

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

Council of the County of Maui

MINUTES

July 21, 2021

Online Only via BlueJeans

CONVENE: 1:34 p.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Tamara Paltin, Vice-Chair
Councilmember Gabe Johnson, Member
Councilmember Kelly Takaya King, Member
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member (in 1:44 p.m.)
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member

EXCUSED: Councilmember Tasha Kama, Member

STAFF: Lesley Milner, Legislative Analyst
Kasie Apo Takayama, Legislative Analyst
Richard Mitchell, Legislative Attorney
Yvette Bouthillier, Committee Secretary
Kristeena Locke, Council Services Assistant Clerk

Kate Griffiths, Executive Assistant to Councilmember Gabe Johnson
Stacey Moniz, Executive Assistant to Councilmember Gabe Johnson
Evan Dust, Executive Assistant to Councilmember Tasha Kama
Davideane Sickels, Executive Assistant to Councilmember Tasha Kama
Lois Whitney, Executive Assistant to Councilmember Tasha Kama
Axel Beers, Executive Assistant to Councilmember Kelly Takaya King
Ellen McKinley, Executive Assistant to Councilmember Kelly Takaya King
Sarah Freistat Pajimola, Executive Assistant to Councilmember Keani
N.W. Rawlins-Fernandez

ADMIN.: May Anne Alibin, Deputy Director, Department of Finance (BFED-78)
Gery Madriaga, Assistant County Real Property Tax Administrator,
Department of Finance (BFED-78)
Kari Stockwell, County Real Property Tax Technical Officer, Department of
Finance (BFED-78)
Erin Wade, Chief of Planning and Development, Department of
Management (BFED-76)
Kristina Toshikiyo, Deputy Corporation Counsel, Department of the
Corporation Counsel

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OTHERS: Rod Antone, Executive Director, Maui Hotel and Lodging Association (BFED-45 and BFED-78)
Thomas Croly (BFED-45 and BFED-78)
Mele Kaneali'i (BFED-45)
Kenny Barr (BFED-45)

Michael Williams, Chair, Cost of Government Commission (BFED-76)
Christine Choi, Director, PFM Financial Advisors LL (BFED-76)

PRESS: Akaku: Maui Community Television, Inc.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha 'auinala kākou. Kanakolukūmakolu minuke i ka o kahala 'ekahi. Ma iwakāluakūmakahi o lulai I ka makahiki 'elua kaukani Iwakālua. E 'olu'olu mai, e ho'omalū ke Komike Mo'ohelu Kālā a me 'Ho'mohala Waiwai o wai kaluna ho'o malu o kēia Komike o Keani Rawlins-Fernandez, and hafa adai kākou. It's one...or it was 1:33, now 1:34 p.m. on July 21st, 2021. Will the Budget, Finance, and Economic Development Committee please come to order. I'm your Chair, Keani Rawlins-Fernandez. I keia lā me kou kākou eia hope luna ho'omalū Tamara Paltin. Hafa adai.

VICE-CHAIR PALTIN: Hafa adai and bonjour, comment allez-vous, and aloha 'auinalā kākou, welcome to the show.

CHAIR RAWLINS-FERNANDEZ: Sava, sava, merci. With us, let's see, we have Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha and hafa adai. Kumikiluna *(phonetic)*. And aloha 'auinalā mai Maui Hikina.

CHAIR RAWLINS-FERNANDEZ: Aloha. Member Mike Molina. Hafa adai. Oh, oh, I think Member Molina texted me and let me know that he was having technical difficulties, so he'll be joining us momentarily. Council Chair Alice Lee. Hafa adai.

COUNCILMEMBER LEE: Madam Chair, hafa adai to you and all of my dear colleagues.

CHAIR RAWLINS-FERNANDEZ: Member Kelly King.

COUNCILMEMBER KING: Hafa adai and aloha.

CHAIR RAWLINS-FERNANDEZ: Aloha. Member Gabe Johnson. Hafa adai.

COUNCILMEMBER JOHNSON: Good afternoon, Chair. Good afternoon, Members. Aloha and hafa adai to you all.

CHAIR RAWLINS-FERNANDEZ: And Member Yuki Lei Sugimura.

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COUNCILMEMBER SUGIMURA: Hafa adai, everybody. Good afternoon from Wailuku. And looking forward to this meeting. Thanks a lot.

CHAIR RAWLINS-FERNANDEZ: Aloha. And Pro Tem Tasha Kama is excused. From Corporation Counsel we have Deputy Corporation Counsel Kristina Toshikiyo. Hafa adai.

MS. TOSHIKIYO: Aloha, Chair and Members. Hafa adai.

CHAIR RAWLINS-FERNANDEZ: From the Department of Finance, Deputy Director May Anne Alibin.

MS. ALIBIN: Aloha, Chair and Members. It's nice to see you again.

CHAIR RAWLINS-FERNANDEZ: Aloha. Nice to see you. Then our hardworking Committee Staff, Committee Secretary Yvette Bouthillier.

MS. BOUTHILLIER: Good afternoon, Committee Chair and Members.

CHAIR RAWLINS-FERNANDEZ: Budget Committee Analyst Lesley Milner.

MS. MILNER: Aloha, Chair. Hafa adai, Members.

CHAIR RAWLINS-FERNANDEZ: Legislative Analyst Kasie Apo Takayama.

MS. APO TAKAYAMA: Hafa adai, Chair and Members.

CHAIR RAWLINS-FERNANDEZ: Okay. And Legislative Attorney Richard E. Mitchell.

