to mitigate the increase in values that are affecting people who can't afford. You know, somebody buys a house next door to you that...and your house is worth, you know...I mean, our house went from, back in the '80s, \$65,000 for house and property to probably 800 now. But you know, if you're affected by what's happening around you, and you can't afford to pay your taxes, then you use the Circuit Breaker. That was my understanding of the original intent of it, is to help people out with something that increases their value that's not their doing. That, you know, people who have lived there for a long time are affected by what's happening around them, and all of a sudden, their value goes up beyond their means. So that's what I'm looking at this Circuit Breaker...the intent of it. But my question that I wanted to ask Ms. Niwao, and I appreciate your point of view...your perspective...is, what I'm getting from you is changing the household income right now is kind of counterproductive because people are actually making a lot less, and not more. Is that what I'm understanding from you, Ms. Niwao?

Ms. Niwao: You're going to see a lot more people, you know, trying to get exemptions. And so my point is, in this particular year, you know, I see seventy percent of the businesses really affected. A lot of them have not opened, you know. And so you're going to have everybody who's not going to have the kind of income they used to have in the past. And so to think that this year, when we are looking forward at the values, and who's going to qualify for this, you may be saddled with a whole bunch of people seeking this Circuit Breaker Tax, and which could impact the amount of the County being able to collect enough real property tax revenues to pay for the County services. So that's my point. I just look at returns. I look at my clients, and they say they have zero income. They'll be gone for, you know, six months, they won't be operating. That's zero income with all these

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expenses they have for their businesses. And so you're talking a great demand by a lot of people here, who, you know, local people, small businesses who own businesses, who own some commercial real estate or whatever, but --

VICE-CHAIR KING: And so off the top of your head...I get what you're saying, and I agree with you. But so to your point, do you have an estimate of...just like a broad estimate of how much that could potentially affect our revenues? I'm assuming you're talking about a downward trend in revenues if we do this.

MS. NIWAO: Yeah. Even in the Council of Revenues, they were talking about the amount of it. You know, you can't expect August 1st for everybody to come in because there're a lot of people who are not going to come and fly back. So we're talking about a permanent change for a number of years, maybe five years, where we're going to have declining visitors coming in. And then you will have these shopping centers that are going to be empty. You know, all these shopping centers are being taxed, and --

VICE-CHAIR KING:...(audio interference)...I get that. But I'm just saying that overall, are you...do you have... I mean, are you talking about like a thirty percent possible decline in RPT revenues if we do this? If we raise these income levels?

MS. NIWAO: I would recommend not raising the numbers. I believe that using adjusted...gross income is a better figure than using adjusted gross income. So that would be a positive change. And --

VICE-CHAIR KING: Okay. So your recommendation is to use that line 7b --

MS. NIWAO: Yes.

VICE-CHAIR KING: -- the total income. And that should be fairly easy, without hiring a team of accountants, to ask people to bring in their tax return, look at that line 7b, and get that total number off of there.

MS. NIWAO: Well, if the Real Property Division is using only the transcripts, what I'm saying is that number is not accurate. They should actually look --

VICE-CHAIR KING: My question to you is to...is it your recommendation, would be, for real property tax to use...to ask people to bring in their income tax return?

MS. NIWAO: Yes.

VICE-CHAIR KING: And use that . . . (inaudible) . . .B --

MS. NIWAO: You're going to go forward with the Circuit Breaker tax, my understanding the Circuit Breaker Tax will be for people who weren't making very much money.

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The last time I testified, a number of years ago, a lot of people said there's a lot of seniors who are on fixed income, who didn't like having the increases. And I guess in Honolulu, they've dealt with that by just giving an exemption for the 65 and older taxpayers. You know, that's very simple to do. Age? You know --

VICE-CHAIR KING: Okay.

MS. NIWAO: -- okay, you're exempt.

VICE-CHAIR KING: Okay. Just because we already have a Circuit Breaker Tax. So what we're doing is deciding whether or not to adjust it. So I'm just trying to clarify what your recommendations were, and if it would be easy if we use...and maybe Mr. Teruya could chime in, or Ms. Albin, on how difficult it would be just to ask people to bring in their tax return and use line 7b as total income, if that's what you're recommending. Is that something that's easy to do, Mr. Teruya? Or, I don't know if it's Ms. Martin or Ms. Albin who can speak to that? Rather than taking. . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Director Teruya?

MR. TERUYA: Thank you, Chair. Back a while ago, before we had lot of these rules in place, I remember, as the Administrator, overlooking the collection program as well. We would get people's returns, their 1040, in pencil. And you couldn't determine whether or not that's something they're turning in, or that's their draft. And therefore, making these amendments to require these adjusted, I mean, these transcripts, so there's something for us to go off of. I don't know how to answer that question. We tried to move away from it. Ms. Martin can probably attest to it. It was a problem in the past, by just taking paper 1040s. I wouldn't know if that was the original, or their first draft, or whatever. So I'll defer to Ms. Martin because I know she's seen it in the past, probably ten-plus years ago. Thank you.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Yes, that's correct. We were getting a lot of empty tax returns, and questionable tax returns. We were getting tax returns from people who didn't file. Also the tax transcript has a benefit, in that a lot of people may not have good filing. They just call a 1-800 number, and they get the tax transcript so that they can turn it in. We just found that the program was a lot easier for our applicants, who are mostly seniors, to use the tax transcript. And the other nice thing about the tax transcript is that it doesn't contain the level of personal information that the 1040 contains, so that we're not storing a lot of sensitive information. And we understand that, you know, one of the big issues is, we're concerned that people aren't...adjusted gross income, maybe we're concerned that people are getting the credit who maybe don't deserve the credit. And we do

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screen the program, and we look for loopholes every year. And we look for maybe people who shouldn't be getting the Circuit Breaker that are getting the Circuit Breaker. And right now, we don't feel like people are taking advantage. This year, people's tax returns will be the 2019 tax return. So it won't include impacts of COVID. So we do have a year to kind of mull over this discussion about adjusted gross income versus using a gross income. The application date is August 1st, so we don't have a lot of time to make changes for this year. My recommendation would be to keep the transcript, and to keep the adjusted gross...(audio interference)...

VICE-CHAIR KING: Okay, Chair. Just one last clarification. So you're saying that there's no way to verify, even though we're looking at last year's tax return for the previous year, 2019, there's no way to verify that someone is bringing in the tax return that they filed?

MS. MARTIN: Well, we would probably ask for both the tax transcript and the 1040. I suppose if we move to the 1040...that way we could verify that the information on the tax transcript matches the information on the 1040.

VICE-CHAIR KING: Okay.

MS. MARTIN: So if we ask for the 1040, it would be in addition to.

VICE-CHAIR KING: Okay. And --

MS. MARTIN: But to ask for just the 1040, maybe, seems like not a good idea.

VICE-CHAIR KING: Okay. All right. Thank you, Chair. I'll yield.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. Member Sinenci, followed by Member Molina.

COUNCILMEMBER SINENCI: Mahalo, Chair. And thank you to our resource people for providing this important information. So I guess for my intent, I guess...here in East Maui, a couple years back when then Administration, I believe the Arakawa Administration, had increased some of our home valuations, and so seeing that...and then, of course, the Circuit Breaker came about. So we wanted to get as much as our kūpuna that were on the fixed income onto the Circuit Breaker. That was the move when we saw a lot of our home valuations double, during that time. So that was my intent, or our intent, in East Maui. For, just for clarification purposes....so Ms. Niwao, this is just for the home exemption. This is not about any business exemption. I know you're, you know, reflecting on, or projecting on just the economy, but specifically, we're just talking about homeowner exemption, yeah? Not business.

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MS. NIWAO: Yeah. Well, there's a lot of business owners who own homes. So, you know, to the extent that the business owners don't have income there, you'll see that they'll probably qualify for the Circuit Breaker. But you know, as far as all these things, the Circuit Breaker, by itself, is a very difficult tax to administer because of the fact that you're looking at people's gross income. There's some people who don't file returns, or aren't required to file returns, and it's very difficult, as I said before, to actually get a true reflection of what people's incomes are. That's why if you had something like, you know...if it's seniors on fixed income, then it's very easy to have a policy if you're 65 and older, or whatever age that you want, okay, then you qualify for an exemption and a reduction of your real property tax. And coupled with that, I think that for some of the other people who are temporarily being affected by the economy, and later on decide to sell, and would have cash...it would be useful to have a deferral mechanism for any real property taxes that were waived because of Circuit Breaker Tax, or if there's any other provisions in the real property tax system, but where you were going to give people time to pay or, you know, they can't come up with the cash flow right now. Then when they sell the property, you could put a lien on, and get the property taxes from those people. And I think that combination of those things...and it gets a little complicated, but at least it'll ensure that there's some equity, you know, if you own a very expensive property and you don't have any money. And you know, it allows a person to keep the property until they pass away, and then they can pay the tax. So that --

COUNCILMEMBER SINENCI: Okay. Mahalo.

MS. NIWAO: Huh?

COUNCILMEMBER SINENCI: Mahalo for making that connection with the business and homeowners. My second question, I guess, was more Director Teruya. So already, if we increase it to 130, more people will qualify for the Circuit Breaker Tax. But you're saying even more would qualify under gross income? No?

MR. TERUYA: Chair, thank you.

CHAIR RAWLINS-FERNANDEZ: Director.

MR. TERUYA: Thank you, Mr. Sinenci, for that question. Well, it really depends. I mean, if we're going to change to gross, what are we...are we changing the number as well? But if we're changing the thing to net, are we changing the number?

All we tried to do, Administration...all we tried to do...so it was a program that was more up-to-date with the times. We showed, over the last year, that it was last updated, that values have gone up, typically around thirty percent. And all we did was try to increase the numbers thirty percent, so that just as much

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people has qualified back then would qualify now. It's not by any other rocket scientist, any program, it's just our general gut feeling as to, this is general number that things increased. And we just increased it so that more people would qualify, and not be more restrictive, and not making people qualify. That's how the program proposals were based on. Thank you, Chair.

COUNCILMEMBER SINENCI: Thank you, Director. And then a follow-up question, Chair. So how many people has qualified for the Circuit Breaker Tax exemption? Do we have a number?

MR. TERUYA: Yeah. I think Ms. Martin can give you the exact numbers. You have that, Marcy, off hand? Or if not, I can run to my board. But typically, we've always averaged over a thousand applicants.

Since we amended the language about five years ago to cap credits and so forth, and have criteria, the numbers dropped in half, and the credit amount dropped significantly.

Marcy, do you have the numbers off hand?

MS. MARTIN: Yes. So estimated for this fiscal year is 499 taxpayers have qualified, for a total credit of 494,000 dollars.

COUNCILMEMBER SINENCI: Thank you, Ms. Martin.

Thank you, Chair. I'll yield to my fellow members. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. And really quickly, Members, I looked up the tax return transcript, because I didn't know what it looked like. Mahalo, Ms. Milner, for finding it for me. And I don't know if Members would like to see what it looks like, but I wanted to find out...okay, I'll just share it. Okay.

So Ms. Martin...okay, there it is. When you scroll down to income, there's a total income here. Is that not the same as 7b?

MS. NIWAO: No, it's not.

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. NIWAO: I mean, it would be . . . (*inaudible*) . . .--

CHAIR RAWLINS-FERNANDEZ: Is that Ms. Niwao? I'm sorry, Ms. Niwao?

MS. NIWAO: Yeah. The problem is that the tax transcript only reports what people

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have sent in. There's a lot of people who do not send in 1099s, you know, where people get paid; construction workers, or even people who are working...it's an underground economy, you won't ever catch any of that. But also, people who decide not to send in 1099s, you're not capturing that income. So the amount on the transcript is not accurate, as far as, if you are self-employed, and working. And if you have W-2 wages and everything, then that's one different thing, you know. And if you have your money from the banks, that's not a problem. You have Social Security there. But it's the people who are in business, or receiving wages that are not reportable or not reported. And there's a lot of that around on Maui.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Niwao. Okay. Member Molina, do you have any questions?

COUNCILMEMBER MOLINA: Yes, Madam Chair. My question relates to Section 4, 3.48.810, if I may be allowed to ask a question on that section --

CHAIR RAWLINS-FERNANDEZ: Is this regarding the --

COUNCILMEMBER MOLINA: -- of the revised. . . (*inaudible*) . . .

CHAIR RAWLINS-FERNANDEZ: -- the adjusted or gross income?

COUNCILMEMBER MOLINA: Uh...yeah, well --

CHAIR RAWLINS-FERNANDEZ: We're...(audio interference)...that first.

COUNCILMEMBER MOLINA: Basically, it's asking about where the homeowner is entitled to a credit not to exceed \$6,500, and the \$5,000 was bracketed out, and it's been amended now to become \$6,500, and equal to the amount by which the real property taxes is calculated for the homeowner property. For the prior tax year, exceeds two percent of household income, or a minimum tax as established in the annual Budget Ordinance, whichever is greater. Now, my questions are, in general, kind of, all over the place with regards to the revised bill. Now, are we focusing this round on just one specific --

CHAIR RAWLINS-FERNANDEZ: Okay. We're just focusing on the definition of household income.

COUNCILMEMBER MOLINA: Ah, okay. Well, I do have that as well too. Okay. But at a later point, we'll be allowed to ask other questions related to the revision, revised bill?

CHAIR RAWLINS-FERNANDEZ: Yes.

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COUNCILMEMBER MOLINA: Okay, great. Here's a --

CHAIR RAWLINS-FERNANDEZ: And the revised bill that was posted?

COUNCILMEMBER MOLINA: Yeah, the July 2nd?

CHAIR RAWLINS-FERNANDEZ: Those are the only sections that I amended, which is removing "adjusted" and amending the delinquency period. Everything else is what was posted before...that we received from the Administration. So that section, the increasing the 5,000 to 6,500, or the minimum tax...like all that language --

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: -- was there before. And so we discussed that at the June 18th meeting. But after we discussed the newly proposed amendments, the revised bill, those two sections, then we can take up additional questions on the amendments that we received from the Administration.

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: So the first one is household income definition.

COUNCILMEMBER MOLINA: Okay. I'll go ahead and start with that. Just two questions, I guess for the Department.

If a household consists of non-related tenants, would that income count as household income?

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Director Teruya.000

MR. TERUYA: I believe there's a section in this Code that talks to household means house, homeowner, spouse of the homeowner, and any titleholders living on the homeowner property.

COUNCILMEMBER MOLINA: Okay. Because I was thinking how, you know, you have some people that rent a room in their house, who may not be a relative. So I was just wondering if that would have counted towards the household incomes. Okay. Second question. If the non-related occupant is paying rent and contributing to the household, would their income count as household income?

MR. TERUYA: Chair, again, it goes back to the definition of what is household. The household means a homeowner, the spouse of them, or the titleholders living on

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the property.

COUNCILMEMBER MOLINA: Okay. So that would be a yes, then, I guess?

MR. TERUYA: No, they're a renter.

COUNCILMEMBER MOLINA: No. They're a renter. Okay. So that would...so then it's no offense to put. Okay. All right. That's all I had for the household definition. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay. Chair Lee, do you have any questions on the definition of household income?

COUNCILMEMBER LEE: When are we going to be able to talk about intent?

CHAIR RAWLINS-FERNANDEZ: You can talk about the intent of household income now too.

COUNCILMEMBER LEE: Okay. Well, not the intent of the household income. I thought we wanted to get clarification on our...what all of us are --

CHAIR RAWLINS-FERNANDEZ: The intent of the Circuit Breaker Tax?

COUNCILMEMBER LEE: -- . . . *(inaudible)* . . . here.

CHAIR RAWLINS-FERNANDEZ: Yeah. Go ahead.

COUNCILMEMBER LEE: Okay. All right. So three things. And for Marilyn's edification as well. What we are doing is, what we started out doing, most of us... going forward with the intention of helping those who are unable to pay for their taxes, yeah? Those in the lower income categories, and those who have experienced this huge tax burden as a result of surrounding properties, like our old kama'āina families, et cetera. So we're trying to figure out how to help them. So Marilyn, and others, that was the intent. Now, part of the whole process is the ease and accuracy of implementation, which oftentimes we defer to the Departments because they're the ones who administer the program. So for us to talk about the little minutia regarding implementation is not always effective because we're not involved in that part, you know. Although we need to know, but we don't have to know every little step of the way. And then, finally, what we have to know also are the impacts. So that's where the resource people really come in. It's like, you know our intent, so to get from A to B, how is that going to affect the budget? So that's...that is a lot of our concern is what... When we do something, what are we creating in terms of an impact? And it sounds like Mr. Teruya and Marcy, that the hundred and...going up to the 130,000, and some of the other changes, whether it's adjusted or gross income, is already, sort of, accounted for

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in the budget. You know, you're expecting about 500 people to apply for this program, and then it would probably cost us about half a million dollars; is that correct, Mr. Teruya?

MR. TERUYA: Thank you --

CHAIR RAWLINS-FERNANDEZ: Director Teruya?

MR. TERUYA: Thank you, Chair. Once again, Members, the Circuit Breaker credit amount has already been certified to. The proposal before you is for the next fiscal year. So right now, it has no impact on our existing budget for this fiscal '21 year. Thank you, Chair.

COUNCILMEMBER LEE: Okay. But Mr. Teruya, as we move forward, you need to tell us. As we start, you know, making suggestions, we need to know the impacts of those suggestions. So you know, feel free to tell us. Thank you, Madam Chair, that's all I have.

CHAIR RAWLINS-FERNANDEZ: Mr. Taguchi?

MR. TAGUCHI: Just, I guess, a point that maybe Members should understand. And I guess Ms. Martin can correct me if I'm wrong. But the impacts you guys talking about will impact, really, your revenues, from what I see, for fiscal year 2023, actually. Because come this August, when people file for the Circuit Breaker, they'll be using their 2019 return, which was not impacted by COVID. The 2020 return will set up the basis in August 1st, 2021 for the Circuit Breaker. And please correct me if I'm wrong, but I believe that's the current procedure.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Taguchi. Mahalo, Chair Lee. Okay. Next is Member...Chair Lee, did you have something else you wanted to say? Oh, okay.

COUNCILMEMBER LEE: No. But I think Mr. Taguchi was waiting for an answer? I don't know.

CHAIR RAWLINS-FERNANDEZ: Director Teruya?

MR. TERUYA: In application to the credit that it's going to affect in the fiscal year, he is correct.

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

COUNCILMEMBER HOKAMA: Thank you, Chair. My thing...oh, first, yeah. I'll give you my perspective of the Circuit Breaker. I think Ms. Lee can recall the term, "max tax," couple decades ago when this was being debated by that Council. And

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again, that era, terms was being used: "Vikings," "Pilgrims," "Missionaries," "impacts on land appraisals and values." And I think Mr. ... even Mr. Molina might remember the group called, "COMET". So saying that my recollection of "max tax" and now to the Circuit Breaker, was basically about old kama`āina families trying to retain land ownership in the face of volatile increases in value and assessment, part of the Japan bubble and other international factors. So Council was debating how to help the local family retain their property by paying a fair share of taxes, and yet, those increased values will now place them in a situation where they could eventually be taxed out of home and property. That was the intent. As the Auditor correctly states, by who actually applies for it, the target group isn't the one that is actually benefitting, per se. So I would find a way to try and address it. And again, Members, look at the era that the discussion was. You still had a lot of plantation retirees that had land ownership that was living on plantation retirement income. Okay. Very difficult to compete against the high-end real estate development of the visitor industry, and values from plantation. So that was a big factor in us looking at our community make-up regarding tax policy. I would say right now, I am not interested in making any changes. For one thing, I appreciate the Auditor's comments about his projection on impact on real property tax. My concern is the projection of impact on State general fund, and what that means, as it's going to impact our need to, now, see how much more real property income taxation we're going to need to generate to offset the lack of State's general fund. Because that is going to happen right now. It's happening right now. It's going to happen next year, and the following year. They depend on excise tax. Okay, so for me is, we're still going to hurt big time because there's going to be a need for us to make up a lot of the State funding if we wish to continue services at specific levels. So that's my concern. And right now, I would say, we would be more cautious, Chair, that I feel that we don't need to make any adjustments at this time right now. I am willing to allow the Council to see the results, and particularly see what the State is going to do with their big puka in the hole, in the ground. I mean, for me, I don't know when they're going to admit it, but they have a big operational disaster waiting to unfold. Without cash, how do they meet payroll? I mean, I can see it people...the State might have to shut down, and that is not going to be good for anybody. So that's where I see it, financially, at this time, Chair. And that was my understanding of the intent of the Circuit Breaker. And I'm happy to make adjustments so that it does meet the targeted, intended, group for relief. And other than that, I'm not willing to make any other major adjustments on the program. Thank you.

CHAIR RAWLINS-FERNANDEZ: ...(audio interference)...Member Hokama. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. And thank you to our resource people. I'm kind of on the same page as Mr. Hokama, a little bit. But some of my questions for the Director of Finance or his team. You know, when you folks

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recommended the 130,000, it was around the beginning of this coronavirus. And I just was wondering if you're standing by that recommendation in light of the past three, four months, and the projections moving forward?

MR. TERUYA: Thank you, Chair. And Member Paltin, I appreciate that question because you are correct. It is a proposal that we put out there back in February of 2020, pre-COVID. But to be honest, when you look at some of the numbers, and you look at the resale values, even in Wailuku...COVID hasn't really affected prices. I haven't seen evidence that shows that prices are going down. And if I knew that, I mean, I'd be able to make more money than working for the County. But, you know, to be honest, it was a consideration. If the Members want to adjust that to be somewhere in the middle...I mean, we're open to whatever it is. Our whole point of this was a exercise to update our numbers based on the times. And things have changed over the last five years. And we brought this forward as a proposal in anticipation of rising values. Thank you, Chair.

COUNCILMEMBER PALTIN: So then, my follow-up question to that would be, you know, regardless of, or irregardless of rising values, we're not adjusting. What we're adjusting is the income, and that's the thing that seems to be changing. And given what the original intent of the Circuit Breaker tax is, would it be possible, for example, to look at the original price or valuation of the property, and the current valuation, and see if it rose by a certain percentage, then they qualify for the Circuit Breaker Tax? Or if it...within one year, it jumps more than five percent, then you qualify for the Circuit Breaker Tax. Or from the original time when you purchased your property, like the folks out in Makena, I don't know, it's been in their family for years, and now their taxes are \$20,000. So like, what it was, whatever the property value was when they purchased it, if it's increased by more than 20 percent, could they then qualify for the Circuit Breaker Tax based on what the original intent of the...what is it called? The tax break, I guess? Would that be a possibility?

MR. TERUYA: Yeah, thank you. Thank you for that question. I mean, anything is possible. Those would be pretty radical changes to implement for the upcoming fiscal year, for certain. I think that would be a whole other discussion on its own. But it's not something that we couldn't look into. But definitely, for this upcoming fiscal year, being honestly, a month away from accepting applications, that would be a little much for us right now. But we can probably always discuss that in the future. But the other thing that I know, there was a question, or a comment, brought up earlier about Honolulu and their program about taking people over whatever age. Chair, a long time ago, when we talked about Circuit Breaker, we tried to be not subject to only a age restriction, because it's anybody. Just out of college. Just getting their first job. They don't have work as well now, so they're equally dependent on their income. So that's why, the reason why, we didn't have a age requirement, was to help any homeowner in need, in just this

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exact situation of the pandemic, where losing their job or significant income, Chair. Just for comment. Thank you.

COUNCILMEMBER PALTIN: If I can backtrack a little. I probably shouldn't have asked two questions at once. But the part about the rising valuations or resale values, and how that's connected to the income, I was wondering if you could clarify the connection for me? I don't see it yet.

MR. TERUYA: Chair, I have never looked at it. I'm not sure if Ms. Marcy Martin would be able to elaborate on that. I haven't looked into that. It would probably take more research to see the connection, and what other programs or other jurisdictions do it. Remember that when our Circuit Breaker program was first instituted, we had relatively similar, we copied other counties. We kind of tried...City and County kind of went on their own, us and the Big Island. Kaua'i had a more similar Circuit Breaker Tax program. But as far as your question, Ms. Martin, I'm not sure if you have any comment, or Ms. Alibin?

COUNCILMEMBER PALTIN: Oh. The reason why I was asking is, when I asked if your recommendation to move it up to 130,000 still stood, the reason that you gave was the resale values and things were still fairly high. But...so that was my question. Like, just because the resale values are high, why would that make us raise the income to make it be a qualifier? Like, how did you connect those two?

MR. TERUYA: There was really no other nexus than us using a 30 percent increase in values. We increased the credit amount 30 percent to \$6,500, and therefore, increased the income 30 percent over the last five years. It could be aggressive. But it was just a number that we threw out there for discussion, for initial proposals. Thank you, Chair.

COUNCILMEMBER PALTIN: Okay. Thank you. I understand better now. I'll yield the floor.

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

COUNCILMEMBER SUGIMURA: Thank you. Very good discussion. And I want to express my wish, maybe, that if Ms. Niao, Niwao, one day could...if you're the Vice-Chair for Council of Revenues, I would love to hear you give us what you see in terms of forecast. I know what we've seen in terms of the, you know, reading it in, or hearing it, or reading it on the media. But that's valuable statewide. I know the State Legislators rely on your forecasts for their projections, and little bit reflects what Mr. Hokama was saying. Because it was of the Council of Revenues that kind of gave the legislators a glimpse of what is to come with the GET, and the strength of the economy. But in relationship to this, from what Marcy Martin is saying, keep the adjusted gross income. There's wisdom with that. I think that she's telling us what has worked for these 499 taxpayers

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collecting from us, or qualified almost half a million dollars. So I appreciate that. If we're only talking about household incomes, that would be my support for experience, especially with this pandemic. So that's all, Chair.

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

COUNCILMEMBER SUGIMURA: Cannot hear.

MS. KAMA: I'm trying to unmute myself. So the intent, as I understand the Circuit Breaker, is to be able to give those with limited amount of resources a tax break, so that they don't have to pay more taxes on their land that they're being taxed out of because of other surrounding areas. And the only reason I know that is because my grandma, who had a small piece of land in the middle of Bishop Estate property. And she was 75 years old, and they were going to condemn the property because she couldn't pay her taxes. And then somebody told her about the Circuit Breaker, and this is in 1960-something, just before we came back from the mainland. Had that Circuit Breaker not been in place, she would not have been able to pay the taxes on her land, and we not be able to have a place to live in when we came back from the mainland. I still want to be able to preserve the intent of this piece of...this document so that families, our local families, will never have to worry about being taxed out of their own land. Because that's how the history of the loss of our lands occurred. Because we didn't register them. We didn't pay taxes on them. I want us to protect the lands that we have, as best as we possibly can. And however we do that, if it's through the Circuit Breaker, then let's do it. But that's the intent. That is my intent. And so that's my explanation, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro-Temp Kama. Okay, Members, it's 11:06. We didn't take our morning recess. So I'm mindful of that. I'm also mindful of the fact that we've only deliberated on the first proposed amendment, and there's a second one. So do Members need to take a quick morning break before we start discussing the second amendment? Not the right to bear arms, the second proposed amendment to the Circuit Breaker bill. Chair Lee?

COUNCILMEMBER LEE: Okay. These are some of the good things and bad things of having an all-day session. Because we don't feel any rush, you know. We just taking our time. And...so sometimes you're going to have to move us along a little bit. Because it's...we have all day, and so we're thinking, well, you know, we can talk a little bit longer, and so forth, right?

CHAIR RAWLINS-FERNANDEZ: Is that what you all are doing? Because that's not what I'm doing. . .*(laughing)*. . .

MS. KAMA: I'm not doing that.

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CHAIR RAWLINS-FERNANDEZ: Member Paltin?

COUNCILMEMBER PALTIN: I could talk way more. I'm restraining myself. Can't you tell?

CHAIR RAWLINS-FERNANDEZ: . . .*(laughing)*. . .

MS. KAMA: I can tell. Yes.

CHAIR RAWLINS-FERNANDEZ: Okay, Members. Ms. Niwao, are you available to stay on a little longer? I'm sorry, the discussion has been lengthy.

MS. NIWAO: Yeah. You know, this Circuit Breaker Tax is actually kind of complicated, you know and the way it's set up, and the way its administered. The fact that you're using gross income. I have clients, my clients, who are actually taking advantage of this Circuit Breaker Tax. And as Councilwoman Kama has mentioned, people who owned land, you know, just raw land that have been in the families for a long time, they are also going to be having to pay the real property tax because you don't get a homeowner's exemption for a property that people have owned for many, many, years. I think that if you...this is a big, big problem. I can understand the issues to solve it actually requires a lot more discussion. And you know, perhaps have a panel or, you know, a panel of experts come together and discuss, you know, with the people in the real property tax session, the finance people, and then come to some kind of consensus as far as a way to implement the relief that you have in the least... the easiest way to expedite without having to do a lot of work to get the results that you want.

MS. KAMA: Good thing.

MS. NIWAO: I beg your pardon? Yeah. I mean, the State has a tax review commission, right? So they basically meet for a couple of years or whatever. And they come up with the plan, and recommendations. And I think maybe what this Council needs, is probably, to have that group of experts to come together and discuss the taxation of real property tax. Because there are other, you know, when I just looked at the other States --

CHAIR RAWLINS-FERNANDEZ: Ms. Niwao --

MS. NIWAO: Huh?

CHAIR RAWLINS-FERNANDEZ: Ms. Niwao. Last year, we convened a temporary investigative group on tax reform --

MS. NIWAO: Oh.

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CHAIR RAWLINS-FERNANDEZ: -- and so we're not...we haven't completed all of our tasks. So we're actually going to reconvene in a few months, and we would love to have you as a resource so that we can have a deeper discussion on all of these ideas. Because as you said, the land that is inherited by families would not qualify for Circuit Breaker --

MS. NIWAO: Yeah.

CHAIR RAWLINS-FERNANDEZ: -- only hold owners *[sic]*, right? So that's a burden that this bill doesn't address.

MS. NIWAO: Yeah. So there are a lot of issues that you brought up of who should get relief. And I don't think that this bill by itself accomplishes what you're trying to do without you know this.

CHAIR RAWLINS-FERNANDEZ: Right.

MS. NIWAO: People taking advantage of it. Probably you didn't expect that. And people who probably should be getting relief, but didn't know about it, or it's too complicated to do.

CHAIR RAWLINS-FERNANDEZ: Right.

MS. NIWAO: And so those are the circumstances that I'm looking at. And I think that you actually need to look at that. At the same time, as you mentioned a Council of Revenues, the TAT tax, you know, it has collapsed. You understand that.

CHAIR RAWLINS-FERNANDEZ: Yes.

MS. NIWAO: So whatever you thought that you were going to get from the TAT, you know, the allocation of that is going to be --

CHAIR RAWLINS-FERNANDEZ: We anticipated --

MS. NIWAO: -- gone.

CHAIR RAWLINS-FERNANDEZ: We anticipated zero for our budget this year.

MS. NIWAO: Okay. Yeah.

CHAIR RAWLINS-FERNANDEZ: Because of what you're saying. Pro-temp Kama --

MS. NIWAO: Yes, that's a good assumption.

CHAIR RAWLINS-FERNANDEZ: -- and then if Ms. Niwao is able to stay on, then we'll

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take a ten-minute break. Pro-Temp Kama.

MS. KAMA: Thank you, Chair. So I just wanted to tell you how that story ended. My grandmother passed away in 1988. And the land was sold in 1989, for that very reason that...her children were not in any position to pay the taxes once she passed away. That's what I want to preserve with this piece of legislation. Thank you.

CHAIR RAWLINS-FERNANDEZ: So Pro-Temp Kama, this particular Circuit Breaker --

MS. KAMA: Yes.

CHAIR RAWLINS-FERNANDEZ: -- wouldn't have protected that. So later on, when we reconvene the TIG on tax reform, that's something that we can look at. But for today, the Circuit Breaker wouldn't have addressed that particular situation. And I'm...that's always a heartbreaking story that happened way too many times to a lot of kanaka families. Okay. So we'll take a ten-minute break. It's 11:12. We'll just reconvene at 11:25, is that okay? Any objections?

VICE-CHAIR KING: No.

CHAIR RAWLINS-FERNANDEZ: Okay. It's 11:12 on July 8th, and the Economic Development and Budget Committee will reconvene at 11:25. We're in recess. . .*(gavel)*. . .

RECESS: 11:12 a.m.
RECONVENE: 11:28 a.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . .Will the Economic Development and Budget Committee please return to order. It is 11:28 on July 8th. And we are on EDB-81 Circuit Breaker Tax Credit. And we'll pick up where we left off on the second proposed amendment, which is to give an exemption for delinquency for up to a year. So right now, if the homeowner, property owner, is delinquent, then they automatically fall out of, or are disqualified from this exemption.

Director Teruya?

MR. TERUYA: Chair, I'm sorry. I logged on a little late.

CHAIR RAWLINS-FERNANDEZ: It's okay.

MR. TERUYA: But I think you were talking about your second amendment in relation to property taxes --

CHAIR RAWLINS-FERNANDEZ: Yes.

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MR. TERUYA: -- that are not delinquent for more than one year.

CHAIR RAWLINS-FERNANDEZ: Yes. You mentioned --

MR. TERUYA: Chair, I think --

CHAIR RAWLINS-FERNANDEZ: -- you mentioned --

MR. TERUYA: Chair, I --

CHAIR RAWLINS-FERNANDEZ: -- that one example. I think it was...you said, 3.48.825? Where if a spouse loses their spouse, then they would have some kind of leeway?

MR. TERUYA: Correct, Chair. 3.48.825(B)(1) states that if it is transferred to the qualifying spouse, that they would still be available for the credit. But in relation to your question, if it is that question to me about the property taxes not delinquent for more than one year, Administration, from our standpoint, would be supportive of your amendment. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Okay. Members, any questions on this proposed amendment, which would amend both the Circuit Breaker bill and the home exemption section that would allow for that delinquency?

Director Teruya?

MR. TERUYA: Sorry, Chair. Real quick. Just to let you know that there's other parts of the Code that we may need to amend, if this is amended, Chair. Just a heads up.

CHAIR RAWLINS-FERNANDEZ: Okay. Please proceed. Which part? The Circuit Breaker Code or the home exemption? Which sections would need to be consistent in order for this amendment to pass? Director?

MR. TERUYA: Sorry, Chair. I'm still looking for it. I'm not sure if Ms. Martin has it readily available, or Ms. Alibin.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin or Deputy Director Alibin?

MR. TERUYA: It has to do with the home exemption portion. I believe 450 or somewhere around there.

CHAIR RAWLINS-FERNANDEZ: Oh, yeah. That's the one. The homeowner exemption.

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MR. TERUYA: Yeah. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: So section 3.48.450(G), "No home exemption is allowed if the taxes on the property are delinquent." And then we added, "for a period of more than one year." Is that the section you're talking about Director? Director Teruya?

MR. TERUYA: Thank you, Chair. Yes, that's correct.

CHAIR RAWLINS-FERNANDEZ: Okay. Are there any other sections in the Code that would need to be amended in order to not have inconsistency within the Code for this amendment? Ms. Martin?

MS. MARTIN: I think we're good. We just did a quick scan, but we'll look again.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, Members, any questions on this proposed amendment. Again, this is to increase from zero delinquency to up to a year of delinquency. I see a hand from Member Paltin. Member Paltin?

COUNCILMEMBER PALTIN: Oh, Chair. It's not a question. I just...I didn't realize that you were proposing this amendment too. So I had one on Friday that was real similar, and they're checking if there's any other part of the Code that needed to be amended. But I can cancel that if there isn't any other part of the Code. I didn't realize we were doing double, double.

CHAIR RAWLINS-FERNANDEZ: Okay. Aloha for your proactive thoughts. I appreciate it. Okay. Members, any other questions on this section? Pro-Temp Kama?

MS. KAMA: So let's assume that people are behind in their taxes, let's say for five years. And they're trying to work it out with our Tax Department to try to bring those taxes down, or at least try to get it to a place where it's paid in full. And it does take a lot of time to do that. But every year, you know, as they try and struggle and pay those back taxes that may have not even been of their accord, it could have been inherited at some point in time. And now they want to be able to...not realize it, but catch up with it, and then they find themselves in this situation. Is there anything...and the start date is actually this year, right? So at the end of this month, that's when all of this goes into effect. So how does that impact those? And what can we do to help relieve some of those taxpayers of that burden, and try to help them. To not add more to their burden, but to maybe make it a little lighter, or easier.

CHAIR RAWLINS-FERNANDEZ: Mahalo for your question, Pro-Temp Kama. So we are reconvening the temporary investigative group later this year. And we can have that discussion then. But if Director Teruya or Ms. Martins would like to provide any comments to Pro-Temp Kama's question, you may.

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MR. TERUYA: Chair, I don't have any --

CHAIR RAWLINS-FERNANDEZ: In regards to Circuit Breaker.

MR. TERUYA: Chair, not at this time. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Teruya. Pro-Temp Kama?

MS. KAMA: We're just going to have to work it out at the TIG. Thank you, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro-Temp Kama. Okay. I see no other hands. I'm sorry. And I also don't have everyone on my screen. So if you are raising your hand, please unmute yourself --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Committee Vice-Chair King?

VICE-CHAIR KING: Thank you. Thank you. Yeah, it's hard to tell who's on the screen for everybody else. We all have different faces on our screens. I just wanted to ask Marilyn if she had any comment on that proposed change.

MS. NIWAO: Are you talking about the one having to do with the deferral of tax? I mean, if before --

VICE-CHAIR KING: What we're talking about...well, the current Code says that you're not eligible for the Circuit Breaker Tax if you're delinquent. And we're adding on "delinquent for the past year," or for more than a year. So what we're allowing for is if someone has been in a circumstance that they haven't been able to pay their tax within the last year, that they're still eligible for Circuit Breaker. I just wanted your opinion ...(audio interference)...

MS. NIWAO: I think my comments will be, because we're facing unprecedented economic times, the County might find itself in the same position as a lot of people or businesses, or even the State Government. Which is, you'll have a lot of receivables. You know, you can try to extend credit and whatever, but ultimately speaking, people who own property also likely have mortgages. You know, home mortgages. And to the extent that interest rates, mortgage interest rates are low, it would help people to keep their properties. They can finance and get financing, and so that they can pay their bills.

And so I guess, on the one hand, it would be helpful for these people who can't pay. On the other hand, it might compound the problem. You know, if we have

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people who don't pay their real property taxes. In one way, by saying that you won't qualify, it's an incentive for that person to really come up with the money. And so it helps with collections of taxes. Otherwise, you might be in a situation where you're going to end up having more of a collection problem in the future. That's the one downside. But I think that the County might think about it, and because of the property taxes, you know, it would have been...I guess as the property values rise, it would be nice to have the property taxes lowered, and so that people can pay less in these times. But I understand that the services that are required for the County are probably going to be greater now because of the economy for those who have less.

VICE-CHAIR KING: Well, we did lower the property taxes for individual homeowners.

MS. NIWAO: Right. For individuals. Yeah. I see that.

VICE-CHAIR KING: So we did that this budget session. So, you know, you made some valid points. Just wondered how...okay so, maybe, Mr. Teruya or Ms. Martin could comment on whether you think this is going to lead a lot more work in receivables. Because now we're going to have people who are delinquent a year being also applying for the Circuit Breaker Tax.

MR. TERUYA: Chair.

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: I agree with that comment. We never want to defer our taxes, that's for sure. I agree with that. But at the same time, we're trying to make accommodations during this year for people who can't make it, to make sure they don't lose their home exemption. So we have two different sides to it. It's the Council to decide, what do you want to do? We're amendable to that point. The good part is we're only allowing it for the homeowner, just for the homeowner program. So, you know, for the most part, when I spoken to all of the banks and the mortgages, we don't see a problem there. So most people with mortgages won't see a problem. That's probably 40 percent of our homeowners. So I don't see a big revenue loss, but it will put people behind. I agree with that. Hundred percent. You're just making it compound for, at some point, to be a later expense for them. For sure, we would like to collect our money on time. But I understand this measure as well. So kind of both sides. Up to the Members.

VICE-CHAIR KING: Yeah, I appreciate that comment. And you know, I think one of my concerns is, I think we should be making...we're making changes in an ordinance, so this should be long term. We can make, I think, some of the short-term changes that have been made in this emergency have been allowing people to put off their taxes, their tax payments. And they pay them in installments, and I think that's what's going on right now in response to the COVID. So, you

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know, yeah, it's a hard one because you can see both sides. You want to help people out; but then long term, you don't want to accumulate years of past due bills going forward. So I guess I'm kind of where Director Teruya is. I see both sides of it. It's hard to, you know...I appreciate your comments. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. Mr. Taguchi, was that your hand? Oh, okay. Okay. Yeah. So this would only be for a period of no more than one year. So it wouldn't be accumulation of years. It would just be up to one year. And then after that, they would be disqualified from the homeowner's exemption. So it's not, you know, a deferral of all taxes. It's just the exemption. So a discount to the taxes. Okay. Members, any other questions on this amendment? Okay. Seeing none. We'll take up the last...it's not an amendment, but it was a concern that was brought up by Member Sinenci. And we'll quickly address that. The concern that Member Sinenci brought up in the last meeting, was that under 3.48.810, "Upon proper application, a homeowner is entitled to a tax credit," and then it goes on. So the homeowner is who the tax credit is with. And Member Sinenci asked if someone, the homeowner, passes on and leaves the property to the person who inherits that property, who resides on that property as the primary residence, if that tax credit, if the Circuit Breaker Tax credit would still apply, or if it would be revoked? Director Teruya shared Section 3.48.825(B), which states that, "The Circuit Breaker tax credit shall be revoked, if during any tax year for which the homeowner has been granted the credit: 1. Title to the property is transferred to a new owner by gift, sale, devise, operation of law, or otherwise, except when the title is transferred to a qualifying, surviving spouse". So initially we were thinking that because this is probably not something that happens too frequently, that it could be addressed in the rules and procedures in the Division. But after reading that section, my question for Ms. Martin is whether that inheritance would be considered a gift, and therefore, would be disqualified, and the Circuit Breaker exemption would be revoked under that section. Do you know, Ms. Martin?

MS. MARTIN: So currently, if it passed, say, from a parent to a child, it wouldn't be a surviving spouse situation. That would be a title transfer. So they would lose the Circuit Breaker. We do ask that all people eligible for the home exemption are on the applications when they file. So if they were already living there, there's, you know, a continuation. You know, we try to be really proactive in notifying people upon death. But there isn't a provision in there to have the Circuit Breaker transferred.

CHAIR RAWLINS-FERNANDEZ: So if in that situation the child inherited the property, that child, if not on the title, not on the deed, would then lose that Circuit Breaker exemption.

MS. MARTIN: Um-hum.

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CHAIR RAWLINS-FERNANDEZ: Okay. And that's not something that could be addressed in the Rules and Regs. Director Teruya?

MR. TERUYA: Chair...and Ms. Martin, can correct me if I'm wrong. If...the way your trust is set up that you are beneficiary, are you considered able to receive the home exemption?

MS. MARTIN: Yes. So the home exemption, you can continue to receive it. For Circuit Breaker, it's a little different. It requires you to be an owner, to have the home exemption, for five years. So if a child then got the property, applied for the home exemption, they qualified, at that point they would have only had the exemption for one year. So I think, if your intent is to allow the inheritance to a family of Circuit Breaker, I think you're going to have to do a Code amendment.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Martin. Ms. Niwao?

MS. NIWAO: Yeah. I just want to comment about inheritance, you know. When you refer to someone who inherits, a lot of times that person might be in a different circumstance financially than the person who might be an elderly person who passed away on Social Security fixed income. So, you know, saying that the Circuit Breaker exemption should pass on to the beneficiary without them looking at the income of that person, I think, would be a mistake. Because we're going to see what all the baby --

CHAIR RAWLINS-FERNANDEZ: Ms. Niwao --

MS. NIWAO: Huh?

CHAIR RAWLINS-FERNANDEZ: Ms. Niwao, all the other qualifications would have to apply.

MS. NIWAO: Okay.

CHAIR RAWLINS-FERNANDEZ: So it wouldn't be an automatic, you know, application of it. It would still...the way that the Circuit Breaker is set up is the household income would not exceed a certain amount. And then there's a scale on how much of a tax credit that a new owner would receive. But after learning about this section, where the inheritance would not apply...and it would require a Code amendment, that's not going to be something that we're going to go into discussion on today. Because it's not before us on the bill, and we wouldn't have time to make that amendment for the next fiscal year, which we need the amendments to be passed, if amendments will be passed, by August 1st. So for the inheritance, we can take that up in the TIG, the tax reform TIG, and discuss that if we would like to make that amendment. Okay. So the reason I brought it

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up is because in speaking with the Department prior to this meeting, we were thinking that it would have been something that the Department could have taken care of in the Rules and Regs. But now we know that it cannot be. So we can take that up in the TIG, or at another time. So we have the household income definition, and the delinquency amendment for the both the Circuit Breaker and the homeowner exemption. I'll open up the floor now to other questions, and then I'll entertain a motion. Oh, I'm sorry. We won't be entertaining a motion, because we'll have to defer. And we can discuss that after questions. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. So I guess my question is, when you were talking about household income and the one-year delinquency, are we skipping over the discussion about the change in the amount of homeowner gross building assessed value? Is that a package deal with the homeowner, or the household income?

CHAIR RAWLINS-FERNANDEZ: No. No. So that's the questions, right? Opening up the...I'm going to mute you because the wind is loud. Okay. So what we received from the Administration are all the other amendments. The amendments that we discussed as a EDB Committee on June 18th are the amendment to the definition of household income, and increasing the delinquency to one year. So those are the two that the Councilmembers had discussed possibly wanting to include in the amendment. So today, since we discussed most of the...or we discussed all of the amendments on June 18th, that we received from the Administration, we can talk about it some more. It is 11:51. And if Members have more questions on those amendments...I'm not going to be entertaining any amendments to...a motion to amend because we're not going to be passing this bill. The bill, this bill, has been posted to the Council meeting on Friday as a County Communication. And if we would like to pass it so that we can meet the deadlines of August 1st, then I would move to waive Committee referral and report, so that we can pass it on first reading as a County Communication. So this bill that you have right now, that we're discussing, is on the Council Agenda. And we can...if you would like to amend this bill further, we can do it at the Council meeting. But we can discuss those proposed amendments now. I just won't be able to entertain those actual motions in this Committee meeting because I'm not going to have a main motion.

Okay. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Is it okay, windy? You can hear me okay?

CHAIR RAWLINS-FERNANDEZ: Yes. Thank you.

COUNCILMEMBER PALTIN: Okay. So my discussion on this would be based on

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Director Teruya's assessment that, you know, as of the end of the fiscal year, the home resale values have been holding steady, but folks' income have been dropping. I would be okay with adjusting the homeowner's gross building assessed value, but I'd like to keep the household income as it is. Personally, that would be my preference. And I would also like...I really like the defer for one year if they're delinquent in their property taxes. That's my addition to the conversation.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Paltin. And as far as adjusted gross income or gross income, because that was something that you had brought up.

COUNCILMEMBER PALTIN: Yeah. I'm still for gross income, but being that with the coronavirus situation, I think that's something that I would hold off on for right now. I don't want to make too many broad changes right at this time because of the unusual situation that we're in. I still prefer gross income, but with these kind of, uncertain times and things, I think, you know, we shouldn't change too much at one time.

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

COUNCILMEMBER PALTIN: That's how I feel right this minute.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Okay, Members. Any other questions or comments on the bill? Committee Vice-Chair King? And if I don't see you, please unmute yourself to get my attention. Committee Vice-Chair King?

VICE-CHAIR KING: Thank you for seeing me. So, yeah. I was actually going to say the same thing about the, you know, not wanting to adjust the household income because they're all adjusting down right now. So I don't see a reason to adjust them up. But I did...I have been reading that, you know, especially in the other counties, some of the median prices are actually going up. And I think that's...I don't know how that relates. I guess my question is, how does the median sales price, how does that relate to values? Because it doesn't necessarily mean that the values of the property are going up, but the sales that are happening right now are all high-end sales. Because I guess that's all the people that have the money. So if, maybe . . . (*inaudible*) . . .--

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

VICE-CHAIR KING: -- Martin, can you kind of give us...give me, just a brief answer on whether median sale prices are related to property values. If you expect the property values to go up because of that?

MS. MARTIN: Yes. We do value based on sales. So if sales are trending up, it's likely

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people's assessments will go up, and it's likely that their building values will go up. And so you can use the increase in the building values portion of the amendment to protect homeowners from those increases.

VICE-CHAIR KING: Okay. Thank you for that. It looks like Director Teruya has a response as well.

CHAIR RAWLINS-FERNANDEZ: Director?

VICE-CHAIR KING: . . . (*inaudible*) . . .

MR. TERUYA: Hi. Thank you, Chair. And thank you, for that question, Ms. King. I think when you hear median from the ram (*phonetic*), it's different from what we're talking about. They're just talking about median based on what is selling.

VICE-CHAIR KING: Right.

MR. TERUYA: They're actually doing the market based on the neighborhoods. So for example, and I had mentioned to you earlier in Wailuku, we're looking at price values over their assessments. And the sale prices that are occurring now are close to or above what we had them assessed before. So that's an indication of, in that neighborhood, what's going on. And we're not seeing things going down yet. So there will be pockets throughout the County that will go up and down, but I'm just talking about, in general, for the homeowners. Right now, we don't see any drastic reductions by sales. So...and you know, interest rates are very good. Very little amount of properties on the market, and supply and demand. Thank you, Chair.

VICE-CHAIR KING: Right. That's why, you know, we're seeing the values holding. So I just wanted to make that connection between what was happening and sales. And I think to me, it sounds like the sales are at the higher end because those are the people that still have money that could afford to actually buy houses. You know, most of us...people that have lost their jobs and are struggling are not going to be buying houses right now. So I would be for adjusting the building assessed value in the bill, but not necessarily the household income descriptions going up. And I'm still not, you know, I'm still kind of torn between the adjusted gross income and the gross income. Because I can see that the adjusted gross income can also allow for a lot of people to hide some of their income. So I'm not sure what the, you know, I still don't know what to...I'm hearing both sides that, you know, it's whatever you want to do; but what I hear from Ms. Niwao, is...there's a lot of abuse right now because of the adjusted gross income ability to make all those adjustments. So I don't know, you want to speak...you want to say something about that, Ms. Niwao?