MR. MITCHELL: Aloha, Chair and Members.

CHAIR RAWLINS-FERNANDEZ: Aloha. Okay. This online meeting is being conducted in accordance with the Governor's most recent emergency proclamation on COVID-19. Please see the last page of the agenda for information on meeting connectivity. We have three items on today's agenda, BFED-78 County Property Tax Reform; BFED-45 Economic Development and Tourism Management; and BFED-76 Wailuku Civic Complex. Let's see. Checking to see if we have testifiers signed up. We have three testifiers signed up, so we'll begin with public testimony. Oral testimony via phone or video conference will be accepted. Please note that if you are signed in, you are on the list to testify even if you did not request to testify. Please let Staff know in chat if you are signed on and do not intend to testify. Testifiers wanting to provide video or audio testimony, please join by going to the BlueJeans meeting link or calling the number noted on today's agenda. Written testimony is highly encouraged. Instructions on how to submit testimony can be found at mauicounty.us/testify. Oral testimony is limited to three minutes per item. When testifying, please state your first and last name. If you are testifying on behalf of an organization or are a paid lobbyist, please inform the Committee. Staff has posted a link to the testifier's log in the chat so that testifiers will

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know where they are on the list. Please be mindful of the use of chat during the meeting. Chat should not be used to provide testimony or chat with Councilmembers or other testifiers. If providing testimony, please be courteous by...to others by muting your microphone and video while awaiting your turn to testify. And once you are done testifying, you will be asked to disconnect from the call; however, you are welcome to continue to view the remainder of the meeting on *Akakū* Channel 53, Facebook Live or on mauicounty.us/agendas. So we'll proceed with oral testimony. Start with our first testifier, Rod Antone, followed by Tom Croly.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. ANTONE: Aloha.

CHAIR RAWLINS-FERNANDEZ: Aloha.

MR. ANTONE: Good afternoon. I've never been first before. Thank you. Rod Antone, registered lobbyist with the State and County, Maui Hotel and Lodging Association. And like to speak first about the...the proposal to amend Subsection B for the tiered tax structure for hotels and resorts. The County already differs when they assess the properties based on value and size, so there's already a tiered kind of assessment already. Also, we just had the Legislature override the Governor's veto, enabling the counties to collect TAT, so now there's two TAT taxes being collected. And we just had the pandemic. And one more thing I want to bring up, we're seeing a surge right now. Part of that surge here on Maui of tourism is because other destinations are not open. And I don't have numbers, but I can tell you that landing at Kahului Airport are 777s and Dreamliners, and these are larger capacity planes that are used for international travel to Asia and Europe. They don't usually land on Maui. So you know, I ask that the Council wait if at all possible. Maybe we can wait until international travel resumes and take a look at less artificially inflated tourism numbers then. And...and that same...can I talk about the TIG too, or should I wait for...okay. So yeah, the TIG also...I...I know it hasn't even started yet, but when drawing conclusions, please also take into account whether international travel has restarted again. And you have my eComment testimony online. Thank you very much.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Antone. Members, questions? I see questions from Member Paltin, then Member Johnson, followed by Member Sugimura. Member Paltin?

VICE-CHAIR PALTIN: Thank you, Chair. Thank you, Mr. Antone, for your testimony. I guess, you know, my...my clarification question is in regard to your statement that we're coming out of the pandemic, and from the County Auditor report that hotel industry was the only one who had their assessments adjusted due to the pandemic. And so I mean, I...it seemed as though you thought that we weren't taking steps to assist, but wouldn't you say that was a step? Because even though homeowners, short-term rentals, timeshares didn't have that opportunity, the hotels did.

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MR. ANTONE: Can I...yes.

CHAIR RAWLINS-FERNANDEZ: Mr. Antone?

MR. ANTONE: No, it...and...and mahalo. Thank you for the assistance. So my question of that would be...well, first off, the next assessment is going to be different because tourism has returned, valuations are going to be going up. So that'll...that'll be happening eventually. I'm sorry, I've got...I'm right on Church and Vineyard and there's construction here. You guys are going to talk about why it's happening. I can show you guys like...anyway.

VICE-CHAIR PALTIN: Resource person. Just joking, sorry.

MR. ANTONE: So yeah, so that...those reassessments, I mean, they happen...they happen every year. They're going to readjust based on what's happening and the value of the property. But the...as far as the tiers go, we are...again, the way it's assessed is...is a built-in tier system. I'm not saying you guys aren't...you know, didn't make an adjustment but, you know, how does that equal out, you know what I mean? Like how does the tier system...what are the numbers going to be after the assessments are made? There's a lot of concern right now. And on...and also, again, we don't have the international numbers, the...the destinations. We are definitely seeing inflated numbers because people got nowhere else to go. Maui is still part of the United States, so they can travel here.

VICE-CHAIR PALTIN: Okay.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

VICE-CHAIR PALTIN: Thank you. I...I could answer it, but I don't know if it'll come out in the discussion, but basically it's just a tool in the toolbox, and every year we would be assessing it based on the conditions. But I don't want to...I don't want to like build a show and get into discussion, but...but that would just be my response. Thank you for your response and...

MR. ANTONE: We'd love to talk with any of you one on one if you guys have time.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. And before I call on Member Johnson, I would like to welcome Councilmember Mike Molina. Aloha, hafa adai.

COUNCILMEMBER MOLINA: Aloha, hafa adai. My apologies to you, Madam Chair, for my tardiness. I was trying to resolve a network issue. But looking forward to the agenda today. Thank you.