MS. NIWAO: I listed down some of the deductions that go down to adjusted gross

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income, and you have things like IRA contributions, and the self-employment insurance, and all that. So there's a lot of room for adjusting that number. And that's why the gross income would be a better figure to use, rather than something where people can adjust in order to reduce their property taxes. So the gross income to me is a better figure. And, you know, my written report lists out some of the ones that are pertinent to your needs. But that's why I would make the change to the gross income.

VICE-CHAIR KING: Okay. Thank you. I really appreciate that info. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. And then I seen Mr. Taguchi's hand up. Mr. Taguchi?

MR. TAGUCHI: Thank you, Chair Rawlins. I just wanted to give you a technical perspective of this, what I perceive is a technical perspective, to help you step back to kind of look at the totality of what is being proposed. When I look at the bill, more so than the increase in the exemption, or the increase in the household income, one of the things that stand out to me is moving the homeowner's gross building assessed value, moving it up \$250,000 from \$500,000 to \$750,000 under base layer. That, in my view, will allow a lot more homeowners to be eligible for the Circuit Breaker Tax credit. I'm not sure because I don't handle the numbers in terms of gross building values, but I think the Real Property Tax Department would have a better understanding of how many more households and real property tax properties will now become eligible for Circuit Breaker Tax credit. Because by increasing the building value by \$250,000, I would think that there's going to be a lot more homeowners available, unless the distribution curve of building values is not what I think it is. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Taguchi. Okay. Members, again, if you are raising your hand, and I'm not calling on you, I may not see you. So just unmute yourself, and then I'll call on you.

I know Member Molina had mentioned that he had question on a different section. So Member Molina, if you are there and you still want to ask your question --

COUNCILMEMBER MOLINA: Yeah, sure.

CHAIR RAWLINS-FERNANDEZ: -- now would be the time. There you are. Okay. Member Molina?

COUNCILMEMBER MOLINA: Yeah. Okay. Thank you. Thank you for allowing me this. The proposed Bill states that, you know, "Homeowner is entitled to a credit." And Members, I reference Section 3.48.810. Continuing on, "Homeowner is entitled to a credit, not to exceed \$6,500, equal to the amount by which the real property

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tax is calculated for the homeowner property, or the prior tax year, exceeds two percent of household income, or the minimum tax as established in the annual budget ordinance, whichever is greater." My first question on that. Are there current taxpayers that qualify for the Circuit Breaker that pay less than a minimum tax? Anybody?

MR. TERUYA: No.

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, the answer is no. Because the minimum tax is the minimum tax.

COUNCILMEMBER MOLINA: Okay. Okay. And lastly, with the use of this exemption, is it possible for a taxpayer to pay less than a minimum tax?

MR. TERUYA: Same answer. The minimum tax is the minimum tax.

COUNCILMEMBER MOLINA: Okay. That was my question. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay, Members. Any other questions? If not, I will defer this item.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Committee Vice-Chair King?

VICE-CHAIR KING: I guess I dropped off the screen. I think Member Molina bumped me. That's okay. No. So I just wanted to clarify that what we're talking about with these increased rates, you know, the first one going up to \$750,000. You're right, it will include...it will allow more people to qualify. Because I am probably in that bracket now, you know. But what we're talking about eligible percentage of Circuit Breaker Tax credit, so you're talking about the full tax credit of \$6,500, that exemption, if we pass this; is that correct, Mr. Teruya?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Thank you, Chair. My understanding is... Ms. Martin, correct me if I'm wrong. But the current credit cap is currently at \$5,000. That just changes to \$6,500 that's all.

VICE-CHAIR KING: Yeah. And that's where...and then just to clarify, that number came from you folks? The increase in that number from \$5,000 to \$6,500, that came from the Department?

MR. TERUYA: Correct, Chair. That was just how we did the thirty percent across the

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board for increases over the past five years. Thank you.

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

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Committee Vice-Chair King. Okay. One last call for questions or comments. Okay. So like I mentioned earlier, what we're going to do is defer this bill in Committee, and then this exact bill has been agendized *[sic]* for Friday. I will move to waive Committee referral and report on the County Communication, and then I'll move to pass the bill. And then we can amend the bill on Friday, if Members would like to do that then. Okay?

So any objections to deferral?

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members.

ACTION: DEFER pending further discussion.

CHAIR RAWLINS-FERNANDEZ: Okay. It's 12:05. And I'm going to give everyone lunch until 1:15, is that okay?

COUNCILMEMBER LEE: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members. And I want to thank our resource people, our County Auditor, Mr. Taguchi, our CPA resource person, Marilyn Niwao, and of course, Department of Finance, for fielding all of the members' questions today. I really appreciate all your insights and guidance with this very complex bill. Okay. When we get back, because we have scheduled all the Departments to connect to the meeting at 1:00, we are going to begin...for item EDB-71, we're going to take up EDB-71 first, Fiscal Monitoring of Grants and Grant Reporting. And then we'll take up EDB-85 Legislation and Discussion on the Effects of the Coronavirus Pandemic and Related Issues.

Are there any objections to taking the agenda in that order?

COUNCILMEMBERS VOICED NO OBJECTIONS

COUNCILMEMBER SUGIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Member Sugimura?

COUNCILMEMBER SUGIMURA: So I have not objections, but I'm going to come back at 1:30. Just so the Committee will know.

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CHAIR RAWLINS-FERNANDEZ: Okay. Okay. So Mahalo to everyone for serving as a resource. And we will be on lunch until 1:15.

It's 12:06. And the Economic Development and Budget Committee is now in recess. . . .(gavel). . .

RECESS: 12:06 p.m.
RECONVENE: 1:18 p.m.

ITEM 71: FISCAL MONITORING OF GRANTS AND GRANT REPORTING (CC 20-55)

CHAIR RAWLINS-FERNANDEZ: . . .(gavel). . .Will the Economic Development and Budget Committee please return to order. It is 1:18 on July 8th. And we are now on agenda item EDB-71 Fiscal Monitoring of Grants and Grant Reporting. We have with us Member Paltin, Committee Vice-Chair King, Member Molina, Pro-Temp Kama, Member Sinenci, and Chair Lee. And Member Sugimura and Member Hokama will be joining us shortly. And we have all of the Directors...Departments that manage grants with us: Director of Finance; Managing Director, OED; Department of Housing and Human Concerns; Water Supply; Transportation; Finance; Parks and Rec.; Environmental Management; Emergency Management Administration; and Planning. Okay. So I will turn on Director Teruya video. Okay. There you are. Okay. So we'll start --

MR. TERUYA: Thank you, Chair, and Members. To be honest --

CHAIR RAWLINS-FERNANDEZ: Oh, sorry.

MR. TERUYA: -- I want to defer, maybe, to the Managing Director. The Finance Department doesn't really administer or review any of the grants, so. We sign off on them, but I'll defer to the Managing Director at this time. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Okay. Really quickly, I'm going to share my screen so that the public sees what we're referring to. Oh.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Committee Vice-Chair King.

VICE-CHAIR KING: Just real quickly. Are we going to be able to ask questions after each one of the Directors --

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: -- okay. Great. Thank you.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, for your question. Okay. So here's the grants spreadsheet. And Mahalo to Director Tsuhako for creating the first spreadsheet last year. This was modeled after Department of Housing and Human Concerns spreadsheet. Incorporated a lot of what the Members had asked to have, you know, some of the ideas that was proposed last year. And then I added some of my own ideas. So agency name, the program, the number of years they've received funding, so...oh, and this is all made up. There's no Hau'oli Watershed Protection. Just pretend. And then the grant number, fiscal year award amount, the amount of payments, and then the scoring. So out of five points for, you know. So the grant application worth five points; responsiveness, five points; records and reporting, ten points; meeting the community needs, fifty points; use of funds, ten points; effort to secure other funding, ten points; percentage of County funds for projects, ten points; and for a max score of a hundred. And it's broken up into categories. So the first part is administrative. The second part is community needs, and then, the third part is sustainability, and then a column for remarks. And part of what we were talking about last year was that, that the scoring shouldn't be all the same amount. It shouldn't be weighted the same. And that of everything, the most important thing is that they're meeting the community needs. And so I added, on the bottom, the goal and objective. So the goal and objective of the Department, you know, is to meet the community needs. And so the goal of the Water Department, to support a sustainable water supply. And objective, support a sustainable water supply, protect watersheds, aquifers, and stream resources. So those are the goals and objectives that we receive in the budget program book each year. And so my thought was if we tie the grantee's project or program to the Department's goal and objectives, that it would make sense on whether they're meeting the community's needs, as stated by the Department's goals and objectives. So that's an explanation of the spreadsheet. And we had talked about, last year, making the spreadsheet consistent for each of the Departments, so there's like a standard reporting. So that both the Council and the Department would be on the same page, as far as what kind of information is expected. And that way, we're saving everyone time and energy, so that the Department knows what the Council...what kind of information the Council would like to receive. And then the Departments can better prepare their presentations to meet those needs of the Council. Okay? So I will go to our Managing Director, Sandy Baz. Aloha, and Mahalo for joining us. For opening comments on the grant spreadsheet, and then we can start with you for feedback on whether this spreadsheet would kind of meet your Department's needs, or if it would need to be adjusted. And if it needs to be adjusted, what kind of adjustments would your Department need?

MR. BAZ: Sure.

CHAIR RAWLINS-FERNANDEZ: Go ahead, Director. . . *(inaudible)* . . .

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MR. BAZ: Yeah. Thank you. Good afternoon, everyone. And thanks for having us participate in this. You know, the County has been reviewing...well, the County of Maui is very unique in its grants to the community. Non-profits, specifically. And has provided, for decades, support to our community through grants. And also, basically procured services through the grant process. There's a couple of different aspects that we looked at. And over the years, there's been different iterations of how to manage the grants. It's been a challenge, honestly. For a long time, in the early '90s, there was a challenge, so they created what is called the Grants Review Committee, and that was a committee that was made up of appoint...volunteer commission members that review grant applications, and provided scoring and feedback, things like that. Of course, then...so they were given a pot of money. Started off around a million dollars. And they were given that pot of money to divvy up based on the applications. And then the Councilmembers, Mayor, non-profits, didn't necessarily agree with everything that the commission...the Grants Review Committee did, and so they had provided what ended up to be called, "Line item grants." And so those were outside of a grant review process. And then fast forward a number, like I said, at least couple decades of different reviews. The Grants and Review Committee had pretty much stopped operating the way that it was supposed to operate, and the Maui County Code, Chapter 3.36, was revised to remove the Grants Review Committee, and set standards in there of what the County grants...the grants that the County provides to nonprofits and others, yeah, is set. And so that's really the function that we've been operating since then. And when we looked at that, it has to be something that is very broad applicability. Because in the Department of Housing and Concerns, their grants are very different than OEDs grants. Even in my office, the grants, the veterans are different. And even individually amongst themselves, the grants may differ. So...and it has been a challenge to make sure that we're managing the grants appropriately, and that the non-profits are providing the services that they desire, you know, the community desired, the Council funded, and the Mayor, and the Departments expect, right? So it really has been a challenge. So looking at this, a number of years ago, there had been issues with...and the Departments, I think the Department of Housing and Concerns started this because...this specific scoring...because there were problems with non-profits that the Department felt like weren't eligible for grants. You know, that they shouldn't be receiving grants based on their inability to apply appropriately, or report those financial items, things like that. And unfortunately, the Council had funded those, even though the Department didn't want them to be funded. And so it became a challenge. And I commend the Department of Housing and Concerns for identifying an opportunity to help to evaluate what those applications look like, right? And then score them appropriately. But when we look at this beyond that aspect, it becomes challenging as far as what the information is going to be used for and how decisions are going to be made based on it. When you're looking at the information that's collected on the spreadsheet, it doesn't really address the... and thank you for adding the goals and objectives there. But in each grant,

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they're going to have different goals and objectives. Each type of grant. Maybe all of the youth centers have similar goals and objectives, but those are very different than the aging grants the Department of Housing and Concerns gives out. And different aspects that are in each of the...I could mention OED. You know, they have grants for events, they have grants for services, and those are different evaluation tools, and pieces that need to make sure that it's something that should be funded. That it should be, you know, something that is a priority of the Department, and as well as...especially of the Council and their efforts. So long story is that, I feel for the challenge of the Council in looking at, okay, so how are we going to evaluate grants in a uniform manner? And it becomes a challenge. And you can see that with the individual organizations that even come to you for requests for funding. Some of them have capacity to fulfill, you know, these requirements in this spreadsheet, like that, and some of them do not. And it's been a challenge to give, to get the funding out to non-profits who can't meet those capacities. And so, you know, that again...there's some discussion about that, even recently with organizations who may be providing good work, but don't have the fiscal capacity, or administrative managing capacity to meet the requirements of something. Some kind of a scoring sheet like this. So really, those are the kind of...the aspects we look at globally as we understand, hopefully understand, what the Council's initiatives are in this area. Specifically, my office has grants to veteran's organizations and, actually, each one of those is different. Some of them are providing a service on behalf of the County. Some of it is just a outright grant of funds, and they utilize it for their own operational services. So it really, you know, is something that's, again, challenging to evaluate on an individual basis like this. And so every grant is, you know, has its own goal and objectives. And whether the organizations are meeting those goals or objectives, that's how they qualify for reimbursement or actual grant in the future, if they haven't been very responsive. So those are the kind of aspects that we look at in that manner. I'll let the Departments speak individually based on, you know, their feedback. But it's pretty similar when we discussed this that it's, again, a good idea and may fit in certain areas, but may also not fit. So I was wondering if this is going to be something that the Committee was considering enacting Code to require that, you know, some kind...this information be collected and provided to the Council, or if it was just something that assisted in your budget deliberation process. So we can talk about that.

CHAIR RAWLINS-FERNANDEZ: Well, I'll answer that question. Yeah. So my intention to put it into Code, it was just something that we figured would be helpful for collaboration and working together. Because oftentimes, the Council have very similar questions. And I've watched meetings each year, and to me, there needed to be some kind of a system set up and standardized so that the Councilmembers wouldn't have to ask the same questions every year. I think those questions are pretty standard, and it's the same questions asked every year. So instead of having the Councilmembers have to ask these questions, I think it's more efficient for the Departments to just anticipate what the questions will be. And having

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some kind of system, like this evaluation spreadsheet, that will prepare the Departments to answer those questions, and provide the information that the Councilmembers are asking for. And for the public, so that the public understands that these grants are given in a way that's meant to meet the community's needs. And how are those community needs met. And how are these grants chosen. What is the objectivity. And you know, each year, Committee Vice-Chair King, since she's been on the Council, has asked about the Department's goals and objectives. And my thought is that the goals and objectives are to meet the needs of the community.

MR. BAZ: Right.

CHAIR RAWLINS-FERNANDEZ: And therefore, as an extension of the Departments, these organizations that are taking money from the County are basically extensions of the Department doing the work that the Department is not doing. No criticism to the Department. It's just, if a organization wants to volunteer their time, but needs help with funding supplies and equipment to do this work that they would volunteer to do, they would volunteer their labor. And they would meet the needs of our community, such as feeding those who are houseless, you know, and that's not something our Department staff is doing, but there are volunteers in the community that would be happy to do that, and volunteer to do that, but would need additional funding to help them achieve that goal. And that's something, we as a County, would like to see done. So that goal was just an example. And there's multiple goals in each Department under each program and Division. And so there's multiple goals, and there's multiple objectives under each goal, and so whatever goal and objective...and perhaps it's multiple objectives, that these organizations would be meeting by accepting this grant, then that is what is intended for this grant spreadsheet. So that's the intention of the grant. I'll open it up for questions for Managing Director Baz, starting with Committee Vice-Chair King. And then I'll go to Pro-Temp Kama after. And let's just try to limit it to two questions. And if we need to go to more questions, then we can go to another round. Committee Vice-Chair King?

VICE-CHAIR KING: Okay. Thank you, Chair. My first one is a comment rather than a question. But I'll count it as a question. But I just...you're right, I've been focusing on the goals and objectives, the performance measures every year. And too often, they're focused on goals for Departments or people in our Departments, not on the community. So the end goal should always be something to do with the community. And then the objectives and the tasks to get there are things like, you know, staff development, and the things that we go through, that the exercises we go through, to make the Department stronger so they can serve the community. Because I see every Department as being here to serve the community. This is the community's government. So, you know, the goals need to be a little more focused on community needs, maybe this will be helpful, to look at what the goals are. And there's no goal that meets a community need,

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maybe there needs to be one. So that's my first comment. My second one is a question, and I'm not sure if it's for your or for the Managing Director, but I...one of the things that I don't see on here is provisos. Because the Council has put in various grant provisos. And especially under our district funds, so that should be weighted heavily. And I personally have experienced people in my district that have a really hard getting a grant because of all the paperwork that's put in front of them. And there doesn't seem to be a preference for a certain grant that's in the budget. And when we have some that are in the budget as line items, and some of them have such a hard time with...and I don't know if it's because there...it's a paperwork thing, or if it's a personality thing. But there have been projects like the North Pi'ilani or North Waipuilani Native Hawaiian Plant Project that it's been a year, and you know, before they could actually get through the paperwork of...and that was something that was in the proviso for the South Maui District funds. So I feel like there needs to be some weighted preference for the things that the Council puts into the budget. You know, if we've already vetted it to certain degree if we're putting it in the budget because we have these big discussions about what should go in the budget. And if we...if somebody proposes something, and it gets voted in, there should be an understanding that we've done a lot of this vetting, and not making them go through extra hoops. So maybe, Mr. Baz, I don't know if you can speak to that, or if that should be something that comes from OED. But I hate to put it on JoAnn because she just got there. But I have to tell you --

MR. BAZ: No, I understand.

VICE-CHAIR KING: -- I have to tell you, last couple years, it's been really difficult to get those district funds disbursed.

MR. BAZ: I'll try to take a stab at it. So first of all, if there's a proviso on the ordinance, you know, on the appropriation, there's nothing that we can do except for, give the money out to that organization for that activity. They...so, you know, we are working to make sure that the money will provide the services that the Council expects when the money gets appropriated for that specific subject. And then the organization itself, especially if the organization's identified, you know, we will be working specifically with them to get a grant appropriated. But understand that Maui County Code 3.36 was put into place...the last revision was 2013. And that was really based on the idea that this is government funds, these are the taxpayer dollars, that we are utilizing to provide grants to these non-profits. And there should be standards that they meet initially as an organization. There should be standards that the service provision to the community meets. And a lot of that is done at the Council level to decide that. But then also, compliance with contracting requirements, and with the reporting requirements. Those are the real key factors when it comes to an evaluation of whether or not that grant was successful in its appropriation, and its desires to meet the needs of the community. So when you're looking back at something...because we have had

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grants in the past where Councilmembers have put in provisos for specific items and it has been real challenging. And you know, one of them made the front page of the paper numerous times for a specific one. But...and that's, hopefully is a very extreme situation. But in general, no, we do work very hard on working with the agency to make sure that they're going to be in compliance. And our staff, our grants managers, do a lot to assist them in making sure. Especially if it's a line item grant. We know that we can't spend the money on anything else. We try to get that done. As long as...I mean, I do... will say it...the Mayor still has the ability to release the funds or not, right? So if it's something that the Mayor has already said, "no," he's not going to release the funds on it, which I know the previous mayor had actually sent a memo to the Department to saying, "Do not spend this money." So that has happened in the past. And so that has prevented the Department from actually granting those funds to the organizations. But again, that's another extreme situation. In general, the grant managers work very, very hard providing support. Providing technical assistance to the grantees; the organizations that are applying for those grants. We have RFPs that have grant application trainings. They go out to the community and teach them what's expected, what's required, how to fill out the application. I know OED does that annually, and has to go out to the different communities.

VICE-CHAIR KING: Okay, I...(audio interference)...that long answer to the question. But I just wanted to let you know that I have had complaints. And even from people have a long standing annual line item, like the film festival, that just said that the last year has been horrendous, trying to get the funding. And that was before COVID. So you know, I was just trying to figure out why, you know, why things are not happening the way they're supposed to be, you know, according to the budget. So I just want you to know that there's that ongoing concern. And I'm hoping we can work it out with Ms. Inamasu so that at least the district funds don't have that issue.

MR. BAZ: Sure. One of the things that she'll probably mention, but I'll say...we appreciate the additional staffing assistance that you provided to OED. Because that one grants manager managed over a hundred grants. Actually, almost a couple hundred active grants between the two fiscal years. So that staffing assistance will really, really...(audio interference)...Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Baz, and Committee Vice-Chair King. Okay. So I'm going to put on the timer, and then the question and answer can all be within five minutes. Okay. So we'll goals to Pro-Temp Kama.

MS. KAMA: Okay, Chair. So technically, I'm just reading the...this is a grant review matrix, right? So in my head, I'm writing a grant and I'm going along, and I'm saying, "Okay, I'm applying for the grant. And the way I write it up, I get all these points, and I responded to what the grants. . . (inaudible) . . . Then I come to the community and write a really good narrative about what the community says we

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need --

CHAIR RAWLINS-FERNANDEZ: No. Pro-Temp. Pro-Temp Kama. No. I don't know how the Departments...and perhaps that's something --

MS. KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: -- that you can ask the Departments themselves. What are their criteria?

MS. KAMA: Thank you. Okay.

CHAIR RAWLINS-FERNANDEZ: And this matrix is only for the information that they would be giving, like, to us. So I mean, if they're scoring, you know --

MS. KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: -- the organizations based on this, then that's them.

MS. KAMA: So that's my question, maybe is. What are the questions under these categories is going to be asked of the applicants so that I could actually see what it is they're responding to. I mean, in my head, I'm writing a grant, and . . . *(inaudible)* . . .--

CHAIR RAWLINS-FERNANDEZ: So this not application. This is not for the application.

MS. KAMA: This is a review, right? Of the application?

CHAIR RAWLINS-FERNANDEZ: Yeah.

MS. KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: No. Not application.

MS. KAMA: What are we viewing?

MR. BAZ: Chair?

CHAIR RAWLINS-FERNANDEZ: Go ahead.

MR. BAZ: Let me try to answer real quick. So honestly, we had the same initial perception of this, was that it was a grant application review scoring that you were asking us to do. But then further looking at it, it's the end product of the grant itself that you're wanting to, basically, have a score at, including the application itself. And so yes, I will tell you that was a little confusing. But we

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did figure that out, and we'll address that. The...each proposal is...if it's a line item, then we'll get the scope of work and things like that from the grantee. But if it's an RFP, those get posted, and the scoring criteria, the questions, all of that, are public information prior to the organization filling out the application. So all of that, you know, we have a...you go on OEDs website, you probably have last year's grant application process that you can see, that's publicly presented, for them to figure out how to answer the question.

MS. KAMA: So --

MR. BAZ: And what we do the scoring on.

MS. KAMA: -- the RFF system.

CHAIR RAWLINS-FERNANDEZ: So this evaluation spreadsheet was based on the evaluation spreadsheet that Director Tsuhako used.

MS. KAMA: Right. Yeah. Last year. I remember that.

CHAIR RAWLINS-FERNANDEZ: So remember last year when we discussed it --

MS. KAMA: Yeah.

CHAIR RAWLINS-FERNANDEZ: -- I posed them that question that you asked now. Which was, under each of these criteria, what was their criteria?

MS. KAMA: Right.

CHAIR RAWLINS-FERNANDEZ: So that's for each Department, and each Department probably has their own criteria that they use.

MS. KAMA: So...and when this is all said and done, we get to look at this. The Council gets this, and then what do we get to do once we get this information? What do we do with that information?

CHAIR RAWLINS-FERNANDEZ: Whatever we decide to do with that information.

MS. KAMA: Okay. So this could be used to measure whether or not we fund them again or not, correct? We could use that as a tool.

CHAIR RAWLINS-FERNANDEZ: Yes.

MS. KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: So this is not whether they get money in the first

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place --

MS. KAMA: Right. Right.

CHAIR RAWLINS-FERNANDEZ: -- so it's not an application.

MS. KAMA: No.

CHAIR RAWLINS-FERNANDEZ: But we're saying at the end, they stated that they wanted to use this money --

MS. KAMA: Yes.

CHAIR RAWLINS-FERNANDEZ: -- for a specific purpose.

MS. KAMA: Purpose. Yes.

CHAIR RAWLINS-FERNANDEZ: And then they took the money, and then they used the money. Did they achieve that purpose?

MS. KAMA: Yeah. Yeah. Okay. I get that now. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Pro-Temp Kama. Okay. Let's see. Is Member Sugimura on?

COUNCILMEMBER SUGIMURA: I'm here.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: So I...we all went through the review process, and I agree, the Department of Housing and Human Concerns format was well received, I think, by Council. And if this can be used as a basis, whatever we end up with, and so each Department can basically tweak it so that it fits their needs, and what their needs and their goals are about.

CHAIR RAWLINS-FERNANDEZ: Member Sugimura, I'm sorry. You came late, so that's what I explained. So we're meeting with each of the Departments for their feedback. The first Department that we're meeting with is Management Department, and so you can ask Director Baz, how this would apply to them...to their Department, and if it works. And then we're going to meet with each Director, and then you can ask the Director that question.

COUNCILMEMBER SUGIMURA: Okay. So actually, they could change...every Department can change this outcome then? So it's not going to be fixed by the Council?

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CHAIR RAWLINS-FERNANDEZ: If you're asking if this is going to be in Code, it's not going to be in Code.

COUNCILMEMBER SUGIMURA: No. Yeah. I heard that. I heard that.

CHAIR RAWLINS-FERNANDEZ: What we would like to --

COUNCILMEMBER SUGIMURA: So I just was wondering --

CHAIR RAWLINS-FERNANDEZ: -- be standardized. But I understand that each Department is a little different in how they manage their grants.

COUNCILMEMBER SUGIMURA: Um-hum.

CHAIR RAWLINS-FERNANDEZ: So the purpose of today's meeting is to receive that feedback. See if we can, and how we can adjust it, to make sure that it's as standard as possible.

COUNCILMEMBER SUGIMURA: Okay. Then I have no questions. I got that. And I understand what Mr. Baz said, and I look forward to hearing from other Departments. We did vet this, and talk about it, when Housing and Human Concerns came up, you know. And this idea was kind of floated. So I look forward to hearing all what the other Departments have to say, and we can get, you know, a joint kind of resolution or collaboration. Probably collaboration is a good word. So. Thank you, Mr. Baz.

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

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Baz. I guess my question would be based on your initial feedback to this proposed matrix. How, if at all, would you change...like is there...what would you propose to address those situations that you had mentioned that don't fit into this example, or proposal... framework.

MR. Baz: Well, right now, if the grants...the different grantees are required to provide reports based on their grant itself, right? So there's objectives, measures; there's quarterly allotment reports, or reimbursement requests for the financial piece of it. So those are already reported, collected, by the Departments, and evaluated prior to the reimbursement being made. And the Departments are required to get final reports from the grantees and collect those. To me, that should be the evaluation of whether or not they achieve the objectives that the Departments and the County wants, right? It's basically, you said you were going to do this, did you do that or not? And is it something that is valuable to us. So that piece of it is very individualized because, you know, even if it's providing the same

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services, they're maybe done differently. We have rental assistance provided by a few different agencies. And they all provide those a little bit differently. So you can't really compare them, apples to apples, in the evaluation piece of it. I do agree that some type of measure of whether or not, you know, there's an organization should even qualify for a grant from the County should be made. And that's something that we would hope that you could look at and say, okay, well. You know, the State has a process where they have...basically, it's called Hawai'i Compliance Express, right? So if you want to actually do business with either the State or one of its jurisdictions, the counties, you have to do that. So having that kind of a measure --

COUNCILMEMBER PALTIN: So I guess my question is, like would you, would that be records and reporting? If they did what they said that they would do, is that what you would consider like a ten out of ten in records and reporting? Or would that be under...I mean, it seems like that's the most, kind of the most, important criteria. That they did what...(audio interference)...to reporting of the grant. That they did what they said they were going to do. Is that kind of correct from your description, or what your answer?

CHAIR RAWLINS-FERNANDEZ: The use of funds.

MR. BAZ: Right. But the media... the meeting community needs use of funds, will probably be where that criteria will be met. I would assume records and reporting was... did they keep adequate records? And --

COUNCILMEMBER PALTIN: More clerical.

MR. BAZ: -- did they report on time --

COUNCILMEMBER PALTIN: Okay.

MR. BAZ: -- kind of situation, right. More of a... I see this as more of just a technical type of, you know, check mark boxes of did they do this or not, type of evaluation. Versus a true evaluation of whether, you know, the effectiveness of the program.

COUNCILMEMBER PALTIN: And then I guess, if, like this past year where we have the coronavirus, and so we cannot have, say, the Lahaina Boat Day, or the parades, and things like that, how would that play into the reporting and future granting abilities? Because they were supposed to...seniors were supposed to play music for the folks getting off the boats, but I wouldn't want them to do that. So then --

MR. BAZ: Yeah. So for that one specifically, we worked with the senior group, and Lahaina Town Action Committee, right. It was . . . (inaudible) . . .the grant for...grantees. And worked on...there's some things that they're still going to be doing. Obviously, the singing and lei greeting is not. And right now, there's no

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activity. So what we did with them, and also with a number of different grantees, was to basically put their grants on pause, and allow them...do an extension of their grant reporting and grant period, project period, to be able to utilize that funds during fiscal year '21, as well.

So...and some of them, you know, yeah, it doesn't really make sense, but a lot of them, it did. So that, specifically, is how we evaluate that one.

COUNCILMEMBER PALTIN: And it won't affect their abilities to get grants going forwards?

MR. BAZ: Well, no. Because we're going to understand that that's something... because even --

COUNCILMEMBER PALTIN: Not in our control.

MR. BAZ: -- the spreadsheets on my right-hand screen. So I'm looking at the spreadsheet. But even the spreadsheet itself isn't going to be a hard and fast yes or no type of decision. It may be something you know to look at and say, you know. Because what's happened in the past, and why I think the Department did this is because...(timer sounds)...there were challenges to getting money out. Grantees weren't doing their job, but they would still get the appropriation from Council.

COUNCILMEMBER PALTIN: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. And so the grants...so that each Department does, you know, do their check-boxing of these criteria. But Council generally doesn't see that. Which is why we're proposing this matrix.

Okay. The next person is Member Hokama.

COUNCILMEMBER HOKAMA: Chair, in this departmental area, I'm fine. I had my discussions already with Ms. Inamasu, and I would like to give her, her opportunity to administer the program. And I have confidence in her experience and her knowledge, so --

CHAIR RAWLINS-FERNANDEZ: Member Hokama, were in Management.

COUNCILMEMBER HOKAMA: -- I'm fine that...(audio interference)...time, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER HOKAMA: Yeah. I'm good with this Departmental. Thank you.

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CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Hokama. We're on the Management Department. Not OED, yet. So Director Baz.

COUNCILMEMBER HOKAMA: Oh, okay. Okay. I'm sorry. Yeah. I was looking at the...sorry. I was looking at Ms. Inamasu, not Mr. Baz.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER HOKAMA: But yeah. I've got nothing for Management, Chair. Thank you very much.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Chair Lee.

COUNCILMEMBER LEE: Thank you, Madam Chair. Hello, Mr. Baz.

MR. BAZ: Hello.

COUNCILMEMBER LEE: I'm sure when you were talking about the history of the Grants Management Committee, you meant that they oversaw actually only social service grants –

MR. BAZ: Yeah.

COUNCILMEMBER LEE: -- and the youth grants, and transportation grants.

MR. BAZ: Correct.

COUNCILMEMBER LEE: They didn't do invasive species or anything else, yeah? But one of the best things was when they disbanded that committee, because it was difficult to make changes when the committee was pretty much set on their favorite non-profits. So anyway, things have changed for the better. And for yourself, I was wondering, how did you end up with grants in your office? Like the veteran's grants. Do you have other grants too?

MR. BAZ: No. Just the veterans. I honestly, not quite sure. There was a position in our office before that was an executive assistant that provided services to veterans; not necessarily grants, but would attend their council meetings and help them facilitate what they needed to get done. And so I'm assuming once they asked for funding, that the funding was processed through that executive assistant. Things have shifted back and forth with that criteria, but we do have these grants and I have...so I have somebody managing these grants here in our office, and honestly, this specific wouldn't...the spreadsheet wouldn't affect the way that we manage the grants. They're all, they're all line item grants. Grant to Maui County Veterans Council. Grant to Moloka'i Veterans Caring for Veterans. A grant to West Maui Veteran's Club. So there's no discretion in any

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kind of request for proposal. And if...but since it is directly to that organization, then that organization has challenges in getting their grant application, getting their financials in order, that kind of stuff, we do provide them a significant amount of technical assistance. One of the...

COUNCILMEMBER LEE: Okay. No, no. Sandy, I was just curious how that happened. Because, you know, there are other Departments that could handle those kinds of grants.

MR. BAZ: Right.

COUNCILMEMBER LEE: But I think what the item that's before us today is really a recommendation, as you know. Because we can't tell you how to monitor grants or report on grants. But this seems to be, you know, a good way for us to evaluate how you're doing on the grants, and how the grantees are doing. So I think it's a great suggestion. I think it was Lori that came up with the template. So you know, if you encourage more people to use it, more Departments, it would just make things a little bit more consistent that's all. Okay. Thank you.

MR. BAZ: Thank you. Madam Chair, real quick. If I could just...yes, that would be great if the Council could use this tool, and would use it in evaluation of the requests that they receive, then this would be definitely beneficial in making appropriations. I agree with you on that.

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

COUNCILMEMBER MOLINA: Thank you. Madam Chair. No, I think I heard enough from Mr. Baz. No questions from me. But I appreciated his insight on the matrix. Thank you.

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

COUNCILMEMBER SINENCI: Mahalo, Chair. And thank you for this opportunity. I guess...and I can appreciate the intent of, you know, we're talking about the new normal. We're talking about a lot of the non-profits that have cancelled a lot of their plans, activities, and festivals that they've done for years on end. So it is a different time, and so I appreciate kind of making some adjustments to take on those changes. But my question for Director Baz was, do you have...I know you guys have objectives, and measures, and reporting periods, receipts for the non-profits. Is there some kind of, like, some kind of assessment tool from the grantees that they could maybe provide some...if they were having problems? Is there some kind of open communication tool that you guys could receive from the non-profits, that sometimes they might have some suggestions at the larger scale.

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Have you created . . . (*inaudible*) . . .

MR. BAZ: Yeah. Sure. I'll let --

CHAIR RAWLINS-FERNANDEZ: Member Sinenci?

MR. BAZ: -- I'll let --

CHAIR RAWLINS-FERNANDEZ: Really quickly --

MR. BAZ: Yeah. I'll let...yeah, I'll let Director Tsuhako and Ms. . . . (*inaudible*) . . .

CHAIR RAWLINS-FERNANDEZ: -- yeah, we'll call them up at that time.

MR. BAZ: Yeah. And then they can expand . . . (*inaudible*) . . .

CHAIR RAWLINS-FERNANDEZ: Right now, it's Management Department. Right now, we're discussing Management Department's grants. And the spreadsheet that you received was first distributed to the EDB Committee in February. February 6th. So this is not in response to COVID-19 at all.

COUNCILMEMBER SINENCI: Okay.

CHAIR RAWLINS-FERNANDEZ: This is in response to how we would like to receive the information. And then...so your questions, we can save for when those specific Departments come up.

COUNCILMEMBER SINENCI: Okay. Great. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Sounds good.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay. Great. Mahalo, Member Sinenci. Okay. And then for me. So Managing Director Baz, as Chair Lee asked and stated that this was a suggestion, and it's a nice tool for Council to have a summary on how the grants are evaluated. So that...because we're held to the Community as well. You know, we're responsible to answer for these grants that we vote to put in. We put money into the budget, and we fund these grants. So we're held accountable to the community too. We have to answer to them. And if we're not being given this information, then we...what are we doing? We're not being...the Council is not being fiscally responsible by continuing to fund grants that we have no idea where they're going exactly. If they are achieving the needs of the community.

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And so this is just a tool that was going to help the Departments provide information to the Council, so that the Councilmembers, as elected officials, will be able to answer to the community and the people who elect us. So are you going to use this tool, this matrix for us? When the item comes up later, when you...for fiscal year '20 after evaluating the grants.

MR. BAZ: For the veteran's grants?

CHAIR RAWLINS-FERNANDEZ: Yeah.

MR. BAZ: Yeah, we can. But I go back to what Member Kama asked is, what are you going to use this information for? And yes, if you can use this information as an evaluation tool to help you make decisions, then wonderful. That's something that's great. But when we're looking at the individual grants and the objectives, that information is valuable to the Departments, and I think, valuable to the Council too. As to say, okay, so they're receiving a grant to provide youth services, what do you get out of that, you know. I mean... I guess the score of whether or not they met the community needs is then...if you're going to hear and accept that in this tool, versus having to look at the different objectives and outcomes that they have achieved, then, yeah, it's going to be easier. Definitely.

CHAIR RAWLINS-FERNANDEZ: Yeah. That would be really helpful, actually. And you know, I think that goes back to what Chair Lee was saying. There's these grants that are under Management Department. Is it appropriate to be under Management Department? What is Management Department's goals and objectives? Does the grants...does the veteran's center help to meet the Management Department's goals and objectives? And if not, then perhaps the grant should be under a different Department that has those kind of goals and objectives. Because what are the goals and objectives to giving grants to the veterans?

MR. BAZ: Right. So --

CHAIR RAWLINS-FERNANDEZ: Are you able to speak to that?

MR. BAZ: I can pull it. I don't have it in front of me right now, but I can pull it up. Yeah. It's basically to meet the needs of veterans and the support that they have in advocating for their efforts. So it's different though, too. Because Maui County Veterans Council does very different things than the West Maui Veterans do. And so it's not a specific, you know, payout. This is an objective of the Department, and this is how we're achieving those objectives by having these organizations do that service. It doesn't correlate like that and so...but I agree with you, whether this is in our Department or not, Department of Management or not, we've created goals and objectives, and incorporated those into the Department because this is a part of our Department. But it doesn't necessarily meet the

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mission of the Department of Management.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Baz. So your answer to my question is, "yes?" You'll use the matrix? When the item --

MR. BAZ: Yes.

CHAIR RAWLINS-FERNANDEZ: -- comes up to the fiscal...(audio interference)...

MR. BAZ: Sure --

CHAIR RAWLINS-FERNANDEZ: Oh, great.

MR. BAZ: -- and yeah.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Baz. Okay. So we'll take up the next Departments in the order. And then I'm going to invite each Director of the Department to just provide opening comments. I'll time it because, you know, it's 2:07, and our meeting ends at 4:30. So we'll go to OED, and then DHHC, Water, Transportation, and Finance. So OED, welcome. Director JoAnn Inamasu --

MS. INAMASU: Thank you.

CHAIR RAWLINS-FERNANDEZ: -- our new Director of OED.

MS. INAMASU: Thank you.

CHAIR RAWLINS-FERNANDEZ: First official meeting.

MS. INAMASU: Yes, exactly. Thank you, Chair. Thank you, Committee Members. I can appreciate your time. And Chair, thank you for creating or morphing this matrix into something that could be workable. From the OED side though, there are some little changes. Because what we're looking at is economic development. And so...and I'm looking at some of the descriptors from the DHHC's spreadsheet, which is pretty much the same titles that you have in your area. So even with the matter of, you know, I'll go by the categories, and I'll try to keep it as brief as I can. The grant application, we would like it to at least have...show some economic development benefit in there. The use of the funds, I'm sorry, I'm going to jump a little bit. The use of the funds, we evaluate that with the application, to ensure that the funds are going to be spent appropriately on the program that they are proposing. So I wouldn't like to put that towards the end because we would have helped them all the way through. If something was inappropriate, we'd like to catch it at the beginning. So I don't know if that part is a good measurable. Responsiveness, as you had it, and I'm looking again at the

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description from Housing and Human Concerns about the timeliness on responses and requests, and submitting reports and all of that. We feel it's a good thing. We do struggle with that from some of the grantees, and it's a matter of chasing them. So if this is part of the evaluation, and they are aware of it, it may help to spur some responsiveness in that. With the records and reporting, we agree. As far as having the reports be clear. Demonstrate that they've accomplished what they are wanting to do, and what they said that they would do with goals and objectives. Your "meeting community needs." The change that we thought there is the matter of...it would be economic development needs versus human concerns needs type of thing. Looking at that again, I take the spin on economic development, and that they implement their program as they proposed. Use of funds, I did. I do...we do like the matter of the effort to secure other funding. And that is one of the requirements with our grant application. We do like to see that there are other organizations also helping to support, whether it be in kind or cash sponsorships. That kind of thing. We'd like to know that they have buy-in from other community agencies or companies as sponsors, and that the County is not the sole supporter of the project or the event in that. And you also have the percentage of County funds for the project. When we do the review of the application itself, we do look at that, and to see how much of the County funds are being spent in different areas, and making sure it is, I guess, appropriate, is the right word. The one thing we'd like to do, and I know in yours, Chair, you had the goals and objectives also listed. We'd like to, I guess, maybe make a part or suggest, that there be a section where we can say that they did, in fact, meet their goals and objectives. That was one thing that we didn't see. Because that is a critical thing as far as measuring on the agency themselves, or the organization. The other thing that we looked at was the matter of the scoring points. I don't know if it would be easier. Our recommendation would be to take it down a scale. To look at "meeting community needs," I know you had a big point...there are 50 points. But if dropping it down all smaller...because you said, maybe they did, almost, do what they wanted, is it a 30 point? Is a 40 point? Is it more subjective? So maybe keeping to what Housing has, between a scale of zero to five, with increments of .5, that might make it a little easier to do. But that is our recommendation as you are asking for today. We're just wanting to make sure that the items there have...are relevant to each of the Departments. Because each of us will have different types of things to measure. And when you come to OED, it is economic development based. There was a question about, earlier that I heard, about if the grantee should have issues with, whether it be reporting or something to their project throughout their life of their grant. The grantees for...the ones that we've had through OED have called. And if they haven't, we encourage them to call. When we did our grants workshop recently to go over the application and all of the information, we made sure they understood, that it is...we are open. And we will take their calls..*(timer sounds)*...or emails and answer as they need it.

So I hope that helps a little bit. So --

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Director --

MS. INAMASU: -- thank you very much for the opportunity.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Inamasu. So to respond to some of your concern, I really appreciate you going through the matrix, and providing pointed responses on how to adjust for your Department's needs. So in response, and I guess I'll just take my five minutes now. "Community needs," my definition of "community needs" was not exclusive to Human Concerns.

MS. INAMASU: Okay.

CHAIR RAWLINS-FERNANDEZ: And so perhaps that can be reworded to, "Did the organization do this project, the grant, the funding for this, did it meet the community...did it benefit the community? Did it meet the community's needs/benefit the community?" And then that way, it can be broader. I guess if...using that language. Because I guess I see economic benefit as a community need. And the fifty points on whether they did achieve what they stated, they said they would use the money for, that is the fifty points.

MS. INAMASU: Okay. And we were just looking at a smaller scale. That was the only...that was the recommendation. Is just a suggestion on taking the point system a little lower to make it easier to score. But that was just our recommendation. Thank you.

CHAIR RAWLINS-FERNANDEZ: Yeah. Thank you. So what you were saying is that the...you're using or defining "community needs" as human concerns, and not as a economic development.

MS. INAMASU: Um-hum.

CHAIR RAWLINS-FERNANDEZ: And I --

MS. INAMASU: So thank you for the rewording.

CHAIR RAWLINS-FERNANDEZ: Yeah. Okay. And then in the discussion last year, when DHHC came before us, it was all on a scale of zero to five. And the discussion was that because they were all equally weighted, so they were all zero to five, to us, if a grant application, which is an administrative thing, is the same weight, meaning the same score value as meeting the community needs, for us, that didn't make sense. Well, for those of us that agreed that that didn't make sense. Because these grants are to meet the community needs. And if it's an administrative thing, then that's just something that, you know, technical assistance can help with.

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MS. INAMASU: Thank you.

CHAIR RAWLINS-FERNANDEZ: Hopefully. So that's...I took what they proposed, and I took the feedback from the Committee, and incorporated that feedback. And the feedback from the Committee was to increase the scoring, and to weight it differently. As far as fifty points, the Committee has not weighed in on that --

MS. INAMASU: Okay. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: -- so that can be adjusted. But from my perspective, that is the most important thing. And that's why we put money toward programs and projects, because it's supposed to serve the community. And if it's not serving the community...I don't care if their grant application was perfect, I would not give them money again. So I guess that's where I'm at with all of that. And my explanation to the Committee on why it was set up that way...because this is the first time we're all going through it together. And so I appreciate your feedback.

And then I'll --

MS. INAMASU: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: -- open up to the Members for questions. And then I'll give everyone three minutes each. Committee Vice-Chair King?

VICE-CHAIR KING: Thank you, Chair. Community need is the most important in my mind as well. Thank you for being here, Ms. Inamasu. There's an echo on somebody's background. I don't know if that's me. Anyways, I'm happy to hear that you met with Mr. Hokama. My office has been trying for weeks to get a meeting with you, and we haven't got a phone call back. We've gotten information back from Tina Silva, who's great. She's right on top of it. But I have not gotten anything on trying to get a meeting --

MS. INAMASU:...(audio interference)...message so. But . . . (inaudible) . . .talking with you.

VICE-CHAIR KING: Thank you.

MS. INAMASU: So I haven't got any message, so I'll definitely check in with you.

VICE-CHAIR KING: Well, we've gone through the Mayor's Office as requested, so we have gotten . . . (inaudible) . . .--

MS. INAMASU: . . . (inaudible) . . .

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VICE-CHAIR KING: But my first question is, on the district funds, because I understand you're economic development, but you also house the district funds that each of us has in our districts. And that is economic development... economic and cultural development, and environmental.

MS. INAMASU: Right.

VICE-CHAIR KING: So can you please...how are you going to address those, I mean, you kind of have to broaden your scope for that because some of those projects have other goals. You know, like our sign project defining the ahupua`a. That's not economic development. But it still falls in the goals of those district funds.

MS. INAMASU: It does. And you know, that part with the signage, it's also education for our visitors as well as our residents. So there's a different component there. It may not be as you see it as your normal economic development, but when you see it as an educational component to our visitor industry, or even to our youth in our community, it provides...I mean, it's a different type --

VICE-CHAIR KING: ...(audio interference)...I'm sorry. I just...I only have a few...(audio interference)...

MS. INAMASU: Oh, okay. I'm sorry.

VICE-CHAIR KING: My question is, like, are you going to be able to address those goals, or should they be in a different Department, that pot of money?

MS. INAMASU: We can work with that, and it depends on the Councilmember for the respective area. Certain people have specifically said ...(timer sounds)... what the funds should be used for. In receiving grants that would be funded from different district funds, we will seek your advice. If they're coming in for something within the South Maui section or the area, and we can work with you on that too. But we'll also tell you what we feel are pros and cons. And I think from your side, you've also shared one of the projects that you are in support of with this new year, coming from . . . (inaudible) . . .

VICE-CHAIR KING: . . . (inaudible) . . .--

MS. INAMASU: So yes, we'll work with that too.

VICE-CHAIR KING: -- well, our projects into our district funds. So you know, I had a little bit of a problem at the end of last year because of the transition, so some of the money went unspent. Unfortunately, we couldn't meet some deadlines.

But my other question was, like, following up on what Mr. Sinenci said about

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grantees that may have problems with certain offices or certain paperwork. Are you able...or maybe you started, are you able to do some kind of survey, whether it's formal or not formal, just to find out...(timer sounds)...grantees, you know, what's making it hard for them?

CHAIR RAWLINS-FERNANDEZ: . . . (*inaudible*) . . .

MS. INAMASU: Can I just answer that real fast, Chair, before her time runs out? I just wanted to tell you that we stressed in our grants workshop, and we continue to do this, is technical assistance from our grants department. We have two now. Thank you for the second one, second person. But we continue to offer technical assistance. So to Member Sinenci, we have been in touch with some of your clientele, your constituents, as well as the grantees, so we continue to do that, and we will continue to do that. To have that conversations. And we can help them so much. At least tell them what they need to do. But we cannot do it for them, but we will . . . (*inaudible*) . . .

VICE-CHAIR KING: . . . (*inaudible*) . . . Thank you, Chair. Thank you for letting her finish.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair King. Okay. We'll goals to Member Sinenci, and then to Member Molina.

COUNCILMEMBER SINENCI: Mahalo, Chair. And Mahalo to Ms. Inamasu for that comments. Thank you for answering that. So is there any wiggle room in that assessment of the grants? And after they fulfilled their grant objectives to make those different changes for, say for instance, for the watershed grants versus non-profits in the community? So is there some, like, I saw that you had points, you had little explanations of your points. One point, two points, three points, four points. So those would actually apply to all the different types of grants?

CHAIR RAWLINS-FERNANDEZ: You're asking me, Member Sinenci?

COUNCILMEMBER SINENCI: Ms. Inamasu.

MS. INAMASU: Okay. I guess I'm a little confused on the one point to four points. Were you talking about the form when I was commenting to Chair?

COUNCILMEMBER SINENCI: Correct. Yes. Correct.

MS. INAMASU: Okay. All I was doing is...what I was looking at is the DHHC's evaluation form, and when I was making that comment, and Chair clarified why the reasons for the higher points for items that were more higher priority. When I looked at the one from Housing and Human Concerns, it uses that scale of zero to five. And Chair explained why it was probably not in the best interest because

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everything held the same weight. So when Chair did this proposal on this new matrix, it carried different weight based on where the importance lied.