CHAIR RAWLINS-FERNANDEZ: I'm glad you were able to resolve that network issue and join us.

COUNCILMEMBER MOLINA: A lot of assistance from...from my better half.

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CHAIR RAWLINS-FERNANDEZ: Member Johnson, followed by Member Sugimura.

COUNCILMEMBER JOHNSON: Thank you, Chair. Good afternoon, Mr. Antone. Good to see you again.

MR. ANTONE: Good afternoon, Gabe.

COUNCILMEMBER JOHNSON: Just a quick question...just a quick question for you in regards to your testimony, clarifying when you mentioned about the airlines. So of course we're all seeing the airlines like, you know, bringing a lot of people over. Do they have plans...because your...in your testimony, you mentioned that it's because we're all kind of in quarantine, right, we can't go the...the tourists can't go to other destinations. So do they have plans to draw down once places are open? Is there any plans where they're going to draw back some of those 777s?

MR. ANTONE: Well, I...I...I can't say with some certainty, and if you guys want to double check with Marvin Moniz at the airport, that once the destinations open up, they'll be using the larger planes for their original purpose, which is for international travel.

COUNCILMEMBER JOHNSON: Okay. So...all right. That...that...yeah, all right. So you'll say just by them opening up, the planes will be smaller, therefore reducing the amount of...

MR. ANTONE: I mean that...that's what...and...and let me be clear, I'm not saying lack of international travel is the sole reason we're experiencing a surge, there's plenty of reasons.

COUNCILMEMBER JOHNSON: Yeah, thank you --

MR. ANTONE: But that's...

COUNCILMEMBER JOHNSON: -- for that clarification, yeah.

MR. ANTONE: Yeah. Yeah, yeah, no, but that is definitely one of them. And like I said, ask Marvin. You...you don't usually...you don't see the 777s and Dreamliners on Maui, they're usually flying the other locations.

COUNCILMEMBER JOHNSON: Right. So if I can piggyback off of that point that you just made, you know, many of our hotels that we're talking about here are not just Maui only hotels or only based in Maui County. The Four Seasons have hotels all over the world. Westin, all these are multi-international corporations. And the people in Japan have no other place to vacation except someplace else in Japan, right? So are these...in your capacity as a...as a lobbyist, do you find that maybe the numbers are...because they have a captive audience, if you don't mind me saying that, they're not...they can't go anywhere. So are...is...are the Westin in Tokyo, are they doing okay? I mean, are you only focused here in the County?

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MR. ANTONE: Well, yeah, I'm not sure why I'd be looking to Tokyo. But...so just for your reference, Maui County's tourists are mostly mainland U.S. and Canada. Honolulu is a completely different animal. But because we get more of our fellow cousins from mainland U.S. coming here, and we're the only place open, I mean yeah, you're seeing...you're seeing a big influx.

COUNCILMEMBER JOHNSON: Okay. So...and I mean there's Westin and...and, you know, they're...they don't...they have more than one property, of course. So that's...that's kind of where I was going down this question is. So I just wanted to see if you have any comment on other areas because if we're going to tier these taxes here, they might be able to make it up in other areas that are doing quite well besides just us.

MR. ANTONE: Okay. I...I...I see what you're saying. I see what you're saying. I'm not a lobbyist for Westin in Tokyo. That's my response, sorry.

COUNCILMEMBER JOHNSON: All right.

MR. ANTONE: Yeah.

COUNCILMEMBER JOHNSON: All right. Okay. Thank you, Mr. Antone. Thank you, Chair. I have no further questions.

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

COUNCILMEMBER SUGIMURA: Thank you. Mr. Antone, nice to see you here. I wanted to talk to you about the influx of visitors, right, and you're referencing the 777 Dreamline...line...

MR. ANTONE: Dreamliners.

COUNCILMEMBER SUGIMURA: Dreamliners.

MR. ANTONE: I think there's 79...okay, so there's the triple 7s, and then the 797 [sic] Dreamliners.

COUNCILMEMBER SUGIMURA: Okay. So and...and you made me think about the...the more heavily visitor...the amount of visitor that come here during the summer, and I wondered the influx, do you think that it's going to, you know, become less over time and...and go back to some kind of normalcy? Or what are...what are you all seeing in the...

MR. ANTONE: Again, I...I...I don't know what the numbers are going to show. I do know when international travel starts again, there will be a difference. And...and some of these issues that the Council is proposing that the TIG and this...the new tiered tax system, maybe be a great idea to wait until we get to that point and...and we can see Maui's numbers more in its...

COUNCILMEMBER SUGIMURA: Reality.

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MR. ANTONE: Yeah, natural form. And...and maybe...you know, maybe you'll find that oh, well, it wasn't much of a difference at all, Rod was completely wrong. But I mean, I do know there's a difference, I do know we have larger planes, I do know that the U.S. traveler can't go to many places in U.S. ...in Europe, and but they can come here.

COUNCILMEMBER SUGIMURA: And that's what we're seeing. Okay. Thank you very much.

MR. ANTONE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Any other questions for our testifier? Member Molina?

COUNCILMEMBER MOLINA: Yeah. Thank you, Madam Chair. I'll try to keep my question framed to the...

MR. ANTONE: Mike, I wore this for you, Mike. I'm glad you're here.