COUNCILMEMBER SINENCI: Right.

MS. INAMASU: Does that answer your question, Member?

COUNCILMEMBER SINENCI: Yes. Thank you for that clarification.

MS. INAMASU: Okay.

COUNCILMEMBER SINENCI: Thank you, Chair.

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

COUNCILMEMBER MOLINA: Thank you, Madam Chair. And good afternoon, Ms. Inamasu. It's good to see you back in the seat again. And I've ---

MS. INAMASU: Thank you.

COUNCILMEMBER MOLINA: -- I've worked with you previously during my tenure, past tenure on the Council. I've also worked with you for a community event. And you certainly do have the organizational skills to apply a tool like this, in terms of assessing our grantees. Just one question. How would you compare your prior experience as OED Director? And I'm not sure what process you used before. And with this tool, do you see this tool maybe being a bit more effective in terms of assessing the awarding of grants to the grantees? Can you sort of compare and contrast?

MS. INAMASU: All right. And thank you for giving me more credit than I'm owed. But I wasn't Director before, I was a member of OED. But thank you.

COUNCILMEMBER MOLINA: But you certainly have the skills for it, you know.

MS. INAMASU: Oh, but thank you. This tool, I think, will be very helpful. Helpful not only for us, and maybe, and for the Council, but I think helpful to our grantees. Knowing now that they are measured and they are more so accountable. And that will...that measurement will then reflect on whether or not, you know, it could affect their funding for future events. So I think it's a good measure. It's just a matter of what I asked for, is the matter of it being adjusted a little bit. That it be usable for that economic development side of it.

COUNCILMEMBER MOLINA: Okay. Great. Thank you for that response.

MS. INAMASU: I hope that answers your question.

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COUNCILMEMBER MOLINA: It does. It does. Yeah. I know I gave you a promotion --

MS. INAMASU: Thank you. . .*(laughing)*. . .

COUNCILMEMBER MOLINA: -- even though you didn't have it way back then. But you certainly would have made a great OED Director too, back then. Thank you.

MS. INAMASU: Thank you.

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

COUNCILMEMBER LEE: Thank you. JoAnn, so you have a lot of experience as grants management, and monitoring, and reporting. But in the whole scheme of things, you know, to make the cycle complete, would you...have you also thought about incentives for the grantees as well? Because that's another measurement of how well they're doing, and reaching their goals, et cetera. Because when I was in the business, unfortunately, you have grantees sometimes that get complacent, and they just expect, you know, the grants every year. They just expect it. And so sometimes, you have to light little fires under them, and say, okay, what more can you do to get outside funding, you know? And then sort of reward them for it. Or have something like...what I wanted to start at one time was that we would give everybody, eventually, only 50 percent of what we were accustomed to giving them. So the first year, we would reduce it by 10, then 25, and so forth. But we would reduce it slower if they are able to get outside funding. So have you ever thought of that as the whole...as part of the whole grant cycle of monitoring, reporting, and incentivizing the grantees? Because the problem with one person receiving the same amount every year is that nobody else gets a chance to use that money. You know, it's sort of like reserved for them. So that used to be a concern of mine. So have you ever thought along those lines?

MS. INAMASU: I haven't thought about any, incentive wise, but I understand your concern with the repeated grantees. And I think the looking at the innovation, or whether it be servicing youth, and educating youth in STEM programs or different things like that, you're looking at what else are they doing. What are they doing different this year compared to last year? Are they tapping into a different district as well? Are they doing more outreach into outlying areas? Maybe doing more on Moloka'i, more on Lāna'i, out in East Maui. Where is the outreach going? Or are they just cutting and pasting their grant application? So you'd like to see some improvement there. And to address that is part of the conversation that takes place before...when the grant is reviewed, and before execution. Because if you see it being the same, why would it be the same? Is it touching a different population? Has it been successful, that they would like to continue down this track? So that's some of the conversations. But to answer your question, Member, we have not...*(timer sounds)*...we have not discussed or

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come through with any type of incentive program.

COUNCILMEMBER LEE: Yeah. Okay. One last thing, JoAnn. You might want to think about giving somebody points for collaboration with other non-profits. Okay. Thank you.

MS. INAMASU: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. And Chair Lee, on the matrix, on this matrix, it has two columns for sustainability. One, ten points for effort to secure other funding, and ten points for percentage of County funds used for the project. So if...the lower the percentage of County funds for the overall project, the higher the points that they would get on this proposed matrix. Okay. We'll go to Member Hokama, and then Member Paltin.

COUNCILMEMBER HOKAMA: Thank you, Chair, for my opportunity. Yeah. So Ms. Inamasu, thank you for the comments you already gave the earlier member's questions. I appreciated your candidness. For me, yeah, I'm like our budget chair. Within our committee, we help develop the general format. So I don't have a problem with the standardizing as best as we can, some of the basic information that I think all Departments can provide, and have...be adjusted by your particular area of responsibilities. So I understand that. And for me, my main concern is, and I think we need to bring it up, Council...and thank you, Chair, because you brought up some good points about Council responsibility and accountability. And so for Ms. Inamasu, I trust in you to follow Chapter 3.36 of the County Code, okay? That's our County Law. That is specifically about Maui County grants. And in 2013 Council, with advice, made revisions and upgraded the grant program. So from point one, we sign the contract that lists the requirements of performance on both the grantee, as well as you as the administrator, including, by County Law, the requirements of the review, and the monitoring and evaluation reporting back to Council, that is 3.36.120. So I just going to say that, you know, I trust in our policy that you will adhere to, and provide the appropriate reporting as required by the Code currently. And that is already part of County Law. So I just want to share that with my colleagues, that Council has taken formal action within the Code, placing the parameters of what is required in contracts. What is required of grantees. What is required of the County. So that we can respond appropriately back to our communities. So I would just put that to you, Ms. Inamasu. And if you think that's not enough guidance, you need to let us know. But 3.36 --

MS. INAMASU: No, that is good guidance. So thank you. And we are adhering to that. So thank you. Thank you, Member.

COUNCILMEMBER HOKAMA: Okay. Thank you, Chair.

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

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Inamasu. Please correct me if I'm wrong, but it seemed to me, in your response to our Chair Rawlins-Fernandez that you seemed to think that it would be beneficial if the responsiveness portion would be given more than five points?

MS. INAMASU: No, that wasn't my intention. What I was just comparing with is that responsiveness portion, that is a very important item for us, especially; but not the matter of taking anything away. I misunderstood the reason, and Chair cleared it up, the reason for the point system she had listed there. So that made total sense. But not to get me...not to misunderstand me. For our Department, that responsiveness, the descriptor that I took from Housing as far as what the responsiveness meant with the timeliness of reports, and the accuracy, and all of that, we totally agree because we do struggle with that from the grantees.

COUNCILMEMBER PALTIN: Okay. Thank you for clearing that up for me. The other question I would have like it sounds like you would be happy and willing to use this matrix to go over with the grantee, and to report to us, so that we better know how to vote in the future, and respond to requests. I just was wondering that it would be made very clear to the applicant or awardee at the time when their application was approved, how this matrix would be used, if it is something that you are willing to use?

MS. INAMASU: Absolutely. You know, we are open to doing this. As long...my thing that I mentioned earlier was, as long as there's...it's...I guess with the matter of measuring our OED grants versus another Department's grants, and all of that. But it is a useful tool. Yes, to the matter of letting the grantees be aware of what they will be measured on, and why the measurement is such. So they would definitely be made aware of what they're going to be graded on, in a way, throughout the process and at the end.

COUNCILMEMBER PALTIN: Okay. Right on. No further questions.

MS. INAMASU: Thank you, Member.

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

COUNCILMEMBER SUGIMURA: Thank you. Nice seeing you here, Ms. Inamasu. I had the pleasure of working with JoAnn when we were both at the Office of Economic Development. And I just have to say that, based on my years of experience of working with her, is super detailed. And the one thing I remember the most, and I was so amazed was, that you carried forward the Kula Ag Park. And that was 1999 to... and I think even before that you were working, right? Before then --

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MS. INAMASU: Yes.

COUNCILMEMBER SUGIMURA: -- yeah. That's the . . . (*inaudible*) . . .

MS. INAMASU: -- it's the year before, I think.

COUNCILMEMBER SUGIMURA: One year before with Linda Lingle, I think. So appreciate your wealth of experience. I'm sure that the Department will be able to benefit from your leadership. And you're going to look at this and tweak it and make it best for your grants so they can all move forward with, you know, your vision, and betterment of serving the community. So thanks a lot. You know, you'll do the best, and I look forward to hearing more as you go along.

MS. INAMASU: Thank you.

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

MS. KAMA: Thank you, Chair. Good afternoon, Ms. Inamasu. It's nice to see you again. So I'm kind of like, hung up on the sustainability part of the matrix. Because it talks about the scoring of ten points each, depending upon the percentage of the County funds that they're applying for the project, and how much effort they put to secure other funding. But I also think about another portion of sustainability, in terms of do they have a plan that how they're going to continue their program, even after this particular funding goes away. Is that possible to insert something like that in there?

MS. INAMASU: We usually have a question. I didn't check if we had that towards the end. But we usually ask, what are their plans, and how do they look at carrying this on. That's also part of the conversation that our grants manager has with the grantee in looking at their budget and what they're looking to do. Is it a one-time event? There are certain ones that are one-time events, and that's what they'll do. But if there's non-profit organizations that have been doing a project, or wanting to start something, and wanted to have a life of its own, meaning to move forward, then we'll definitely work with them. Because part of the technical assistance is not only, you know, looking at our County grant funds, but maybe recommending that there are other foundation funds that are out there, or other networking opportunities. So trying to guide them in that way. So yes, we do try to help that part.

MS. KAMA: Okay. So is there a way that it could be...was that something we need to do to, maybe, put something, at least for us to know there is such a thing in place. How do we know there's such a...there's a plan in place for them to continue on, and they have the plan to sustain themselves?

MS. INAMASU: We can ask them. Maybe, it would be a little late on this application --

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MS. KAMA: Yeah. Oh, yeah.

MS. INAMASU: -- if they didn't have that in there; but maybe, we can add something into our next one to let us know what the plans are beyond the life of the grant.

MS. KAMA: Right. Right.

MS. INAMASU: Is that what you're asking?

MS. KAMA: Yes. That's what I'm asking.

MS. INAMASU: Thank you.

MS. KAMA: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Pro-Temp Kama. Okay. Mahalo, Director Inamasu for your feedback, and I'll be in touch.

MS. INAMASU: Okay. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Our next Department is Director of Housing and Human Concerns. Director Tsuhako? Director Tsuhako?

MS. TSUHAKO: Good afternoon, Chairman.

CHAIR RAWLINS-FERNANDEZ: There you are.

MS. TSUHAKO: Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. So again, mahalo for creating the model for this matrix. It was from last year that this was created. So do you have any feedback for us on the matrix?

MS. TSUHAKO: I do. Thank you very much. I very much appreciate you sharing, at the very beginning of this discussion, the reasons that you thought creating a more uniform format was going to be beneficial. I want to really give credit to Stephanie Tomei (*phonetic*), and Curtis Jamison, and Lyle Kobashigawa, who are all part of our Grants Management Division, and they actually developed the format that has been spoken about so glowingly. And that has helped us in our job of grant management. So a couple of comments. Very much from the point of reference that the Grants Management Division manages usually more than a hundred grants per year. And so we see a lot of the paperwork going back and forth, and have responsibility for really evaluating each of the grants and the grantees based on the criteria that you saw earlier in the budget deliberation.

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Couple of larger, big, comments that we have is that, you know, there's a criteria in here, "meeting community needs." And I know that was spoken about earlier. And I took Madam Chair very literally when I saw "meeting community needs." But my response to that was that, you know, the determination of whether a proposal will meet community needs is done before we do the grant. I mean, so if we thought it wouldn't meet community needs, we would never execute that contract. So I was prepared to offer just a comment about, maybe, changing the wording a little bit, wordsmithing that issue, and asking, "did the grantee implement the program as they proposed?" Right? And the second thing that I'm recalling from our conversation during the budget period, and when the matrix was actually discussed at Committee was, "Is this grantee accountable for how the funding is being...was spent?" And I think those were two of the real big areas of concern that all members, as well as the Department had, was a matter of accountability, and about doing what the grantee proposed to do. So I would suggest, maybe, wordsmithing that a little bit. I think one of the challenges of using a universal monitoring or evaluation matrix, is that grants are put into the budget, and grants are issued in different ways. So just as an example, in our department, we have different allocations. One for homelessness. One for youth centers and youth programs. One for substance abuse and self-sufficiency. Within those allocations, the Department issues an RFP, and then we take in their responses to that RFP, and then they're scored. And then grants are issued with the total allocation limit in mind, and with priorities for highest need, and you know, best programming, et cetera. Other grants that are issued through the Department, come directly from line items, right? So we don't scrutinize those line items, necessarily, the same way as we would score responses to the RFP. And so I think that the discrepancy in how grants are created and funded, makes a difference on using a uniform monitoring tool of this nature. I think that that's a challenge. So using a standardized monitoring or standardized matrix for this part, makes it really challenging. Because some grantees may be at a really distinct disadvantage, based on the nature of their program, especially in response to tying that with Department priorities and Department objectives. So for example, you know, I'll just make something up. So if we had a line item grant to an agency called, "Clown College" right. So it's a college for people trained as clowns. It gets put in there by the Council. And we have to execute that contract. But does it really match with what we're supposed to be doing? I mean, I guess it meets a community need for humor or entertainment, or something. But you see what I mean, it's really disparate, and we don't have the power to change those things. So just keep in mind, some agencies might be at distinct disadvantages, based on how that grant is...the genesis of those grants. Okay. My concern about some of the scoring, like the one hundred point --

CHAIR RAWLINS-FERNANDEZ: Okay. If you can close up in 30 seconds?

MS. TSUHAKE: -- okay. Thank you. The one hundred point scoring scale, I think, in my opinion, devalues accountability. And I would like that to be one of the

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most...if we're going to weigh different criteria, I would like accountability to be one of the most heaviest that's prioritized. So anyway...and I think across different departments, it's probably not universal understanding about how funds are used, and things like that. And that would be a concern for me. I think if we're given the opportunity to tweak it by department to what works best for us, it might be a more useful tool for us, as well as for you. But, that's up to, you know, that's up to you. That's just my feedback. And I thank you for inviting us to join you. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Tsuhako. And Mahalo to your staff. All three of them that you named, for developing this spreadsheet. I remember the other thing that was on the spreadsheet, and I'm taking my three minutes now, Members, was CIPs. Because generally, CIP grants wouldn't fall under your department, but when you reported, or presented, to Council last year, there were, I think, three or four CIPs under your department, yeah? And those didn't fit nicely into the matrix either. So those, you know, would perhaps need its own columns, scoring system, or something like that. So mahalo for your feedback. So I'll include CIPs to what you mentioned with the RFPs, provisos. I hope the Clown College wasn't an inference to some of the provisos that Council puts into the budget. And. . .*(laughing)*. . . --

MS. TSUHAKO: No. No offense. I just struggled to think of an example.

COUNCILMEMBER LEE: She didn't say, "Clown Council."

CHAIR RAWLINS-FERNANDEZ: . . .*(laughing)*. . . Maybe she should have. The accountability piece, I think that's great. I think that's kind of what I meant with the 50 points, as far as did the community...did the grant meet the community needs. Meaning, did the program, project, say what it did it was going to do. Accomplish what it set out to do. And so if that's what you mean by accountability, then that's what I meant by meeting the community need. But I can see also, splitting it, as you were mentioning. Because I think we would make that same assumption, that if the Department is granting out funding for a program or a project, that it did meet the community needs by your standards. And so I guess I wouldn't, necessarily, put a column there, because that would be an assumption made at the front end. That you wouldn't grant out funding to a program or a project that wouldn't meet the community needs. So yeah. I agree. And Director Inamasu also suggested wordsmithing that, so we can work on the language for that. And my phone is ringing, and my timer is going off, so that's the end of my time. And I'll go to Committee Vice-Chair King, and followed by Pro-Temp Kama.

VICE-CHAIR KING: Thank you, Chair. And that was one of my comments too. Was going to be that I saw that column of "meeting community needs" as the accountability. So I agree with however you have to wordsmith that. One of the

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questions I had for...and Ms. Tsuhako, I think you did, you know, the matrices is great, and I appreciate your department's putting it together, the original matrix together. And the one thing that I wanted to ask of you, you know, when we're talking about ongoing sustainability or programs, can you differentiate for us, which of the grantees are services that are ongoing. Because some of them, like, you know, MEO Transit Services and things like that, some of the services are...I don't see them as ever becoming self-sufficient, but I do see them as serving the community. And probably ongoing services that would cost us way more money to do, things like Aloha House, and you know, the mental health services, and some of the houselessness grants. So is there a way to help us out by differentiating which one, which of those grants are essential services that we don't have to... you know, we should still review and make sure they're doing the work they say they're doing. But that we don't have to, you know, scrutinize them every month or every year even, that we fund them, because they're essential services that need to be ongoing in the community.

MS. TSUHAKO: Thank you, Member King for your question. I think that the designation of those services that are considered essential is very subjective, for the large part. I think any grantee who is sitting here with me here at the table, would argue with you or anyone else, that their services are essential. And I think that that's pretty uniform across all of the grantees. In my mind, I think the biggest service that we provide that's essential, that we have to provide, is those required by law, which is animal management. So by State Law, we're required to provide those basic animal management services, the enforcement, et cetera. And I think those are the only ones that I can think of off the top of my head that are absolutely mandatory because of the State Law. So there's probably different gradients of import. But we can certainly talk about having some criteria to try and distinguish those things that must go on. You know, I think that's what you're saying is certain services...

VICE-CHAIR KING: Yeah. And you know, because I see that as your job. You're Department of Human Services, so you guys should know which...this was brought up years ago, and I won't say what mayor, but we had got a new mayor, and he said why are we giving all this non-profit money out. Why don't we just do it ourselves. And the whole... I watched the whole...(timer sounds)... community come together and give the spreadsheet of how many millions of hours of volunteer service that they do, and which ones are essential. So that's kind of my concern. Is that we look at some of these as things we're funding because they're essential services, and we're not necessarily expecting them to become self-sustaining in three years or five years or whatever. But there are things that we would have to do as an administration if the volunteers weren't helping us do it. So, thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Vice-Committee Chair King. What did I say? Did I say Pro-Temp Kama?

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MS. KAMA: Yes.

CHAIR RAWLINS-FERNANDEZ: Pro-Temp Kama, followed by Member Sugimura.

MS. KAMA: Thank you, Chair. So thank you, Ms. Tsuhako, for the template that you have given us, and that you've allowed our Chair to expand on it, so that we could be able to use this as we make judgements at the next go around of funding. So as you look at this matrix, is it better than yours, you think? Because I think it's good. I think it's really good. But I just wanted to get your opinion on it, in terms of its expansion of what you had given us last year, and what we want to be able to give back to each other...the coming year.

CHAIR RAWLINS-FERNANDEZ: I think the word, "better" is subjective.

MS. KAMA: Okay. Thank you.

MS. TSUHAKE: Thank you, Member Kama for your question and for putting me right in the hot seat. I don't think it's better or worse. I think that it's different. But it's –

MS. KAMA: Okay.

MS. TSUHAKE: ...(audio interference)...that we can see the effort to build upon, to build upon that baseline of the information that was provided to the Council. I think it would be really...sorry, my phone is ringing. But would be really helpful to the grantees to know what the purpose of the evaluation is, and how it's going to be used. So that would be, you know, I think that's a really important consideration for them to know what the evaluation is going to be used for. Is it really going to be used to decide who gets funding next year? I mean is that what the intention is of this body? I don't know. Or is it something to just, like, keep track of whether, you know, five years down the lane, agencies who are consistently poor performers, are still going to get funding. Or are you guys going to have the report card, and when agencies come to visit you and ask for your support, are you going to whip it out and go, "hey, you guys got junk scores, three years in a row. It's hard to support you." You know. So I think it's good for us to consider what the purpose of the evaluation will be. So mix bag. I think if I were given a choice, I would rely on the Department's version, because it's something that we're comfortable with, and we've used before. But it doesn't mean that it's any, necessarily, better or worse than the proposal before us, right now. Thank you.

MS. KAMA: Thank you. Thank you, Chair.

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

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COUNCILMEMBER SUGIMURA: Thank you. I enjoy this discussion, and Lori, thanks to your Department. Definitely set the standards high for everybody. So we appreciate this. And I think that not only from this discussion, but from when Director Baz opened up, we were talking about how some of the Council will add grants onto the departments. And in those, they don't get rated the same way for...to decide if they're going to actually get a grant because it was asked for by us. So therefore, I hope that these standards that we're establishing will help, so that if a non-profit or an organization comes before us and asks for funding, and they don't really...they shouldn't, then it wouldn't be so hard for the department, then, to try to force or fit a non-profit to get a grant. You know, if it doesn't comply with 3.36. So thanks again, Lori. You know, you've definitely helped us bring this forward for discussion. And I look forward to seeing what happens after this next year. Thanks.

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

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Tsuhako for your diplomacy. I just was wondering if you could clarify about when you stated that you think it would dilute, like, if you could explain a little bit more having the hundred point scale would dilute it. I mean, it's all just math and numbers, we could look at that way as well. But I mean, then folks don't need to do percentage calculations, maybe?

MS. TSUHAKE: Thank you, Member Paltin. What I meant by the dilution of accountability is that, with more points awarded, it's easier to get your focus, which for me is accountability of how non-profits, or grantees, are using taxpayer funds. It's easier to get that lost in, oh, are they responding quickly, are they responding accurately, you know. Some of the other criteria gets elevated in importance, when my priority is about accountability. But that's what I'm saying. It's just that more points allow that to be spread across more different areas...

COUNCILMEMBER PALTIN: So more, the weightedness [sic] of it, is kind of...is that what kind of what you mean? Like, if it wasn't weighted, then it wouldn't be spread out in that fashion?

MS. TSUHAKE: Yes. And I think when you have...when you evaluate different things, and you have a smaller scale to work with, it's easier for...for example, if we had just some grantee out of the blue, come and look at this. And they say, "Okay, so...(audio interference)...is worth five points, if I get one point, tell me what that means. If I get two points, distinguish that from one point. If I get three points, tell me what it means." So when you use this kind of stuff, you got to have all of those point criterias [sic] clearly established, right? So the bigger your...the bigger your spread, the better you have to be at distinguishing, what one point means from three points, means from five points, means from...(audio interference)...to ten. That's what I'm saying. It's just more difficult with a bigger

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spread in points allowed. So when you have a...(audio interference)...--

COUNCILMEMBER PALTIN: I get it.

MS. TSUHAKE: -- scale, it's easier to distinguish, yeah?

COUNCILMEMBER PALTIN: So then, my other question was, you know, similar to how they were saying about what people proviso, the Councilmember's proviso. Within DHHC, there's definite needs like, you know, alcoholic services, and these types of needed services within our society. Do you think it's important to also point out...(timer sounds)...like the lack of options we have? Like to make that in the comments. You know, like, I don't know if you want me to still clarify and go on, Chair Rawlins-Fernandez, but I can clarify more.

CHAIR RAWLINS-FERNANDEZ: Yeah. Proceed. Go ahead.

COUNCILMEMBER PALTIN: Like, you know, if we need...if we have a desperate need in West Maui for folks that have mental health issues or problems with alcoholism, but there's only one entity providing that service, do you think that is an important piece of information to point out in this type of reporting figure?

MS. TSUHAKE: I do. I mean, I think that the lack of services, especially as it relates to geographic areas within the County is a significant reason to try and provide that service. But I think, you know, in companion to your question, is that, for example, the Department has some responsibility for trying to develop and work with different entities that could potentially replace, or meet that puka in the service system, right. So Member Sinenci knows this. The Department tried really hard to work on developing some substance abuse services in addition to what was already available in his area, because there was a puka in that service system. So I think that that's important work of the Department, is to develop those services with partners that could address the need in the community.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. And as a Moloka'i resident, I'm very familiar with a lot of puka in our services on island, that our people cannot drive to. So your point of number of services in a geographic area, I would have put under "meeting community needs." Because that's an obvious need that would be met because there aren't that services provided in the geographic area. Okay. Let's see. Member Hokama.

COUNCILMEMBER HOKAMA: Thank you, Chair. And thank you for that comment. I appreciate that comment very much, because Lāna'i is in the same situation, where as an island, we make conscious decisions because of our understanding of what we don't have. You know, it's pretty tough living on that basis of making

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a decision based on what you don't have, instead of what you do have. So I just shared that perspective with my other members, because I'm sure Ms. Rawlins-Fernandez, and Mr. Sinenci, can appreciate that comment. But Chair, as far as this department area, I've heard my member's concerns, and recommendations, and again, I'm just going to say, you know, I ask that we standardize what we can. Director Tsuhako, I understand there's a uniqueness in every program area, and you got to make some adjustments. And that is what maybe you can help us with in the future. And if it's in my committee, I'm happy to give you...But, maybe you can explain to us later on, how your department has approached the Codes requirement under review, which is, procedures, timetable for the submission requests, the analysis required of the request, and the procedures and standards for monitoring and evaluating the grant itself. So if you could respond to us. I leave it to you in your response to the Committee. If you want it written and directed to our Chair, please, for transmittal after receiving it that would be fine with me. But I would put in that request to you, Director, so that we can understand how you been approaching it from a standard way that all applicants are treated fairly and equitably. Thank you.