COUNCILMEMBER MOLINA: Oh, boy. A man after my heart. You're a good fan. Rod, just to kind of clarify your...your...your concern with regards to the numbers being inflated as to how it ties into creating these tiered rates for various hotels. So are you basically telling us to wait and...because this is just an artificial boom that we're having right now? But...but, you know, at the same time I'm thinking, you know, it's so hard to translate what the effects of COVID are over the long term because it's so unpredictable. So --

MR. ANTONE: Right. Yeah.

COUNCILMEMBER MOLINA: -- so you feel it's better that we wait and do additional analysis before acting as far as structuring these tiered systems for the hotels?

MR. ANTONE: That...that...yeah, it...I mean...and I think Vice-Chair said...Rawlins-Fernandez said you guys had to move quickly on...on the...on the tier, on creating the tiered system. And I...you know, I...I don't know if you...I don't know if it's good to move that quickly on...when everything's in flux right now. We've got the Delta variant out there, numbers are increasing. We're not back to normal right now. We...we...we aren't. Yeah. If you looked at the UHERO reports, they didn't think we were going to get to this point until at least the end of 2021, if not 2022. So...and...and the thing is, those guys usually aren't wrong. So yeah, I think...I think it would be prudent to wait. I think the Council...I mean the County is still going to make a good amount of money on the second...the TAT that they can now, you know, tax.

COUNCILMEMBER MOLINA: Okay. So I guess...and we're in a position where we need to act now versus I know the...with the industry concerns that there may be some, I guess, perception of unfairness towards certain hotels in a certain tiered class if we create this then, yeah? Okay. Oh, okay. That's...that's fine. Thanks for making that clarification for me, Mr. Antone. Thank you, Madam Chair.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. And before I call on Member King, I just wanted to correct the record that I did say we have to move quickly on creating the TIG just so that the moratorium wouldn't have to necessarily last for two years. But as far as the...the hotel tiers, I didn't say that we had to move quickly on that. And we're not --

MR. ANTONE: My apologies.

CHAIR RAWLINS-FERNANDEZ: -- establishing...

MR. ANTONE: My apologies.

CHAIR RAWLINS-FERNANDEZ: Yeah. We're not establishing the...the tiered rates now, this is just to give the Council the ability to tier if it so chooses during Budget Session. Mahalo.

MR. ANTONE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Member King?

COUNCILMEMBER KING: Thank you, Chair. That was one of the things I was going to point out. We...we did make tiers a couple years ago that we didn't use until last year. But I wanted to follow up on the...the point that you were making about economic hardship. And is it true that the hotels all received 20 percent discount on your valuations last year?

MR. ANTONE: From the...the County's tax assessors? I'd have to check. I'd have to check. I don't know off the top of my head.

COUNCILMEMBER KING: Okay. And then...

MR. ANTONE: I...I do know that I...I talked to Marcy Martin before assessments went out, and she had said that because years prior they based part of their assessments on how well the...the hotels were doing, that it was only fair that they readjust those assessments based on the fact that they were closed for most of the year.

COUNCILMEMBER KING: Oh, really, she said that it was based on how well the...the hotels were doing? Because I remember...

MR. ANTONE: She...she did. I've said that publicly here before. I've talked to --

COUNCILMEMBER KING: I...

MR. ANTONE: -- talked to Marcy to...to...to make sure I got that right. And again, don't take my word for it, talk to Marcy.

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COUNCILMEMBER KING: You know, you mentioned it, so that's why I'm following up with it. Because my understanding is that our Code doesn't allow us to do income-based assessments, and it appears that we're doing that now. I was told by an attorney that the Big Island was the only one that had it in their Code to do income-based assessments. So whether we're...we're giving discounts or whether we're adding on, either way it would not be legal per our Code if that's true. So I thought you might know the answer to that.

MR. ANTONE: Yeah. I...again, I'm sure you're right about everything you just said. I am just repeating what Ms. Martin said to me and...and told me what she...they were going to do with assessments this year.

COUNCILMEMBER KING: Okay. All right. I'll continue to check into it. Thank you. Thank you, Chair.

MR. ANTONE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member King. No other hands. We'll thank you for your testimony today, Mr. Antone. Aloha.

MR. ANTONE: Thank you.

CHAIR RAWLINS-FERNANDEZ: And just a reminder for Members that try as best as you can to keep your questions clarifying. I'll call our last two testifiers signed up. Thomas Croly, followed by Mele Kaneali'i.

MR. CROLY: Aloha, Budget Committee. Oh, okay. I'm good. Tom Croly, testifying on my own behalf. I did send in written testimony. I sent it to your emails as well as to the...to the Committee in comments, and I don't have time in three minutes to read through that, so I hope that you have the opportunity to do that. But the points that I...I...I made in that testimony were I'd like the TIG to expand its...its scope, and kind of answer a few of the questions that I put down here. Let's once and for all get an accurate inventory of visitor accommodations on Maui. Let's not debate how many hotel rooms there are, or how many timeshares there are and so forth. That's data that we can dig up and...and have, you know, accurate numbers on that. Some of the ones are more difficult, which is condos that are allowed to be used for short-term rental, and may or may not be used for short-term rental that may be getting used as second homes and so forth, and we need a better definition of those. Some of them we have a hard number on, like how many bed and breakfast permits do we have, how many short-term rental permits do we have. We have those numbers down. So I would hope that the TIG would take the time to...to, you know, to investigate that and come up with that data. And I was pointing out that some sources they can use, the Real Property Tax Department, the Hawai'i Tourism Authority, DBEDT, the Maui Databook, the Maui Planning Department ZAED Division. And one that I thought of later that I...I didn't put in here, and that is for the last year, people who have been on the safe travels coming to the islands, they've had to say where they're staying. And I don't know whether or not the County can get that information as to where these folks were staying, but that would be a...a very good

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source of...of...of where folks are staying. I also would...would encourage you to get DBEDT...talk to DBEDT and find out exactly how they derive their visitor numbers. It is not a count, they don't count each person coming in and say here's the number, okay. It's actually a combination of those forms that you fill out when you're on the plane and some calculations that are done. So I think it's very important that we know how they derive those numbers, and how they classify the different people that are coming in, be they visitors who live here 180 days a year but are not residents, or visitors who are, you know, on their tenth visit here, or visitors who are first-time visitors. So I think that is very important information. My calculations say that the visitor accommodations that we have would accommodate about 45,000 visitors a day. And the fact that we have something above 60,000, I'd like us to figure out like where...where...where's those other visitors staying, where are they...are they staying in their own homes, are they staying in illegal rentals, I don't know, but that...that would be a good thing for the TIG to look into. I also encourage the TIG to look for pragmatic solutions to specific problems, as opposed to just saying hey we need to reduce the number of...of visitors coming to the island. Let's identify the problems and try to...try to come up with solutions to address them specifically. I did . . .(timer sounds). . . Chair, I'll move on to BF-78 [sic] or do you want people to ask any questions about 45 first?

CHAIR RAWLINS-FERNANDEZ: Sure. I can ask if the Members have questions on the first item. Members, do you have questions for our testifier on the first item? Okay. Seeing none. Mr. Croly, back to you.

MR. CROLY: All right. I didn't say it all, but please read my...my testimony there because, you know, in three minutes you...you can't give a whole lot of mana'o. BF-78 [sic], I'm not sure what the goal in BF-78 [sic] is in term...in terms of setting up these tiers for the hotels, but I do want to let you know as to my knowledge of...of how we assess hotels and so forth. Number one, some of the hotels, the Fairmont Kea Lani for example, have condominiumized their properties. So the entire hotel is not under one tax key, you have multiple tax keys for...for that where they've...they've broken down sections of the property into different ones. And again, I don't know what's intended here, but other hotels might do the same thing if it looks like it's going to be more beneficial to them to break down their...their property into multiple condominium units and...and...and bring those values down. But also, where the values are...are...come from for hotels. Councilmember King was right. Last year, across the board, all the hotels had their assessments reduced by 19 to 20 percent, okay. There was no justification for that whatsoever, okay. And the rates that you set actually gave hotels a reduction in the property tax that they paid in total. The other thing to be aware of is that hotels are not valued on what they sell for, as condos are or single-family homes are. They...they...the...the...real property tax backs out some portion of the sale saying, that was based on your business, and that was based on the furnishings in the hotels. So when you look at the assessments of the hotels, they are not consistent with the assessments of property...other properties that are used for short-term rentals, such as condos and so forth, that are assessed at the full transaction value of...of the sale. And Gery Madriaga is on here, and he can probably give you a little more insight as to exactly the methods they...that they go through. The other thing that I want you to also recognize is that hotels don't just have hotel rooms, they have meeting facilities, they

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have restaurants, they have other public facilities that are contained within that. So when you look at and you break down how much a hotel pays in taxes on a per room basis, you're including in that all of these other facilities that are essentially not getting taxed, or that you're not considering in that. The net...net that you're going to find when you...when you do all the math is that it is the short-term rental guys that are being taxed at a net effective value of three times what each hotel room is being taxed at. So as you consider different ways to tax the hotels and so forth, you need to understand not just what rates are, but what went into the assessed value of the property. . . .(timer sounds). . . Okay. So there's my...there's my three minutes on each.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Croly. I see a question from Member Paltin. Member Paltin, please go ahead.

VICE-CHAIR PALTIN: Oh, I just wanted to clarify, I did see your written testimony on BFED-45, but not 78. Did you also send in written testimony on that one as well?

MR. CROLY: No. In fact, I...I ran out of time. If you saw, I only sent in the BFED testimony at noon today, and I ran out of time to...to put those thoughts together. But you have some good resources with you who can verify the things that I'm telling you.

VICE-CHAIR PALTIN: And so I guess my clarifying question is, being that you don't know what the intent is with this bill, you...it wasn't clear if you were for it or against it. Is that because you don't know what the intent is?

MR. CROLY: Right. You...you created tiers, for example, for the short-term rentals, and I test...gave testimony that that wasn't a good idea. That...that...that if anything, that it should be the opposite way. You know, the...the idea that you would tax the lower value properties at a lower rate than the higher value properties really was not good policy because it might lead to more short-term rentals in the lower value properties that you want to be used as...as residential. Same thing here, I don't know what the goal is for this to be able to say whether it's a good thing or a bad thing, but it...it should have a nexus behind it that...that is supported in some way with policy.

VICE-CHAIR PALTIN: Okay. Thank you. I...I guess if it were that like how Member Johnson was saying, there's some multinational hotels where, you know, versus like a smaller hotel that's maybe like a boutique hotel or only based on Maui. If that was the nexus, then would you be for or against it?