MS. TSUHAKO: Thank you, Member Hokama. I would ask that the Committee send that response through the Mayor's Office transmittal process, please. Thank you, I appreciate that.

COUNCILMEMBER HOKAMA: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. And Mahalo for that request, Member Hokama. Not sure if everyone's seeing the patterns, but I have been working on grants, and I will submit that request, Member Hokama, to Director Tsuhako, as well as all the other departments --

COUNCILMEMBER HOKAMA: Mahalo.

CHAIR RAWLINS-FERNANDEZ: -- In looking at...(audio interference)...3-6, so that we all have an understanding, and requesting the Departments to, also, put those administrative rules up on their website as well, for the public to see.

Mahalo, Member Hokama. Okay. And next is --

COUNCILMEMBER HOKAMA: Mahalo, Chair.

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

COUNCILMEMBER LEE: Thank you. Okay, Lori. We've been spending a lot of time on monitoring the grantee, but what about the Department? So, I mean, not only yours but everybody's. It's important that we also grade ourselves, and take note how quickly, or not quickly, that we are able to process these loans. Now in the

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past, after you use...the grant specialist works with the applicant, and a application is completed, it would normally go to Corp Counsel, yeah? And then after that come back to the department, and go back to the Budget Director, then to Finance, and then finally, out to the applicant. So how much time does it take now to process an application from beginning to end, and when is their first check, normally?

MS. TSUHAKE: Thank you, Council Chair Lee, for your question. The answer is, not because I'm skirting you, but it depends. I think what happens is, when the department learns after the budget process has been finished, that a agency is more than likely to receive funding, we send word to them. And they start submitting the documents that we need in order to execute a grant agreement. So that process starts, probably, in May or June, where we start working on that. We also work with the grantee to make sure that the performance measurements in those contracts are related to, applicable to, the objective of that grant. So that's the process. It goes back and forth. And we're trying really hard to move grantees from measuring outputs to doing more outcome based performance measures. And we're trying to do that within the Department, also. We had...last year we had training with the Hawai'i Association, or non-profit organizations, about transitioning from outputs to outcomes. And I think that that was really helpful. So all of that negotiating, and the problem-solving, and the back and forth happens, starting from, probably, June, July. And then contracts are usually starting to roll out of the Department at the end of July, and then go through the process of being forwarded to Finance, to...

COUNCILMEMBER LEE: Okay. So how long does that process...once it leaves your office, how long does the next part of it take? When it goes through all the other departments?

MS. TSUHAKE: Yeah, it could take about three weeks.

COUNCILMEMBER LEE: Three weeks? So you're saying...so probably...(timer sounds)...by the end of September.

MS. TSUHAKE: Yes.

COUNCILMEMBER LEE: They could get their check by the end of September?

MS. TSUHAKE: So once the contract is executed, then the agency can send in their first quarter payment request. So the contract has to be executed first. As soon as that thing is executed, most agencies turn in that paperwork, and then we process for payment right at that time.

COUNCILMEMBER LEE: Okay. So on average, they get their...most people get their first check in September?

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MS. TSUHAKE: It might be a little later. It may be October.

COUNCILMEMBER LEE: It may be October?

MS. TSUHAKE: Yeah.

COUNCILMEMBER LEE: So that's kind of a long period. So now you understand why the Council had to help the non-profits get advanced payments, yeah?

MS. TSUHAKE: But that...the way the Department of Housing and Human Concerns does that, that first quarter, is an advanced payment. Because we allow them to ask for 25 percent of the contract amount right then, at the beginning. And granted, it's not at the beginning, July 1st. Because it takes the Department and our other County colleagues a long time to process all those grant requests.

COUNCILMEMBER LEE: Okay. Lori, I ran out of my time. So are you saying that the people we tried to help just recently, with the new ordinance, still has...they still have to wait all the way 'till October to get their first payment advance from the County? They apply in July, and they...June, and they still don't get a payment 'till October?

CHAIR RAWLINS-FERNANDEZ: Council Chair Lee?

MS. TSUHAKE: On average, some of them may get it sooner. I think it depends on how efficiently that process of negotiating with the program specialist in their programs actually goes. So that there's an agreement about what will be measured, and what the outcomes will be.

COUNCILMEMBER LEE: Okay. Thank you.

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

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Good Afternoon, Director Tsuhako. And thank you and your staff for coming up with this matrix. I know with the program specialist and their work with the grantee, the specialists certainly has a lot of clout or influence, because when coming up with these scores, that might seem somewhat...or scoring system that's...might be to some very abstract. Like, 48 points for this meeting the community need. What is the criteria that the grant specialist would use to deem that, okay, this proposal is worth 48 points, or 45 points. Because it seems kind of subjective in some ways. It's not like a clear cut, you know, automatically you get 40 points for this, or 45 points for that. So there is some wiggle room, I guess, yeah, in the scoring, on the part of the grant specialist? How's that addressed to ensure that there's no perception by a grantee, that, oh, you know, I thought the scoring was

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unfair or...you know where I'm coming from? Okay.

MS. TSUHAKE: Thank you, Member Molina. I think that, you know, like any evaluation, it is subjective.

COUNCILMEMBER MOLINA: Um-hum.

MS. TSUHAKE: I think the...what I was talking about earlier, in terms of being really precise about the differentiating between a one, and a two, and a three, and a four, and a five, goes to help reduce the subjectivity of that. So, you know, the more clearer you are in describing the criteria for a score, the better able you are to reduce that subjectivity. So I think in any matrix that we use, whether it's this one or one that's used by any other department, trying to fine tune those different points, makes a big difference. I think the agencies also have an opportunity, when they see their scores, to call the program specialist, and say, "Hey, I don't agree with the score you gave me." And then the program specialist would then go, "Okay, so your first quarter reporting was...you turned in seven versions of the same thing before it got approved. When you turn in your second quarter thing, all your first quarter numbers changed from what you gave me. And then, we have to go through it again, ten times." So all of the sort of the evidence that the specialist would use to evaluate the compliance with those requirements, would be shared with the grantee at that time.

COUNCILMEMBER MOLINA: Okay. Great. Great. So after the program specialist does his or her job, then it goes to you for, like, a final assessment to ensure that the process was, you know, fair and all of the that? Or is it just between the specialist and the grantee, then it goes through?

MS. TSUHAKE: It...yeah. It doesn't come to me for my review. I see the final product, which is the spreadsheet that was shared with this body a few months ago..*(timer sounds)*...I don't see the nuts and bolts of it. I just see the final product.

COUNCILMEMBER MOLINA: Okay.

MS. TSUHAKE: Yeah.

COUNCILMEMBER MOLINA: Okay. And last quick question, yes or no. I know hundred points max. What is the minimum score that will get a grantee eligible for a grant? Like the lowest score possible, like, . . . *(inaudible)* . . . minimum. Nothing less than, say, 60?

MS. TSUHAKE: I don't know. Because we don't use...I mean, the Department hasn't used a one hundred point scale. I think our scale was 30. Zero to 30. And so, the way we looked at it from a broad picture is, if your score is like 16 and below, you kind of, like, having a hard time, right? If you cannot even get half of the

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total points allowed, you're having a hard time.

COUNCILMEMBER MOLINA: Okay. All right. Thank you for your response. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. And when Director Tsuhako came before us with the evaluation spreadsheet, last year, it wasn't used to say that we're not going to be recommending funding for certain organizations or not. It was just a report card, basically, for us to review.

Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Mahalo, Chair. Director Tsuhako, I just had one question. You know, I've been hearing from other members about pukas, particularly in their individual community. So I just had a question. Does the Department...can the Department focus some of their grant objectives on specific things, like mental health, child abuse? I can understand, you know, some of the grantees that always apply, they've got many different activities that they can do. And so sometimes, they can tweak their activities to address a certain grant objectives. Can the Department do that? We've seen it in other State and Federal grants.

MS. TSUHAKO: Thank you, Councilmember. I think the Department...the way that we solicit proposals is because we have those larger allocations of funding. For example, the \$700,000 for homelessness, or the allocation we have for substance abuse. And so I think, within those allocations, when the request for proposals goes out, agencies who have the capacity, or think they have the capacity to provide that service, can then apply. And it may be that it's a agency that wants to work in South Maui, or in Hāna, or in Moloka'i, and they're given equal access to the funding through that competitive process. I think in the situation that you and I know about for Hāna, the Department made a real genuine attempt to look and see if, a service that we weren't going to fund, could be done by a different agency so the community would not need to go without, yeah. So we do things like that to, sort of, address those needs. But the application process is what will drive a lot of what grants are selected when you do an RFP.

COUNCILMEMBER SINENCI: Thank you, Director Tsuhako for the assistance with our community issues. Mahalo. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. That's everyone. Mahalo, Director Tsuhako for your feedback on this and you will be receiving correspondence from the Committee on the question Member Hokama asked.

Mahalo for your time, today.

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MS. TSUHAKE: Thank you, Madam Chair. Thank you, Members.

CHAIR RAWLINS-FERNANDEZ: Okay, Members. We have a few...what, like, seven more departments. So...and I would really like to get a review on the CARES Act funding and Corona virus grants, so, my proposal is that the OED and DHHC were the...(timer sounds)...sorry. For the departments that manage the most grants, and the most money for grants, so my proposal is that we have all the departments come before us, we'll give them each five minutes to provide us feedback, and we'll just hear their feedback. And if you have questions, I can send them questions in writing.
Any objections? Okay. I see thumbs up. All right. We'll proceed that way. Okay. So our next department is water, our Department of Water. Director Pearson, are you on?

VICE-CHAIR KING: Chair, I think I saw Eva Blumenstein on earlier.

CHAIR RAWLINS-FERNANDEZ: Okay. Here. I see Eva. Eva?

MS. BLUMENSTEIN: Chair?

CHAIR RAWLINS-FERNANDEZ: There you are.

MS. BLUMENSTEIN: This is Eva. Okay.

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

MS. BLUMENSTEIN: Aloha, Chair.

CHAIR RAWLINS-FERNANDEZ: -- the Department of Water has about 11 grants?

MS. BLUMENSTEIN: Correct.

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. BLUMENSTEIN: We do.

CHAIR RAWLINS-FERNANDEZ: Okay. I'll put on...Mahalo for joining us, Eva Blumenstein. I forgot your title, again, sorry.

MS. BLUMENSTEIN: Planning Program Manager.

CHAIR RAWLINS-FERNANDEZ: Planning Program Manager, and you also, like, manage...do the supervision of the grants?

MS. BLUMENSTEIN: Yeah. My Division manages all the watershed protection grants.

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CHAIR RAWLINS-FERNANDEZ: You received the spreadsheet? The matrix? And then --

MS. BLUMENSTEIN: I did.

CHAIR RAWLINS-FERNANDEZ: -- would you mind providing us with some of your feedback for the 11 grants that you manage?

MS. BLUMENSTEIN: Thank you. Appreciate that. Yeah, so overall, our watershed protection program, we subsidize grants for specific projects, we issue an RFP. So eligible projects must meet the objective which pretty much matches what you are up there, support sustainable water supply. Although it goes a little further than that, because all our grant subsidies are water rate funded. So many projects are very broad, but it does...we need them to focus on some direct or indirect benefit to our customer base, or future customer base. So for example, there are some programs that might be more in areas that are not served or will not be served by the Department of Water Supply. But...so overall, you know, the RFP is very clear. Setting up their eligibility, what their objectives are. So therefore, the...in terms of meeting community needs, that's really scrutinized up front, in the application of the grant. So...and that is absolute, key, for a grant to be funded at all. It also needs to have the long term benefits. So we need to see a multi-year watershed management plan. So in terms of the matrix, I think that those objectives and those criteria, we have those established criteria up front. Looking at the grant application, maybe that could be tweaked to something that I heard from other agencies as well, to meet deliverables. Because those...the criteria of the eligible project and the deliverables to meet those objectives are already established up front in the contract. So that would also help us report back to you, Council, what we're doing with County Code, Title 3.36. We have to monitor grantee performance and report them if the grant attained those intended results. I think the records...the responsiveness and records and reporting are key. Those are, sort of, benchmarks that we look at over the life of the grant. Although there are always some unforeseeable circumstances, you know, while there...you know, these are really complex projects that we deal with. I mean, not that their fancy or anything, but they're just really complex deliverables that are reliant on weather, and staff turnovers, and their specific skills. So when there is a lack of staff or there's bad weather, there's just... you don't want to hold the grantee responsible for, you know, being late or not reporting for that quarter. In terms of use of funds, or even the percent of county funds, all these grant projects are merit based. We set sort of a broad budget for an individual year. But each individual project is evaluated on the proposals. So I'm not sure, really, how we would report fairly on the category percentage of county funds for the project. I'm not really sure how that would be fairly assessed by us. Yeah. So records and reporting, we can certainly utilize that. That does make sense for us. I also want to note, that because we issue

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an RFP, and some of these projects are multi-year projects, although they are subject to Council allocation of funds. The evaluation criteria that we have established in the RFP and those grant agreements, are set now for, you know, maybe through fiscal year '22 or even '23. So if this is something that we, you know, addressing now, for fiscal year '21 on, you know, we could use the matrix to report to Council in terms of performance, but we couldn't really use it to assess those multi-year projects that have submitted a proposal for multiple years. So that may be an issue, I guess. Yeah. That about sums up my feedback. Thank you.

CHAIR RAWLINS-FERNANDEZ: Perfect timing. Mahalo, Ms. Blumenstein. Okay, Members. So if you have any questions, please email staff your questions, and then we can submit them to the Departments, regarding the matrix.

Okay. Great. Mahalo for your feedback Ms. Blumenstein. Good points.

MS. BLUMENSTEIN: Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Our next department is the Department of Transportation. And we have Director Marc Takamori, on.

MR. TAKAMORI: Hello, Chair Rawlins-Fernandez, and Committee.

CHAIR RAWLINS-FERNANDEZ: Aloha, Director Takamori. Okay. So the Department of Transportation has, I believe, three grants.

MR. TAKAMORI: Typically, we do. Yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Will you please provide us your feedback on the matrix that you received?

MR. TAKAMORI: Sure. Thank you. Thank you very much. After reviewing the proposed, standardized, grant review matrix, it's something that I think we can move to use. So thank you, I guess, for having this conversation. We understand that, I guess, from the Committee's standpoint, it would probably be good to have something more standardized than every department having their own write-up. I guess our current write-up has been more of a narrative, versus a spreadsheet matrix like this. So it's something that we can move towards, for sure. I guess, just some of my comments is that, from our standpoint, I guess, it might be good for each criteria to be clearly defined, what it truly means, right? So when every department sort of goes through it, they'll read what the definition of each criteria is, and then will understand, kind of, how to rate it. And then the other part that came up when I was talking to our grants administrative officer was that, from the points perspective, it might be also good to define different ranges, in terms of how you would offer points. Just so that, you know, you might have a

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department that might say, like, a lot of their grants might come in at 90 points, 85 points. And then you might have another department that comes in at 60, 65, you know. So to be a little bit more consistent, it might be good to set up ranges in terms of...based on how you would rate it, it should be defined as well. I mean, that's from our perspective when we were looking at. It's something that we can move to do. It might just be good to have it defined, and have the ranges also defined in how we should rate our grants.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Great feedback. Member Paltin, burning question?

COUNCILMEMBER PALTIN: Not a burning question, but I was kind of along the same line, like, if there would be a criteria. Like, if it's out of five points, like, some criteria. If it's a one point, or a three point, or a five point. I just never knew the time to mention it, but hearing Director Takamori bring it up, I agree 100 percent. If there is kind of a standardized criteria as to how you...how a score would give the points.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Paltin. Okay. Well, thank...so I guess in response to your comment. This is the first time that we're discussing this, and each department is different. And I didn't want to impose on each department. . .*(laughing)*. . .Chair Lee. I'm not trying to impose on them. So I wanted to leave that up to the departments to develop. And then they could explain to us, why they developed it the way they did. And then we just --

COUNCILMEMBER PALTIN: Yeah.

CHAIR RAWLINS-FERNANDEZ: -- kind of do the broader. Member Paltin?

COUNCILMEMBER PALTIN: I think that's kind of what I meant. I didn't mean for you to develop the criteria, but that there be a criteria that we can see, you know, why it fell into that category.

CHAIR RAWLINS-FERNANDEZ: Right.

COUNCILMEMBER PALTIN: Yeah. Okay.

CHAIR RAWLINS-FERNANDEZ: Yeah. And that's what we asked Director Tsuhako, last year, too. And so we, you know, starting this, you know, creating this system, establishing this standardized system for each department, then there will be more structure. And then, the departments can provide us that feedback on why they created the criteria they did because it makes sense for their department in that way, and then we'll be able to understand it better, and so will the public. Okay. That's our goal. Get everyone on the same page. Okay. Mahalo, Director Takamori, for your feedback. Aloha.

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MR. TAKAMORI: Thank you very much.

CHAIR RAWLINS-FERNANDEZ: Okay. Our next department is Department of Finance. Director Teruya, or Deputy Director Alibin?

MS. ALIBIN: Hi, Chair. So for the Department of Finance, we don't have any grant subsidies that we're...(audio interference)...at this time.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Deputy Director. Okay. The next is the Department of Parks and Recreation. Director Peters?

MR. BUCK: Can you hear me? . . . (inaudible) . . .can you see me? Can you hear me?

CHAIR RAWLINS-FERNANDEZ: Oh. There you are. Aloha, Deputy Director Buck Joiner.

MR. BUCK: Can you hear me? Can you hear me?

COUNCILMEMBER LEE: John Buck. John Buck.

CHAIR RAWLINS-FERNANDEZ: John Buck. . .(laughing). . . Sorry.

MR. BUCK: As long as you can hear, that's all that's important. As far as our department, we're in support of a...open to . . . (inaudible) . . .standardized review matrix being proposed. I mean, that helps the evaluation of the, you know, with the grants and stuff. We did set up a transmittal with some of our comments if you want, I'll share them. But we would like to suggest that maybe rebalancing the weights for each criteria. "Meeting the community needs" is important, however, responsiveness, records and reporting, and efforts to secure other funding, are also critical. These should have a higher weight. I think the "meeting the community needs" category it should be...we suggest adding, "effectiveness in meeting community needs." Might be a better way to evaluate the grantee. Efforts to secure other funds, the percentage of County funds for projects, go hand in hand. Maybe, perhaps, they could be combined as one category. And we've suggested, maybe, remove use of funds as a criteria. Typically, the grantee will submit a budget proposal for review and approval. So this criteria is vetted during the whole process anyway. So that might be something you might want to consider. And so, most of our grants are basically, line item grants, right now. That's it.

CHAIR RAWLINS-FERNANDEZ: Very concise. Okay. Mahalo, Deputy Director.

VICE-CHAIR KING: Chair?

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CHAIR RAWLINS-FERNANDEZ: Committee Vice-Chair King?

VICE-CHAIR KING: I didn't understand that last sentence that Mr. Buck just said. Most of our grants are, what?

MR. BUCK: Most of our grants are line item.

VICE-CHAIR KING: Oh, line item.

MR. BUCK: So...line item. I'm sorry, if you . . . (*inaudible*) . . . , but line item.

VICE-CHAIR KING: No, I just... I didn't hear that. So thank you.

MR. BUCK: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. Okay. Everything else good? Looks good. Okay. Mahalo for your feedback on the matrix.

MR. BUCK: Thank you.

CHAIR RAWLINS-FERNANDEZ: Aloha. Okay. Our next department is Planning. And I saw Director McLean, Michele McLean on the line.

MS. MCLEAN: Aloha, Chair. Good afternoon.

CHAIR RAWLINS-FERNANDEZ: Good afternoon. Okay. So I'm giving --

MS. MCLEAN: Just a quick. Sorry, go ahead.

CHAIR RAWLINS-FERNANDEZ: Yeah. I'm giving all the departments five minutes to provide us their feedback on the grant's spreadsheet, the matrix, that was sent out. So if you would please provide your feedback, and then we can adjust it for your department.

MS. MCLEAN: Sure. Generally, we only have one ongoing grant, and that's with UH Sea grant. But using the grant matrix, I could see could be very useful to have just for consistency, for all county grants. It wasn't quite clear to me, what the criteria meant. I could assume what it meant, but I just...I needed a little more help understanding what each of those scoring categories meant. But with that information, we wouldn't have any trouble completing it and submitting it. So in all previous years...for many previous years, we've had the UH Sea grant contract. In FY '20, we added a second sea grant contract for the dune management and shoreline coordinator. And in FY '20, we also had the pioneer restoration plan grant. So FY '20, we just had the three. Moving forward in FY '21, we just have the two sea grants again. So pretty simple for our department, with grants.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Director McLean. That is pretty simple. Okay. Awesome. Okay and no questions. And if there are any questions, then we'll send them in writing. But I think there's only two grants, so I think that's pretty straight forward. Mahalo, Director.

MS. MCLEAN: Okay.

CHAIR RAWLINS-FERNANDEZ: Aloha.

MS. MCLEAN: Thank you, Chair. Aloha.

CHAIR RAWLINS-FERNANDEZ: Okay, next. Second to the last department is Environmental Management. And I believe Director Nakagawa is on?

MR. BAZ: Chair, this is Sandy. Director Nakagawa is at the State Land Use Commission, so he wasn't able to join us for today.

CHAIR RAWLINS-FERNANDEZ: Oh, okay.

MR. BAZ: Sorry about that.

CHAIR RAWLINS-FERNANDEZ: Okay. No problem. And maybe we can just get his feedback in writing. And then for the Emergency Management, or MEMA? Is Director Andaya on? Or Administrator Andaya?

MR. BAZ: Administrator Andaya was going to have somebody online. One of the staff members. But I don't see them here. They have one grant. I did discuss this with them. They have one grant with the American Red Cross. So it wouldn't be a challenge to fill out the form for them either.

CHAIR RAWLINS-FERNANDEZ: Perfect. That was the last department. Okay. Okay, Members. So again, if you have any questions, please email them to the Committee, and then we'll send that to the Departments. And if there aren't any questions or comments, we completed that in really good time. Mahalo for everyone's cooperation. So if there are no objections, I will now defer EDB-71. Mahalo, Members.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: **DEFER** pending further discussion.

ITEM 85: **LEGISLATION AND DISCUSSION ON THE EFFECT OF
THE CORONAVIRUS PANDEMIC, RULES, CARES ACT,**

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AND RELATED ISSUES (CC 20-207 and CC 20-275)

CHAIR RAWLINS-FERNANDEZ: So I would like to take up EDB-85, which is the Coronavirus grants and CARES Act funding. It's 3:38, and I was aiming for 3:45, so if Members would like to take a quick break, I'm happy to do that.

MR. BAZ: Chair?

CHAIR RAWLINS-FERNANDEZ: Managing Director Baz? If that's a problem, we can just go.

MR. BAZ: Just real quick to let you know. The Mayor is not going to be available to do his press briefing this afternoon, so I'm going to be...I'm stepping out at 4 o'clock to do that. So just for your understanding.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, Members. So would you like to take a recess knowing that Managing Director will need to leave at 4:00, or shall we just push forward? And if you need to go, you can just close your screen, and then come back.

COUNCILMEMBER SUGIMURA: Okay. I'll do that.

CHAIR RAWLINS-FERNANDEZ: Okay. We're going to move forward. Okay.

COUNCILMEMBER LEE: You're so mean.

CHAIR RAWLINS-FERNANDEZ: Am I? I don't mean to be.

COUNCILMEMBER LEE: No, that's okay. Yeah. Since we have him here, we may as well ask him the questions.

CHAIR RAWLINS-FERNANDEZ: Okay. And then, if you want, we can take a break at 4:00, and then have...Okay. We can just end at 4:00. Okay. Our next agenda item is EDB-85, Legislation and Discussion on the Effect of Coronavirus Pandemic and Related Issues. We have Managing Director Baz, and I think Budget Director Yoshimura is still on? She was on earlier. Okay. And Director Teruya, is also on. Oh, there. I see Budget Director Yoshimura. Okay. Managing Director Baz, would you like to provide some opening comments?