MR. CROLY: Well, let me point out the way that we classify properties here on Maui. Not all hotels are classified in the Hotel tax classification. Some of the smaller ones that you're describing are classified in the Short-Term Rental classification; for example, Hotel Moloka'i. Hotel Moloka'i is not a single property that's taxed as a single property, it's a collection of short-term rental units, some of which are owned by one corporation and some are owned by individuals, and it's taxed as a short-term rental. The hotel just down the hill from me, the Maui Oceanfront Inn that is a Days Inn hotel, it's not...well, it's...it's taxed as a single unit. But because they don't have 40 employees--and that's one of the specifications for going into the Hotel classification--because they don't have

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40 employees, it's taxed in the Short-Term Rental classification and not in the Hotel classification. So what you describe, like a smaller boutique hotel, if you're trying to protect them from...I would expect that that hotel is not taxed in the Hotel class, it's taxed in the Short-Term Rental class.

VICE-CHAIR PALTIN: Okay. Thank you. Thank you for that in-depth analysis in the absence of your written testimony. Thank you.

MR. CROLY: Okay. Good luck, folks.

CHAIR RAWLINS-FERNANDEZ: All right. Thank you, Mr. Croly. Our next testifier is Mele Kaneali'i, followed by the phone number with the last four digits 7281. Kaneali'i?

MS. KANEALI'I: Aloha...aloha, my name is Mele Kaneali'i, and I'm testifying today in support of BFED-45, the creation of a temporary investigative group. I support this plan and the ICT (*phonetic*) idea, which I don't know if it's been passed yet, but that the TIG members find out which areas are proven victims of over tourism. First off, you know where to implement the technology and can prioritize the places that need it the most. The change on how many tourists are in Hawai'i right now due to COVID leaves an open window to start smart tourism and take the problem head-on so over tourism can be avoided. Hawai'i can only take so much environmental and economic damage. Mahalo for this opportunity to testify.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Kaneali'i. Members, any questions for our testifier? Mahalo for your testimony today. Okay. The last person we have signed up to testify is the person with the last four digits 7281.

MR. BARR: Hello?

CHAIR RAWLINS-FERNANDEZ: Aloha. Would you like to testify?

MR. BARR: Can you...you can hear me?

CHAIR RAWLINS-FERNANDEZ: Yes, I can hear you.

MR. BARR: Okay. Thank you. This is Kenny Barr in Kihei, and I'm testifying on BFED-45. And I'm just testifying basically to back up what the lady just said before about this...related to tourism management. I read in the paper the other day, two days ago, in Honolulu, this lady had wrote in about the rental cars. Hopefully the counties could cap on the number of rental cars permitted on each island, which would be great. Now, I remember back in the '80s or '90s, there was a bill before you in the Council at that time to do...to do that, and at the next meeting, all the rental car companies sent their attorneys to talk about restraint of trade, and then I think at the next meeting, it had been dropped. But now it's a different time, and this is a different place. Back then there were a lot less tourists, a lot less rental cars, and a lot less residents with cars. So what I'm suggesting that even if it was a problem back then, that maybe this Committee could look at the fact now and deal with...and the DOT could be involved in

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dealing with the amount of miles we have on this island for road...not only roads, but the amount of lanes. Because when you think of roads in other places, you're thinking of highways, but on Maui we're...we're either cursed or blessed with one-lane roads still, especially to Lāhainā. So maybe a ratio could be worked out that would be legal based on the amount of residential cars we have, which I'm sure Lito would know, and how many rental cars we're going to allow to match that. And I'm...and I'm kind of throwing this out to you because you do have that...we do have that ratio about...as Dick Mayer always points out, about the ratio between residents and visitors and what it's supposed to be, and maybe something can be worked out with the rental cars in the same kind of formula. And that's it. I just read that letter, and I thought since you're taking this up, I would call and throw that out there. Thank you.

CHAIR RAWLINS-FERNANDEZ: Wonderful. Mahalo for joining us today. I see a question from Member Paltin. Member Paltin, please go ahead.

VICE-CHAIR PALTIN: Thank you, Chair. Thank you, Mr. Barr. I did propose that legislation to the State to establish the counties have the authority to cap it, but it didn't get anywhere. It wasn't even talking about a cap, it was just giving the counties the authority to create a cap, but no movement whatsoever. We can try again. And that was an HSAC package legislation, so it wasn't just our County, but it was all four counties, and there was still no movement. We can, I guess, you know, try again with the same thing but there's not much hope because it didn't pass the first time, but could try again, I guess.

MR. BARR: Thank you for trying. And it is sad that they didn't because let's face it, if we could cut down on the amount of rental cars, our quality of life would be a lot better. And that's part of, you know, what you guys are trying to do, trying to even out tourism with the quality of life. And this seems like a perfect simple thing by numerical numbers to be able to do. So anyway, thank you for telling me that, I didn't know that. I thought that this lady from Honolulu brought that up. I thought what a great idea. So thank you.

VICE-CHAIR PALTIN: Thank you. I thought it was too.

MR. BARR: Yeah.

VICE-CHAIR PALTIN: I guess, you know, we did have a hearing with the DOT and...and they were bragging about like that we have the most rental cars and it was like, wrong crowd. But yeah, thank you.

MR. BARR: Yeah. Well, yeah. Well, I think everybody on Maui who isn't involved in rental cars would agree with this, so it's sad. Okay. Thanks very much for taking my three minutes' worth. Aloha.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Any other questions, Members? Seeing no other questions. And then I'll also quickly add that Member Sugimura has been working on getting airport shuttles to try to reduce some of the rental cars on the

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road as well. So we are...we are --

MR. BARR: Okay.

CHAIR RAWLINS-FERNANDEZ: -- working on it, Mr. Barr. Mahalo for your testimony.

MR. BARR: Okay. Have a good day. Aloha. Bye.

CHAIR RAWLINS-FERNANDEZ: Aloha. Okay. That was the last person that we had on the list, our testifier log. I will ask if anyone else signed in would like to testify, please unmute yourself now and you may proceed. All right. Hearing no one speaking up to testify, we'll now close oral testimony and accept written testimony into the record. Any objections, Members?

COUNCILMEMBERS VOICED NO OBJECTIONS

. . .END OF PUBLIC TESTIMONY. . .

CHAIR RAWLINS-FERNANDEZ: Great. Mahalo. Okay. Okay. So we have our three items on today's agenda. We'll start with BFED-78, tiering the Hotel/Resort classification. And then we'll likely take a quick recess and return to do BFED-45, in which we'll propose creating the tourism management TIG. And then lastly BFED-76, where we'll receive a presentation from the Cost of Government Commission on the Wailuku Civic Complex. All right.

ITEM 78: COUNTY PROPERTY TAX REFORM (CC 21-29)

CHAIR RAWLINS-FERNANDEZ: So the first item is BFED-78, County Property Tax Reform. Members, during the Fiscal Year 2022 Budget Sessions, there was discussion about the rates for hotels and resorts because while there are a number of large hotels in the County, there are also smaller hotels that need to be taken into consideration. During that process, the possibility of tiering the Hotel and Resort classification was raised, which is the purpose of the bill on the agenda today. And I will share the bill really quickly. Everyone can see. Okay. Everyone see that? Okay. So this is just adding language here--"and hotel and resort." Okay. So that's the bill. So we have with us Finance Deputy Director Alibin, Assistant Real Property Tax Administrator Gery Madriaga, and Real Property Technical Officer Kari Stockwell for questions. Mahalo, everyone, for joining us. And I...Deputy Director Alibin, if you would like to share any comments before I open up the floor to...for questions, I'll invite you now if you'd like to make any remarks. If not, I'll go straight to questions.

MS. ALIBIN: None at this time, Chair. And we're here to answer any technical.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Deputy Director. Okay. I saw Committee Vice-Chair Paltin's hand up.

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VICE-CHAIR PALTIN: Thank you, Chair. Thank you, Deputy Director Alibin. I guess my question is in the last Budget Session, we were told that there is the ability to tier at different rates. Like you know, zero to 1 million in say Owner-Occupied, whereas it would be like also zero to 1.5 in Non-Owner Occupied or whatever, just for random examples, but that it would make it more difficult for you folks to have it all kind of hammajang like that. And so I was wondering...like I mean, for hotels, obviously we cannot keep it to the same types of tiers as for like single-family houses because their value is so much more. And would that still make it difficult if the tier rates are different for the different classifications?

MS. ALIBIN: Chair, I would like to defer to Mr. Madriaga to answer that question. Generally my...based on my knowledge, one of the biggest challenges on tiering Hotel and Resort category is because some of the properties that are under this category are also condominiumized. So...but I'm going to have, again, Mr. Madriaga to expand on this discussion.

MR. MADRIAGA: Hi, Council.

CHAIR RAWLINS-FERNANDEZ: Aloha.

MR. MADRIAGA: Chair, can I answer that question?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yes. Hello. One of the...just the things about the tiers for the hotels, as you previously heard, some of the hotels are condominiumized, which means they're all broken up. So where you set your tiers, as we...as you have in the other classifications, will be in essence inequitable for certain hotels that are...are not condominiumized. So when you condominiumize, your...your value will be broken up. So even if you set your tier, you might not hit the...the people or parcel that you want to hit with the tier. That's just the main...main issue with this tier with the hotels. So you know, you might get --

VICE-CHAIR PALTIN: If I...

MR. MADRIAGA: -- other hotels...I'm sorry, go ahead.

VICE-CHAIR PALTIN: Follow up on that. Would it at all be possible to do it per...per unit value? Say if you have a condominiumized hotel or a regular hotel that's not condominiumized, and take the value of the entirety and divide it by say the number of rooms or...or units, would that be a possibility or no, not at all? . . .(timer sounds). . .

MR. MADRIAGA: Chair? Yeah.

CHAIR RAWLINS-FERNANDEZ: You may...you may respond to the question, Mr. Madriaga.

MR. MADRIAGA: Yeah. I guess that's something that would have to be looked at better on

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how you're going to set it up. Right now, the way it's all set up, everything is classified by...per TMK number, and classified such that. So if you're going to take...if you're going to change the formula around, it might make sense, but we would have to address that specifically, especially if a hotel is condominiumized versus one that's not.

VICE-CHAIR PALTIN: Thank you, Mr. Madriaga. Thank you, Chair.

MR. MADRIAGA: You're welcome.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Committee Vice-Chair Paltin. I see Member Sinenci with his hand up. Please proceed.

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah, I have a question for Ms. Alibin. So it looks like...one of the testifiers mentioned that hotels are already being assessed by the Department, I believe, and so I just wanted to kind of get an explanation on that. Because I know that the...the tier structure was to...to look at whether it be the smaller hotels, the larger hotels, the hotels that have a more with global partnerships, those types of things. So can you explain of how the...the Department assesses hotels on an annual basis?

MS. ALIBIN: Chair? I'd like to defer to Mr. Madriaga. But I believe...Councilmember Sinenci, were you referring to the statement that was made by Mr. Antone regarding his --

COUNCILMEMBER SINENCI: Yeah.