MR. BAZ: Yeah. Thank you. And thank you Committee for keeping this as an ongoing item. This is definitely an ongoing item for our community, for the County, as an organization, and for the State, and the world. And those who've been monitoring, it's getting a little bit more challenging, especially in the Continental United States. Even Alaska has had large spikes. So we're in ongoing discussions with the Governor, the other mayor's, Department of Health on a lot

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of policy-based things, right now, as far as, upcoming items that are very critical to the coronavirus and its response. August 1st is when the Governor's planning on lifting the 14-day quarantine for Trans-Pacific travelers. So anybody coming out-of-state, basically, in, as long as they get tested, three day or 72 hours in advance, then they wouldn't need to be quarantined. Details...there's a lot more details and discussion about that. The other item that's coming up is that the Department of Education will be opening up the public education schools on August 4th, and it will be providing teaching for our youth on campus, in person, and they had set up some criteria for that. One other item is that, the University of Hawai'i system is looking at bringing in individuals who are going to be visiting our campuses. Out-of-State people that are going to be attending college. So that is another influx of individuals into our State, that we are monitoring and evaluating for criteria that's going to be required for that. So this is something that's real critical to us. As far as the response goes for the County, we continue to work with our local State offices; Department of Health in developing, you know, the policies and procedures for, you know, we had quarantine requirements and isolation. Dealing with...the Police Department also is monitoring the quarantine violations, and those kind of things. They're assisting HTA (phonetic) with actually doing some of the calling and things like that. Those that are responsible for that. So everybody's just kind of pitching in as much as possible. National Guard continues to be an incredible support to us, at the airports as well as in our community...(audio interference)...different items, and...(audio interference)...support to us in general. So as far as the item of the coronavirus goes, that's it, and then we can get into some of the financial things, if you need to, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Managing Director.

MR. BAZ: So I wasn't sure if I was supposed to stop.

CHAIR RAWLINS-FERNANDEZ: Yeah. Yeah. I appreciate that.

MR. BAZ: I'll go . . . (inaudible) . . .

CHAIR RAWLINS-FERNANDEZ: No. That's pretty much...that was very concise. Thank you. So do you know, for the end of June, and perhaps this is a question for Budget Director Yoshimura. For the end of the period, the 90-day period for the \$4 million, and \$2 million funding, when that final report will be available?

MR. BAZ: Maybe Director Teruya can respond to that. But the books for June 30th haven't closed yet. So I would ask Budget Director Yoshimura.

MS. YOSHIMURA: Chair, we are in the process of reconciling the account. We should be sending it down to you as a preliminary report, because I think Finance will close the June period sometime in July. We did spend just about all of the fiscal,

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or the emergency fund monies, and we did stop encumbrances as of June 18th. I think that was the 90-day period. So it will have the expenditures through June 18th, available for your next meeting. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Budget Director. Okay. And is there a report on the CARES Act funding, as far as receiving? The last time we met on this, we didn't receive any funding from the State.

MR. BAZ: Well, we did receive 50 percent of the funding, that was deposited into our account. The Finance Director, Budget Director, and our Administrative team, have been working on setting the criteria. Our Department of Housing and Concerns, as well as our Office of Economic Development are going to be developing RFPs for funds that may be granted out, based on specific things that we've discussed, that were presented to the State, and then also to this Committee, previously. So those are the items we have to work on. All of it, again, has to follow the Federal procurement, State procurement, and the grant requirements that they were outlined, that were provided to us, and I sent that to the Committee. So just that procedures were setup. We have forms available for our departments to start requesting use of the funds, as well. So the Mayor is reviewing those as they come in, as well, for make sure that their appropriate for the actual COVID expenditures.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Managing Director Baz. Okay. And for the members' information, there's a document posted on Granicus called...entitled, "Correspondence to the Mayor," and it's dated July 6th, 2020. And there's a list of all of your requests, and it was sent to the Mayor, what was that, on Monday? And requesting information on whether your ideas and proposals are going to be in the CARES Act budget. And to make it easy for everyone to reference, I put everyone's request into rows. And if there were multiple members who asked for the same thing, such as, more funding be made available to families in need through the H.E.L.P. program, so I requested that, Pro-Temp Kama, requested that, and Member Molina, requested that. And I believe that's something Managing Director Baz said was going to happen, so I put under...to make it consistent with what was presented at the last EDB meeting, the CARES Act funding will fall into one of four of the Governor's priorities. And so I asked the Administration to circle which priorities. If it was going to fall under one of the Governor's priority, and if it was not going to be included in the budget, to circle that it will not be included in the CARES Act funding, so it won't be funded. And then, to provide an explanation as to why your requests would not be funded. Okay. So we can have that consultation piece. And now I'll open it up to the floor for questions. Seeing that we have 12 minutes, I'll...okay. Chair Lee?

MR. BAZ: Sorry about that.

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CHAIR RAWLINS-FERNANDEZ: No. It's okay.

COUNCILMEMBER LEE: I'm not trying to jump in line...ahead of the line. What I'm asking is, since Mr. Baz has to leave at 4:00, can we continue asking questions of Michele? Or whoever the representative is. Okay. Just want to make sure we can keep the discussion going, and don't just get cut off yeah? Thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. Okay. Managing Director, Budget Director, is that okay if we continue with questionings...questions after 4:00 with Budget Director Yoshimura, and Finance Director Teruya, I guess?

MR. BAZ: Yeah, that's fine.

CHAIR RAWLINS-FERNANDEZ: Okay. Great. Okay. So I'll start with anyone who wants to ask Managing Director Baz, a question.

Okay. I see Committee Vice-Chair King, followed by Member Molina.

VICE-CHAIR KING: Thank you, Chair. So I just wanted to ask, Managing Director, on this matrix that our Committee Chair provided to you, do you have an estimate of when you'd be able to get that back to us? You know, filled out, and back to us? Because that's my main...(audio interference)...of how you're spending the money.

MR. BAZ: Right. Sure. No. I appreciate the Committee Chair for preparing this. It'll make the response quite a bit quicker, and I appreciate that. So I will work on it, you know, it's going to take an effort. So I hope to get it to you before posting for the next committee. So if you can give us a week, for sure we'll get it done, and if not sooner. We'll try to get it done as soon as possible.

VICE-CHAIR KING: Okay. And then...so Chair, the intent of this is that anything that doesn't get circled not included, we're assuming is included in the budget? That 66 plus million?

CHAIR RAWLINS-FERNANDEZ: Right. So it would be circled, one, two, three, or four, and if it won't be funded, then it will...they'll circle not included in the budget. Yeah.

VICE-CHAIR KING: Okay. So that's all I...(audio interference)...you know, looking for a report on how the intended spending of that money is, so thank you. Thank you, Mr. Baz.

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

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. First of all, thank you

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for sending out that matrix. I think that will be more clear cut as to how the Administration is going to spend the Federal CARES Act's money. And thank you, Mr. Baz. And if I heard right, the Administration is considering increasing the amount of monthly assistance using Federal CARES Act's monies. Because you know, people's unemployment's going to be running out soon, and...is that something that's under serious consideration?

MR. BAZ: Well, the health program is going to be providing that type of assistance. Again, we're not going to be providing direct checks from the County to individuals, but through the programs and support that we have through our non-profit partners. And yeah, the \$600 dollars should be ending, I think, the end of July...additional \$600 dollars for employment, should be ending the end of July. So I think the last check's that they'll receive is in beginning of August. So that's definitely when we're expecting it to start hurting more, if you want to call it that, for those who are unemployed. And we're hoping to work with the businesses to get them back into employment, and that's why we're working so hard to make sure that everything is set in place for the lifting of the quarantine, and make sure that those pieces are working good.

COUNCILMEMBER MOLINA: All right that's good to hear. Appreciate that. And one last question. Has there been any consideration of allowing only travel from States that have not experienced a large increase in infections, I guess, based on the Governor and Mayor's discussions. Because you have certain States where there's been a tremendous spike, and now, once we're going to open up August 1st, you know, how are we going to deal with that? Any insight on that?

MR. BAZ: That has been a part of discussion, you know, testing is going to be very critical no matter where they come from, because, you know, on the mainland, it's easy to drive between states, so it's hard to say, yeah, that this state specifically is an issue and this one isn't. And then we have also... the Governor's discussed travel bubbles, whereas, it'll be a little bit easier to travel between certain areas. So like, one international travel bubble he's talked about is between here and Japan. Where they're actually interested in that as well. So that, you know...because they're pretty clean over there, don't have too much new cases. And so it'd be something where we could coordinate those two areas.

COUNCILMEMBER MOLINA: Okay. Well, thank you very much for your response, Mr. Director. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Chair Lee, followed by Member Paltin.

COUNCILMEMBER LEE: Okay. Sandy, has all the balance of the \$67 million, has that been allocated already?

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MR. BAZ: We have the whole 67 million dollars in broad categories, as I mentioned, and we shared that with the Committee. No, it's not. We're going to do RFPs, right, especially for the non-profit services and things like that. And we also are being cautious about the expenditures, knowing that there may be a second wave, or other spikes coming up shortly. So we want to make sure ---

COUNCILMEMBER LEE: Okay. Let me interrupt you right there. Okay. So it hasn't been...every penny hasn't been earmarked yet, so there's some wiggle room with some of the funding. We as a Council are trying to work with our students, and we have a contest that we're going to be initiating with the high school kids, and then we are also in contact with DOE, because it appears that our schools, our kids, are going to be distance-learning, and there's a need for about three thousand computers. And if we were able to get these computers free from the mainland, recycled computers, would you consider paying for the freight for them to come over?

MR. BAZ: Yeah, I would definitely bring that up with the Mayor. That is an issue. We met with Superintendent Kishimoto the other day, and she expressed to us that they had asked for 38 million dollars from the Federal, I mean, from the State Legislature, through the CARES Act monies, and got zero. So anything we can do to assist our students, then, yeah, I'm sure he'd want to be interested in discussing that.

COUNCILMEMBER LEE: Member Tasha Kama has a very good source on the mainland. We've already brought over a hundred. Thirty to Moloka'i and a lot to Maui. And then, finally, my last question is, are we going to get the \$500 million in CIP state projects on Maui? Has that changed at all?

MR. BAZ: I don't know. The Legislature, I think is finalizing that. I haven't seen it, unless Budget Director Yoshimura has seen any final numbers yet from the Legislature. But the other thing to account for is that, the Governor still has to release the money, right? So there may be projects that he doesn't move forward, even if we do get \$500 million dollars appropriated from the State Legislature.

COUNCILMEMBER LEE: Okay. I think that money has been approved. I just want to make sure that nothing has changed with it. I'm going to propose, too, and I'm sure the Councilmembers will agree, that all those monies, and including our CIP, should go to people on Maui. Businesses on Maui. Yeah? So hopefully, we're all on the same page on that, yeah?

MR. BAZ: If the State Law is followed, as long as we follow procurement law, that's one thing that we have to continue to require. But, yeah, there are special considerations given in...for certain things related to that.

COUNCILMEMBER LEE: Um-hum. Thank you. Thank you, Madam Chair.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. I have concerns about our hospital, and I was wondering if you have plans. One of our representatives posted that they're already at...overcapacity with no tourists, and no COVID cases. And I was wondering what kind of coordination, and how you can spend CARES monies to address that?

MR. BAZ: Yeah. So I'm not sure. We do have...we do have let's see... had a total of ICU beds. Only a third of our ICU beds are in use at Maui Memorial Medical Center, right now. And only eighteen percent of our ventilators. So I'm not sure about capacity. But we do...have been working with the hospital on that, and providing them more ventilators in case they have a need for that, and then discussing with them an off-set of costs for, maybe like, a warm unit, so they have, you know, the staffing and space available, immediately, to...(audio interference)...COVID patients. Remember that all of the...(audio interference)...that is allocated under the CARES Act, have to be specifically for COVID response. So if their utilization is based on current issues, and their having challenges then, financially, then that may be a different issue of support. And...(audio interference).

COUNCILMEMBER PALTIN: And have we provided them more than the 40 that they had when the last time they updated us? The ventilators? Is there more?

MR. BAZ: Yes, we have...I think we're going to be providing at least 20 more to them. We've been in discussions with them. We're going to be storing it for them, because they don't need it right now, and they don't have the space for it. But yeah, we do have...we had, I think, it's another additional 65 were manufactured specifically for us to give to the hospitals, and those in need.

COUNCILMEMBER PALTIN: Okay. Mahalo.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Paltin. Okay. It's a --

MR. BAZ: Chair, I got to go, sorry. If you guys are still here when I come back, I'll come back and join you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Managing Director Baz. Okay. Member Sinenci, I did see your hand. We do have Budget Director Yoshimura, and Finance Director Teruya, on the line, if your question could be answered by them. Otherwise, we can also have the Committee send it in writing...(audio interference)...

COUNCILMEMBER SINENCI: Okay. I can...sure. Thank you, Chair. Yeah. I was just referring to this morning's testimony by Autumn, and just speaking about looking

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for an area where she could create an area for food strain, from farmers to actual families, and where she can process those food strains, and then disseminate them into the communities. So I don't know if that was, maybe, part of...that could be part of the use of the CARES Act. I guess my question for Budget Director is for the CARES Act, is there a timeline where you need to use a certain percentage? I know it's...we need to use it by December? Is that just a final due date, or we need to do a periodic reporting, like grants, to the State or to the Federal Government?

CHAIR RAWLINS-FERNANDEZ: Budget Director?

MS. YOSHIMURA: So our report is due on the 10th of every month to the State on the funds that we have used from the CARES Act. All of the monies have to be expended by December...well, by December 30th. So any unexpended funds that the State has, has to be returned back to the Federal Government. So we will probably wrap our end up by December 10th, with a final report, and then send it to...whatever is not expended, we will return back to the State. So we're not allowed to carry any encumbrances or any future payments, so it'll have to be for all payments that have already been made.

COUNCILMEMBER SINENCI: Mahalo, Director Yoshimura. Mahalo, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. Members, any other questions for Budget Director Yoshimura? Committee Vice-Chair King?

VICE-CHAIR KING: Thank you, Chair. Thank you for covering, Ms. Yoshimura. Does the Administration expect to be able to spend the entire amount by the December deadline?

MS. YOSHIMURA: That is our goal. We will do the best that we can to expend every dollar, yes.

VICE-CHAIR KING: Okay. Great. Thank you. That's my only question.

CHAIR RAWLINS-FERNANDEZ: Chair Lee?

COUNCILMEMBER LEE: Yeah. Thank you, Madam Chair. Okay, Michele, have you folks...I would imagine you've done this exercise. You've taken, like let's say there's 35,000 people unemployed --

MS. YOSHIMURA: Yeah.

COUNCILMEMBER LEE: -- and after a certain amount of time, a large percentage of them, at least one-third, will be going back to work to the hotel, which would be 50 percent. Let's say, 50 percent of the employees will go back to work at some

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point. So that would leave about eighteen thousand left, unemployed. And then the prediction is, about three thousand will leave Maui. People, you know, the young transient types working at the hotels or wherever, here for the sun and the surf, et cetera, who will move back to where they came from. So that then leaves fifteen thousand. Then as other stores open, and other establishments open, the regular employees will go back to work. So if we're talking about, let's say, half of fifteen, so that leaves about eight thousand left. So that's really the number we have to worry about, in terms of feeding, housing, getting jobs, et cetera. And that's why I talk about the construction, because I believe, construction for the next three, four years, is going to take the place of part of the visitor industry. Because we have all this, hundreds of millions of dollars, that are going to be spent on Maui. And then we have some housing projects coming up as well. So have you done that kind of exercise, or any kind of a projection, as to how many people we're actually, you know, left dealing with...their daily lives and finding shelter...besides helping them find jobs, et cetera. Have you folks done that exercise at all?

MS. YOSHIMURA: We have had discussions, and we're looking at different programs. Looking at possibly revamping the H.E.L.P. program, because of the limitation we have now. But knowing that the 600 dollars per week extra will be running out shortly...looking at whether or not the Trans-Pacific flights will come in, and tourism will start up again, looking at what possibly could be worse in, maybe, September. So we are looking at different programs that we could start up at that point, or expand programs that we already have. So we are...(audio interference)...

COUNCILMEMBER LEE: Okay, Michele. Okay, besides, you know, that's important direct aid. But what we want to do is teach people how to fish, right?

MS. YOSHIMURA: Correct.

COUNCILMEMBER LEE: So are we talking to all the trades people for internship, apprenticeship programs, et cetera, getting them retrained from tending bars or whatever, to something along the lines of a trade? Or talking to the college about other kinds of training and education in different fields where people are just going to have to redirect their career paths.

MS. YOSHIMURA: Yes.

COUNCILMEMBER LEE: So are we preparing along those lines, as well as, for the direct aid?

MS. YOSHIMURA: Yes, we are. We are working with MEDB. We have worked with the college. Hale Makua in like a nursing program, the nurse's aide's program. So we are looking at different training or job opportunity type programs. And those

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programs, we also have a task force that met today to look at different options in job training and economic recovery. So we are working towards that fields.

COUNCILMEMBER LEE: Okay. So my last question is, Michele, my last question is, how can the Council best help?

MS. YOSHIMURA: Well, we welcome all your suggestions. I'm not...I'll check with Mayor. We can include you, like, in discussions. We welcome your ideas, and maybe we all need to just brainstorm how we can move different options forward. I know we've been talking about agriculture a lot, but there are different fields that we can, you know, actually move into. Technology is another one. And yeah, just be collaborative. And we did get your information, your matrix, today. We'll go through that so we know what direction, or what you folks are looking at. And we will reach out to you as we move along toward --

COUNCILMEMBER LEE: Thank you.

MS. YOSHIMURA: -- through this. Thank you.

COUNCILMEMBER LEE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. And before I call on Pro-Temp Kama, I wanted to check on the same lines as what Chair Lee was asking. I understand that the State has allocated 39 million dollars to the Hawai'i Works Program [sic], for diversifying the economy and different career training, and retraining. Is there a way that the County can work with that program, or not, you know, save some of our CARES funding, because the state has put 39 million dollars for retraining and training? Is that something that the Administration is looking at?

MS. YOSHIMURA: Yes. So we do have our workforce development program. And I don't know if JoAnn Inamasu is still on the call, but that would be an area where she would assist us with, in moving different training opportunities.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Budget Director. Oh, there, Director . . . (inaudible) . . .

MS. INAMASU: Chair, do you need some help with that?

CHAIR RAWLINS-FERNANDEZ: Oh, I was just asking...(audio interference)...the State has its own CARES funding, and it allocated 39 million dollars to training and retraining. And so I was wondering if, you know, if it's kind of like duplicative of what we're doing, or if we can collaborate so that we can save some of our funding from doing the same thing the State is using their funding for. You know, I'm

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wondering how those two pieces work.

And it looks like Director Teruya was raising his hand too.

MR. TERUYA: Hi. Thank you, Chair. And good afternoon, again, Members. As we are talking with Department of Taxation, and Rona Suzuki, and the State Senate, that is one of their main questions. And the reason why they ask, what are we doing with our funds, is so that we're not duplicating the same type of services, and using the funds for the same things. And that's probably the reason why they want the monthly update, which is due on this Friday. Is to make sure we're using the funds appropriately. And as we get the requests in, and especially if there're are large asks, then we're going to be asking them, even from the AG, for opinions, to make sure that, it is a reimbursable expense. Because the worse thing we want, Chair, I think you know, is to take it in and expend it, and then not be that applicable, and have to come out of our general fund. So we're keeping in close contact with them. Letting them know what we're doing, so we're not double-crossing. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director Teruya. Because they also allocated a hundred million dollars to rental assistance to cover half of their rent. So...yeah. I wanted us to, you know, us as in Council, to be aware of what the State programs...or what the State has allocated funding...(audio interference)... in their program, so that we're all not trying to push for the County to fund duplicative services. Okay. Pro-Temp Kama?

MS. KAMA: Thank you, Chair. So just a couple things, real quick. I was concerned about caregivers, or CNAs, who are employed and are still employed, because they're considered essential workers. But their pay hasn't changed, they don't get hazardous pay, but yet, they're still doing the same work. But the conditions of which they are working under has changed. So my question is, can some of this dollars be used for hazardous pay for these CNA workers from the different entities and agencies that we have out there, taking care of our elders and our disabled?

MS. YOSHIMURA: Chair, I will check on that. I'm not sure if Director Teruya would be able to respond to that --

MS. KAMA: Okay.

MS. YOSHIMURA: -- but we can definitely check into that and get back to you.

MR. TERUYA: Yeah, I think that --

MS. KAMA: Okay. Because... go ahead, Scott.

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MR. TERUYA: Chair, I think your answer may need to come from Director Underwood, and Department of Personnel Services.

MS. KAMA: Whether or not COVID dollars could be used for that? Why are we asking Personnel?

MR. TERUYA: Oh, I thought, I thought...I'm sorry. I thought I heard your question about hazard pay?

MS. KAMA: Yes. Yes. So I'm looking at CNA workers, these are the caregivers that go into your home and do personal care. But they've been doing this before COVID, but now we have a totally different situation that they're under, but their pay hasn't gone up. They don't hazardous pay, and I'm just asking, can we do for them, using these CARES Act dollars, for them to get some hazardous pay in there. That's what I'm asking.

MR. TERUYA: I can look into the matter further. I think the question is whether or not this is directly COVID related.

MS. KAMA: Yes. Yes.

MR. TERUYA: And if it's directly COVID related, then the answer should be, "yes".

MS. KAMA: Okay. That's my question. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro-Temp Kama.

MS. KAMA: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Member Paltin, followed by Chair Lee.

COUNCILMEMBER PALTIN: Thank you, Chair. I had a question along similar lines as Member Kama. You know, some folks still believe it's a hoax or whatever, about the corona virus. Or they think that it's not...it's like a flu, and they feel that folks that are high risk, like, maybe, elderly or with underlying functions, or underlying medical conditions, should possibly stay home and let everybody else go about their business, or whatever the case. But we have a lot of folks, you know, that... teachers, hotel workers, and like that who are --

MS. KAMA: Bartenders.

COUNCILMEMBER PALTIN: --. . . *(inaudible)* . . .and so if we're trying to say, like, you know, you got to take responsibility for yourself, and you stay home, and then we'll go about our thing, how do we help those people. Like, you know, within our household, my husband works at the resorts, and we have kūpuna in our

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house, and he's old too...and underlying health functions, so then are we saying that, you know, okay, you're done. No more working for you. You know. Or how does that work? I'm wondering. Is there plans to address those types of things. Like, is it worth folks' life to try and go to work anyway? Or you know, if you're in a high-risk category, do you not go to work? Or like, what if you have like a sore throat? Then do you not go to work? Because what if you have the corona virus, and you're a mild symptom carrier? I was wondering if there's any direction from the Administration or any leadership in anywhere, on how to address that. Because, as we open up, and as our schools open up, what is the direction? Like, you know, you might not have the corona virus, but you have a headache this morning, or you have a sore throat. Do you stay home? And then, what's the ramification on the entire system in that case? If there's, I mean, leadership available to provide those types of answers.

MS. YOSHIMURA: Well, anytime you're feeling sick, you're supposed...you should stay home, right? To prevent spreading anything in the event you may have the virus. But we...for County employees, we do encourage them to stay home. They do have...employees have sick leave, and in the workforce itself, we do encourage people to continue to social distance, continue to step-up your hygiene, and practice prevention, or you know, just trying to stop the spread, or slow the spread of the virus. So we do encourage everybody to just stay home if you're not feeling well. If you need to get tested, get tested. And I believe...

COUNCILMEMBER PALTIN: I guess what the question is, like, if that's your choice, you're going to stay home and not earn that dollar to make your rent or to pay your bills, or whatever it is. Or you're going to risk it to go to work that day, and it's like, you know, I just have a headache, I don't think...I think it's from staying up too late last night to finish my kid's homework or something, you know. It's like, where everyone is making their own decision, and it leaves a lot to circumstance. You know what I mean? Like, so we can do that. We can stay home, we can make the decision for our self [sic], but then we're not able to cover our expenses, and then is that a worse situation than spreading the virus or catching the virus?

MS. YOSHIMURA: Well, we definitely don't want to spread the virus, right? Or catch the virus. So we...it's something that we'll look into whether or not...so I guess what you're asking is, whether or not the County would be able to support people, even if they're not on a laid-off status, but just calling in sick, right? Whether or not the County would still offer financial support. Is that what you're...

COUNCILMEMBER PALTIN: Yeah. Even say, like, one of the questions on the unemployment is, are you able to return to work? Well, without childcare, maybe I can't return to work. Or maybe my kid has asthma, and I don't feel comfortable sending him to school, but I can return to work. There's so many myriad of situations that all of our population is worried about right now. And it feels like

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there's no clear messaging, or instructions, other than, stay home, don't spread the virus. And that's great advice, but I feel like, okay, what...you know...people are saying, you know, the economy, and bills, and you know, a lot of folks have these underlying circumstances, whether it's them, their family members, I mean so many multi-generational households. So many, you know, large families. And even if you stay within just your family group, that's a big number of folks, you know? And it just seems out of control, and uncontrollable.

MS. YOSHIMURA: We will look into that, and see how we could provide assistance or information, further information on it.

COUNCILMEMBER PALTIN: Thank you, Ms. Yoshimura. I appreciate it.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Chair Lee?

COUNCILMEMBER LEE: Yeah. Thank you, Madam Chair. I wanted to ask the Finance Director, Mr. Teruya... I know you don't have a crystal ball, but where do you see the anticipated loss in...the losses in real property revenue? And so by category, you know, the largest category. And then, the overall loss for, not this coming year, but the following fiscal year. Like short-term rentals would probably be the biggest, right?

MR. TERUYA: Chair, we're about wrapping up the end of the fiscal year for these sales that'll be used for the following assessment year. I haven't seen all of the numbers, I just have looked at pockets of sales of what's been occurring, just in the local area around here. I haven't seen any dramatic change, up or down. So I can tell you only from an assessment point of view, it looks steady. I don't see that...I think possibly in two fiscal years with the sales that'll affect...happening from after July 1st of 2020 to June 30th, 2021, that those values, I believe, would be an indicator of what's going to happen in the following fiscal year. Not next fiscal year. And just from what I see now, it's only my guess, that I'm sure commercial and industrial properties are going to look to have a lot more vacancies. And whenever you see vacancies, normally, that relates to value. What happens to revenue is another point, because the assessment values are only piece of the puzzle to determine what kind of revenues you get. So if the values go down, and you want to maintain an equal level of revenue stream, you need to increase rates. And that is your body's task to do. So what happens to revenues, I can only tell you what would happen to assessments. I don't expect next year's assessments to be much higher than we have this year, but I think it would be pretty similar to what we have right now.

COUNCILMEMBER LEE: Okay. So I don't see a huge loss in revenues from the hotels, because whether they're empty or full, we're talking about the value of the land, and the building. So more than likely, as you mentioned, commercial and industrial, and probably, short-term rental, since they haven't been able to rent

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out their units. So those two would probably be the areas that we would take a hit on, right? More than likely. This is an estimate.

MR. TERUYA: I'm not sure what kind of hit. I think, numbers, as we get closer into the end of the calendar year, we'll get a better indication on where we are when the data comes in. So I think the residential... I don't think it'll be a drastic fall. I would say commercial and industrial might be larger areas of possible lessening of values, and possibly some hotels, and some short-term rentals. But I think residential would be pretty stable, in my opinion, just because of the low interest rates right now. Thank you.

COUNCILMEMBER LEE: Okay. Thanks. And one last question to Michele. Michele, okay. Let's pretend that we need to find a new source of revenues, okay. So we have roughly 11, 12 departments. So what if we say to them, "Okay, you know what, each one of you write for two million dollars in grants." And some of them can do three. But let's say on average, two. So that they...so we can generate at least twenty, twenty-four million dollars additional, going forward. And I was thinking, maybe we could put a, like, a cracker-jack grants writing team together, just the technical part. The departments would provide the programmatic, you know, information, and the sources. Because every department knows where they can get funding from, but they don't necessarily have the talent to...the technical talent to actually write those grants. Some people are just, you know, skillful in that area. Where the departments come in, is they know the programmatic information. You know, like, the needs of housing, the needs of the homeless, the needs of those with substance abuse problems. They know the program part of it, but they don't know how to write for grants successfully. So do you see that that's maybe a possibility? Because going forward, we have to just look for different places for money, other than real property. You think so?

CHAIR RAWLINS-FERNANDEZ: Managing --

MS. YOSHIMURA: Writing for grants...

CHAIR RAWLINS-FERNANDEZ: -- Managing Director Baz is also back on again. So --

COUNCILMEMBER LEE: Oh. Okay.

CHAIR RAWLINS-FERNANDEZ: Whoever would like to respond to Chair Lee's question, and then I'll call on Member Hokama.

COUNCILMEMBER LEE: I think Mr. Teruya had his hand up.

CHAIR RAWLINS-FERNANDEZ: Director Teruya.

MR. TERUYA: Hi, Chair. And let me just throw it out there for the Members, as I know

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what...that Ms. Lee is looking for is just revenue source. You know, we always...you know, real property taxes is your lion's share, with eighty percent of your general fund. At one point, the other counties as well, everybody throughout the county, are starting to look at all their subsidies within real property tax. And areas that have been subsidized, I think the Council would be a good review for them to look at area's subsidy, to whether or not, they still need to be subsidized, when everybody is feeling the hurt. So I believe I gave you all the spiral bound book, every year. You can go through that, and identify how much millions in revenue you're subsidizing, and you should look at, whether or not in this economic times, if it should still be subsidized or not. And those are areas that you should be looking at first, before we start raising taxes on the other classifications. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Chair Lee, you're muted.

COUNCILMEMBER LEE: Oh, I didn't say one word about raising taxes. Okay. So I was talking about writing for grants, because there's millions of grants out there. Federal grants...in the most obscure places. Okay. Thank you.

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

COUNCILMEMBER HOKAMA: Thank you, Chair, for my opportunity. So for Ms. Yoshimura, and Director Teruya, mine is more about my concerns from my conversations, my meetings over the last six weeks, I would say, with private sector. And some are small businessmen, some are from corporate Hawai'i. But there's a bit concern in this County's private sector, that we're not reaching out enough to them and getting their thoughts on how they can already start participating to get some sense of economy back. You know they hear us talking about the federal money. They hear us talking about the County money, but they understand it ends, and for many of them is...duration is a concern, as well as those that had used the term "furlough" for employees thinking about a three-month pandemic, now looking at nine to twelve months, and really looking at termination instead of furloughs. So I share this with you because I think we need to have more discussion of how we're going to use whatever financial support we have accessible, to address the private sector concern. Because we cannot absorb, 35 percent of the unemployed, as a County government. We're going to need the private sector to start stepping up, and making appropriate adjustments to their work plans, and business plans. And so I just share that because I think it would be helpful if we're much more understanding of what the private sector of this County really needs from us. And you know, I share that with you, so if you...either you, Ms. Yoshimura, or Director Teruya have some comments that you are aware of, that we don't have privy information to, about how our County's private sector can at least start looking at a light at the end of the tunnel, per se, and start seeing how they can survive to make sure there's a business for their employees down the road. So that would be my

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general question, please.

CHAIR RAWLINS-FERNANDEZ: Director Teruya?

COUNCILMEMBER HOKAMA: Yeah, Scott. I don't know if you got data from employer's council or economic...State Economic Development Division of projections, but... I don't know if you're hearing it from the private guys. Because let me tell you, I get it every day. In a text, request for video meetings, telephone calls, I mean, I get every day from the private sector.

MR. BAZ: Chair?

COUNCILMEMBER HOKAMA: Mr. Baz?

CHAIR RAWLINS-FERNANDEZ: Mr. Baz?

MR. BAZ: Yeah. Thank you. I apologize for having to step out and back. So, you know, Member Hokama, those are very good questions. And we do have an Economic Advisory Committee that did meet today with the Mayor for a little bit, before he had to go downstairs to meet with the Governor. But the Committee is in discussions on many things like that. One of the things that, you know, is very challenging is to...can't have the concept of just off-setting lost revenue, right? I mean, I agree with you. They need to change their business models if the revenues not going to be coming back soon. You know, most of the businesses I talked to...and I agree with you, I get calls every day from business who want to meet, and discuss their different issues. Majority of them are waiting for the Trans-Pacific travel to be restored, without quarantining. And then they feel like that may be enough business to stay active. But again, we don't know...I mean, at this point, yes, we have seen some economic reports that show different things. Depending on the adviser to whoever's creating that report. It's all guesses at this point. You know, a majority of our tourist base is from the West Coast, and right now, they're going through a major challenge with the increase in cases, so they may not have the capacity to do the travel to be restoring that part of our economic piece of it. And as you know, we've been evaluating other parts of our community, and different industries, and seeing how feasible those can be for significant amount of economic activity. But, you know, that's something that's not going to be tomorrow either. And the workforce will have to be trained to take on new roles. You remember when the workforce transitioned, even on your island, from an agrarian workforce to a tourism workforce, right? So we got to make sure we're evaluating those things, and being prepared for it. Our workforce, you know, through our economic development office is looking at, you know, if we have to deal with mass layoffs, and we continued mass layoffs, and the dislocated worker program to retrain people to what jobs may be available. But also just re-creation of the jobs. But, you know, the ability for the County or the Federal government to continue this influx of cash to businesses, isn't going

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to happen.

COUNCILMEMBER HOKAMA: Well, yeah. My thing that I would ask for you and the Mayor to consider, Mr. Baz...because all of our district's get impacted, is what we can we do...because most of our businesses is based on rates and fees that they would expect coming from the visitor. Which the resident is more than likely...would have...maybe if you're on vacation, would consider paying, you know, eight dollars for a bottle of water from a resort. But normal people wouldn't pay that kind of pricing. So my thing is, because we know many of our businesses have financed and project barring on a visitor rate of expenditures, and that we won't see for a while. I think part of the questions from the private sector, is how do we support them to buy the time to readjust the business plan, so they can adjust their revenue stream, based on more of a residential component. I mean not everybody can do a Tasty Crust business plan, right? They rely on locals, not the visitor. But let's say for the Merriman's, the Peter Merriman's, and those that have the five star hotels, the Bev Gannon's, they base their budget on the visitor paying 50 dollars for hamburger steak or something, which we won't pay. So, you know for me, Mr. Baz, for this County to survive, the private sector is going to have to survive and start thriving again, or this County won't survive. So my thing is, we need to get the message out to the private sector, that we have a great concern, but we need to more about how to support them, without us overextending our ability of our finances. And I would ask, you know, you use whatever abilities that are within your area of jurisdiction to promote that discussion, because I think it's healthy if we really hear from the private guys who do the employing, and pays the wages of our residents. So that would be appreciated.

MR. BAZ: Okay.

COUNCILMEMBER HOKAMA: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Committee Vice-Chair King, followed by Member Sugimura.

VICE-CHAIR KING: Thank you, Chair. Yeah, so I was reminded by Member Lee's question to Ms. Yoshimura, about how we can help and work together. And I remember the last meeting, we asked...I had asked Director Baz, if he could share the members of the economic recovery with us. And you said you couldn't at the time, but you would check. So I'm just wondering...and that's to me where we should be working together, and Chair Lee, at one point, suggested that we have a Councilmember on that team. So can you share with us, why, you know, if that's an opportunity for the Council to work with the Administration?

MR. BAZ: I did...we'll discuss it further to see if there's space available for a

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Councilmember to be on the committee itself. Mayor has approved all of the members of the committee that are participating, and you know, we want to make sure that we're getting input from the businesses that are being affected, right? As Member Hokama suggested. So that's really what we've been focusing on, was dealing with those long, medium, and larger businesses that are being affected by it, and getting their direct input. But we can talk about having a councilmember on it as well.

VICE-CHAIR KING: Yeah, I know. I've been hearing that for a while, but what did you find out about sharing those names? Because I think, every business in the County is affected by it, so it would be...the public has been asking me, which businesses is it that you're listening to? You know, who's on that team? And I think it should be public knowledge. This is our economic future, so are you still blocking us from knowing the members on that time?

MR. BAZ: Yeah. Mayor still doesn't want to share the members of the team at this point. You know, we've seen the criticism that volunteers on board the commission get, and we wouldn't want to have that same criticism on these people that are donating their time and efforts to our community, through this Committee.

VICE-CHAIR KING: And you understand that every board or commission has their members published. So I'm not sure why is this one different?

MR. BAZ: Well, because it's not a board or commission. It is just an advisory committee to the Mayor, and so it's something that's under his purview. It's not a legally required board, that the rest of the boards and commission are.

VICE-CHAIR KING: So is there...would there be an opportunity, perhaps, Chair, to create a formal economic recovery team that could be more inclusive and transparent?

CHAIR RAWLINS-FERNANDEZ: Under the EDB Committee?

VICE-CHAIR KING: Yes.

CHAIR RAWLINS-FERNANDEZ: Like a TIG or, I think there's like, three different types of groups under Sunshine Law that we could create that are temporary groups.

VICE-CHAIR KING: I think it would be good to have a discussion where everybody's part of it, and knows who's contributing. You know, I mean that, I would assume that the Chamber of Commerce is part of this group. I don't know, but they've been publicly criticizing the...one of our Charter Amendments, and you know, I think that that should be public. You know, if they can come out and publicly criticize us, they should be open to criticism themselves.

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CHAIR RAWLINS-FERNANDEZ: Yeah. I can look into creating a formal group. If this Council would like to consider creating a formal group.

VICE-CHAIR KING: Yeah. I would suggest it. Because I think there's a lot of people who want to know what's going on, and want to be a part of that discussion. So that would be my thought is...you know, I hope...I would hope that we could've worked together, but I saw the long stammer after Chair Lee's question about how we can help, so, I'm not sure that's going to happen.

CHAIR RAWLINS-FERNANDEZ: Yeah. Okay. That's a very solutions-oriented approach. And we can look toward just...if the Mayor doesn't want to work with the Council in that way, then I guess the Council can just do it's...create its own economic recovery group. And that can be a transparent group that the community can be involved in, and everyone can know who the members are. Mahalo, Committee Vice-Chair King. Member Sugimura, followed by Pro-Temp Kama.

COUNCILMEMBER SUGIMURA: I just have kind of a general observation, listening to the conversation, and knowing the plight of, you know, that we're all in this together. And worried about what's happening with all the people of Maui County. And often times, as I hear in the community, people out there think that in times of trouble, which we are in now, its government has a big role and responsibility of paying for things. And I think we all have a responsibility. I mean, past these doors and walls that we live in, but that the community, also, has to be a give and take, in general. And that, I want to just say, I appreciate what the Mayor, and Mr. Baz, and you know, Ms. Yoshimura, and who else? Mr. Teruya who are...looks like you are at the forefront of trying to help, you know, move, what the CARES money can do, and different things. On the Mayor's advisory committee, I respect what he's trying to do. I've seen what the Council have done to commissioners who have come before us, and they get, basically, we hear that they don't want to come before the Council because they get harassed by some of our questioning. And they're volunteers, right? So I understand where the Administration is going, and what I'm hearing in discussion, I don't blame it. Just from knowing what I've seen on Akakū or what I've seen of commissioners who have come before us. And I think we all have the same heart of trying to do the best for the community. And in times like this, where I think all of us are important, and play a little part for this big picture...but I think the Council is an... you know, like the chart that you created, Chair, all the different requests that the Councilmembers had, you know. So we'll get feedback from that. But let us work together in ways that are going to be productive, and not try to start up our own group thinking that we can do it better, I guess. But it's kind of disappointing to me just to hear this challenge. And I really rather us work together. You know, I don't think that we need to make faces at my comments, because I'm sincere. Totally sincere. So thanks.

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CHAIR RAWLINS-FERNANDEZ: For the record, I don't think the Councilmembers have harassed any commissioners that have come before us. And Committee Vice-Chair King only asked for the names, not for them to come before us. But, again, for the record, and for the public, the Councilmembers do not harass people that come before us . . . (*inaudible*) . . .

COUNCILMEMBER SUGIMURA: I stand to just say that, over time, I think some of the questioning have been pretty severe, you know, to these commissioners that have come before us for approval. And I'll just leave it at that, and everybody will know the questions that they asked. But in light of what we're trying to do today with the CARES Act, I stand by us trying to solve bigger problems, and we are one segment of the total picture. Government is not the only picture, because it's the people out there that we are trying to support, and help, like the thirty, thirty-five thousand now, people who are unemployed. During budget process, I was very concerned about taxing hotels too much, and other funding sources. But we went ahead and taxed whatever we ended up taxing with, and I'm not sure what all of that impact is going to be now as we stand here, as we go into the new fiscal year. And we're going to look at, like what Mr. Teruya said, maybe not this year, but you know, for the next fiscal year, we're going to see the impacts of, you know, the impact of the virus, you know, in total. So I just want to make general comments as an overview, and I'm not taking cracks at anybody, but over the years that I've been in Council, I've seen it. And that, it's not only this Council, or last Council, but in general, you know. So thank you.

CHAIR RAWLINS-FERNANDEZ: Again, the word "harass" was used, and "harass" is, you know, usually that's when the police come. So severe questioning is very different from harassment. That's the only . . . (*inaudible*) . . .

COUNCILMEMBER SUGIMURA: I stand corrected, then. Then severe questioning then.

CHAIR RAWLINS-FERNANDEZ: Severe questioning. Mahalo, Member Sugimura. And I support any kind of, you know, solutions-oriented activity, such as what Member King suggested, which is to create our own group. We try...I would prefer to work together, but if that working together is not an option, then unfortunately, that's not on the table for us. Nor do I believe in trickledown economics, which is why I think we voted the way we did, and just directly serviced our community. Pro-Temp Kama, following by Member Paltin. And just a reminder that it is 4:48, and we're supposed to finish our meeting at 4:30. But I know that this is a very important item. So I'm happy to stay as long as I...as the Members need to. But I want to also be mindful of the Directors' time as well. Pro-Temp Kama, and then Member Paltin.

MS. KAMA: Thank you, Chair. I just wanted to make sure what I heard the Managing Director said, that...he said that the reason why, or maybe I'm just going to

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restate that. The reason why the names were not going to be shared was because members of that particular advisory committee felt like they...or would be criticized, or maybe, scrutinized, or I don't know, whatever. But it was the committee members themselves that felt that they did not want to be disclosed, is that correct?

MR. BAZ: The Mayor has shared with me that he does not want them to be shared. He doesn't want them to be exposed to that type, not necessarily exposed to the public, but exposed to criticism and harassment. Yeah. Or whatever we were doing before.

MS. KAMA: Okay. So I just want to say that, you know, relationships are very hard to keep running and keep going. It's like a marriage. Lot of giving, but more taking. And so, I just think that, if we're serious about what we're doing, then we got to sometimes give the more we take. And sometimes, we got to take the more we give. But we got to figure that out for ourselves. Even in your own relationships with your family, your spouse, whatever, you got to know when you got to give, and you got to know when you're going to take. And when we're doing what we're doing, our community is depending on us to see them through this COVID-19. What they don't want to see is this kind of division amongst the Administration, and the Legislative Branch. I think that we are...and can, work hard. I mean, it's difficult. It really is difficult, because you know, nine of us got thrown together and said, "Now you all got to play in this sandbox, and you all got to be nice." Well, we are being nice. The best that we can be. And then we threw in, oops, and administration. It just comes out of someplace else, we don't know. But, you know, I've been married to my husband for 50 years, and we have 11 kids. And I tell you, we went through a lot of rocking and rolling, and fighting. But you know, in the end, we did it for the kids. You do for you kids, you do it for your community. So you suck it up, buttercup, and move on. But let's make it great for this County. We are better than anything else, this nine. So let's make it happen for our people. And that's my comment. Thank you, Chair. And I don't need anybody else to comment on what I comment on. I'm okay, and I'm okay with what you think, and what you feel, but that's just my sense of things. Thank you.

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

COUNCILMEMBER PALTIN: Thank you, Chair. I just wanted to say that I don't think it's okay for our boards and commission's members to be harassed. Because we're making campaign promises, and getting paid, and stuff. But I have seen our Planning Commission members be harassed, and I just wanted to offer a suggestion to the Management Department.

In the Planning Commission on Blue Jeans, the chat function really needs to be moderated much better. Similar to how we moderate it. Because in the last, not

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the last one, but the last Planning Commission meeting that I watched, people were name calling the commissioners in the chat, and when they didn't agree with things that any commissioner would say, they had side conversations, and I really thought that was inappropriate. And while I appreciate the Mayor trying to protect this particular task force, or whatever, I think all of our boards and commissions, need to be given that same sort of respect. Because, you know, they're all volunteers, and they're all serving our community, and it's a benefit to have the different perspectives, and I think it's really uncalled for, and I was super disappointed at the name calling, and the comments being made in the chat. The running dialogue. And you know, if I was a commissioner and I had seen that, I mean, I would have felt hurt that I put in eight hours, ten hours, every other week, and that nobody in the Administration had stood up for me, or put an end to that. So I just want to say, whether it's this task force, if it's boards and commissions, I don't think any of our volunteers should be treated that way, and I just didn't have an opportunity to bring this up earlier, but with this conversation, I just hope that it can be addressed.

MR. BAZ: Thank you, Member Paltin. I was unaware of that. I will definitely address that situation. We have reached out to Blue Jeans to see if it's possible to censure or stop commenting from an administrative role, and that's not possible. But I'm definitely having somebody on-board this month, and I'll talk to the Planning Department, to make sure that they have somebody on board. Yeah, I agree with you. Nobody, even you guys, shouldn't be harassed. Even though you guys are elected, and even more so, volunteer for it on our boards and commission members. Respect is something that should definitely be maintained, and all of our feelings.

COUNCILMEMBER PALTIN: It was a . . . (*inaudible*) . . . on the short-term rentals and things like that --

MR. Baz: Okay.

COUNCILMEMBER PALTIN: But it was just like, I mean, I felt like it was out of control, and I'm like, kind of trained not to use the chat function, but I think, you know, maybe, a simple standard opening line, like, you know, the chat isn't used...to be used for this. If you use it for this, you will be booted from this meeting, because you know, it's...I mean, it can be okay, if clarifying questions, but inappropriate comments are just inappropriate.

MR. BAZ: Yeah. No, I agree with you. It should be used just for the testimony pieces. But yeah. Thank you.

COUNCILMEMBER PALTIN: Thank you. Sorry, I needed...(audio interference)....--

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin.

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COUNCILMEMBER PALTIN: For a while.

MR. BAZ: No. No. That's good. I appreciate it.

CHAIR RAWLINS-FERNANDEZ: That...I mean that's something that all of us as committee chairs try our best to do when we have council meetings. And regardless of whether there're positive comments cheering a testifier on, or negative comments, which for our council meetings I haven't seen much of, but decorum is decorum, and the chat should only be used for councilmembers and staff, or people signing up to testify. So, I know that's important for everyone.

MR. BAZ: I know, that...thank you.

CHAIR RAWLINS-FERNANDEZ: Oh, go ahead, Managing Director Baz.

MR. BAZ: No, I just completely agree with you, thank you.

CHAIR RAWLINS-FERNANDEZ: Yeah. Absolutely. Mahalo, Member Paltin for bringing that up. Okay. Seeing no other hands. Okay. If there are no objections, we'll defer EDB-85.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER pending further discussion.

CHAIR RAWLINS-FERNANDEZ: And we'll thank Managing Director Baz, Budget Director Yoshimura, and Finance Director for joining us, and staying after 4:30 to answer our questions, today. Mahalo

**ITEM 90: FISCAL YEAR 2020 ESTIMATED REVENUE
SHORTFALL FOR GENERAL FUND AND SOLID WASTE
MANAGEMENT FUND (CC 20-321)**

CHAIR RAWLINS-FERNANDEZ: And I'm sorry we didn't get to EDB-90, the Revenue Shortfall for General Fund and Solid Waste Management Fund. We can take that up in the next EDB Committee Meeting.

So if there are no objections, I will defer EDB-90.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER no discussion.

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CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members. So that's everything on our agenda today. Staff, did I miss anything?

MS. MILNER: No, I don't think so, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay, so it's...so we have a PSLU meeting tomorrow at 9 o'clock. I'll see everyone there.

VICE-CHAIR KING: ...(audio interference)... your all day meeting . . . (inaudible) . . .

CHAIR RAWLINS-FERNANDEZ: I'm sorry, Committee Vice-Chair?

VICE-CHAIR KING: I said, "Congratulations, on making it through your all day meeting." It's very encouraging, because I have mine next week. So...

CHAIR RAWLINS-FERNANDEZ: And even with the all-day meeting, we didn't get through the entire agenda. Well, I guess I'll be a little stricter, like Chair Lee said, next time. . .(laughing). . .

VICE-CHAIR KING: I think it was a good discussion this morning, though. I think it's a very complicated bill we talked about, and you know, so...

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: We'll see if it gets passed. But it was needed, I think, to have all that input.

CHAIR RAWLINS-FERNANDEZ: Yeah. And I wanted to have that discussion fully talked through, so that we can limit discussion on Friday, at Council meeting for Chair Lee.

COUNCILMEMBER LEE: Thank you.

CHAIR RAWLINS-FERNANDEZ: You're welcome. Committee --

VICE-CHAIR KING: You'll probably still have a lot of discussion and testimony, Alice.

CHAIR RAWLINS-FERNANDEZ: She'll reign them in. Member Sugimura.

COUNCILMEMBER SUGIMURA: This morning we had Marilyn Niwao, who...is she the Vice-Chair of the Council of Revenue? Could we ask her to do a presentation for us? She has valuable information about the State, and I just thought if you saw...thought relevant. And she was so good. That maybe, she could do a presentation for us, so we can get a breath of what's happening out there in the

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bigger picture. Thank you. This is a suggestion.

CHAIR RAWLINS-FERNANDEZ: Yeah. I'll talk . . . (*inaudible*) . . . Mahalo, Member Sugimura. Okay. All right. It's 4:58 on July 8th, and the Economic Development and Budget Committee is adjourned.

ADJOURN: 4:58 p.m.

APPROVED:



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

edb:min:200708:

Transcribed by: Jaylene K. Hamilton

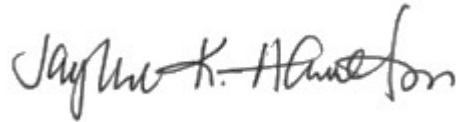
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CERTIFICATE

I, Jaylene K. Hamilton, 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 22nd day of July 2020, in Wailuku, Hawai'i

A handwritten signature in black ink, reading "Jaylene K. Hamilton". The signature is written in a cursive, flowing style. The first name "Jaylene" is written with a large, looped 'J'. The middle initial "K." is written with a small 'K' followed by a period. The last name "Hamilton" is written with a large, looped 'H' and a trailing flourish.

Jaylene K. Hamilton