MS. ALIBIN: -- conversation with Ms. Martin? I'll do an initial respond to that. But...so basically, we are not income-based assessment. All of our assessments are based on, you know, recent sales. And...and that sales most of the time is driven by the economy as, you know, several factors. So I'd like to, you know, defer again to Mr. Madriaga to expand on that one.

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yeah, Chair, you know, we have...of course, you're...you're looking at all the different hotels. Just a reminder again, if the...the tiers...we already classify the hotels according to, you know, their size. You see the different size hotels we have here on Maui. We have totally...you know, we can show you the different values we have for all the hotels, starting from the Grand Wailea at the top and work our way down, depending on the size and the class and the type of hotel. So we already value the hotels differently as far as, you know, their value, total value itself. Again, I just remind you, when you...when you have a hotel that's condominiumized, it's like taking a pie and cutting it all up. Your tier might not affect what you're trying to get to. So it would...you...it would behoove us to look at...okay, look at the...what the numbers are, determine where you want...if it's still looking at a tier, if it'll affect all that you want to affect.

COUNCILMEMBER SINENCI: Okay.

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MR. MADRIAGA: Because Kea Lani...Kea Lani Hotel is definitely a...a really nice hotel and they're condominiumized, and so is the Ritz Carlton. So you're not going to catch them, you know, in the tiers if you're looking at the total value.

COUNCILMEMBER SINENCI: Okay. Well, thank you, Mr. Madriaga. I guess my . . .*(timer sounds)*. . . my follow-up question was that...

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

COUNCILMEMBER SINENCI: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. I'll call on you for the second round. Members, additional questions? Member King?

COUNCILMEMBER KING: Thank you, Chair. Yeah, I think this is for Mr. Madriaga, just on your last comment about the condominiumized hotels. Are you saying that they're...that the units are getting assessed individually? Doesn't it still get assessed as a total unit like the Kea Lani Hotel, or...or is each unit getting assessed individually?

MR. MADRIAGA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yes, Council King...Chairman. Yes. Because they're condominiumized, they are valued separately. I mean, you can add up all the total of the condominium that's part of the hotel, but each condominium is assessed separately.

COUNCILMEMBER KING: So they're getting a separate bill, there's not one bill going to the Kea Lani that covers all the units in there.

MR. MADRIAGA: Correct. I mean, if they are still the owner, they'll get the bill, but they're all separate. Each...each condominiumized unit gets a separate valuation and a separate bill.

COUNCILMEMBER KING: So they might be different depending on the size...their size and...

MR. MADRIAGA: Correct. That's correct. That's just the way they wanted to...the ownership is set up for the hotel.

COUNCILMEMBER KING: So how do you assess that property value then? Do you have to add up the value of each individual unit, and then you assess each individual unit separately?

MR. MADRIAGA: Yes. You...it's...it's very challenging, and you might look at it as...look at it if there are some...in some other hotels or Ritz...like the Ritz Carlton is condominiumized. Some of the condominiums are sold, but yet is in the pool for the hotel to use. So we will look at those sales or look at other condominiums that are

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similar.

COUNCILMEMBER KING: Okay. And then each...each unit, if it's getting assessed separately, it's...the assessment goes to the owner of the unit?

MR. MADRIAGA: Yes. Depending on how they set up their ownership. That's correct though.

COUNCILMEMBER KING: Okay. All right. I didn't realize that. Okay. So Kea Lani is not getting one big property tax bill, each individual unit is getting.

MR. MADRIAGA: Yeah.

COUNCILMEMBER KING: Okay. All right. I think that's my...well, I have...actually I have one more question.

MR. MADRIAGA: Yes.

COUNCILMEMBER KING: If...just on the issue of the valuations being discounted. So you know, I'm hearing we're not supposed to be income based, but then if it's based on how well their business doing, then isn't that income based? If they...if they were...if they were saying that they were hurting due to the pandemic and they got a discount, and yet we didn't give discounts to businesses that were hurting during the pandemic, we didn't devalue their properties, so...we didn't devalue properties of people who lost their jobs; but yet, we gave the hotels a discount. So if that's not income based, what is it?

MR. MADRIAGA: Well, when we value...when we value hotels, we look at overall what's happening all around, especially in hotel valuation. When we valued all the hotels, the appraiser looked at the hotels, and even other jurisdictions had done the same thing with hotels. I have...also I have here Kari Stockwell, who was more involved in the hotel valuations. She might be able to explain a little bit more. You know, right now we are definitely more focused on what the tiers might affect it. But she might be able to give a more general background on how the valuation (*audio interference*)

COUNCILMEMBER KING: (*audio interference*) context of how we're charging hotels if we're going to go to tiers. Because you know, my understanding, when we looked at doing income based when they were doing really well, we were told we can't do income based. And then somehow, when they're not doing so well, we can do income based. So I don't understand . . . (*timer sounds*). . . that. It doesn't (*audio interference*)

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

COUNCILMEMBER LEE: . . . (*inaudible*). . . Madriaga, I...I still don't understand how the condominiumized units within a hotel would be valued. Do you take...or I'm sure it's not you, but let's say the hotel assigns a value of...of the parking lot, of the restaurants, of the common areas, and all of those things to every individual condominium so that...so that there is no shell of a hotel left to...to value. Do you understand my question?

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MR. MADRIAGA: Yes, I do. Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yes. I...I...I get where you're coming from, okay. So for the hotels, when you condominiumize the property...just trying to give a background on what condominium is. Condominium, all that does is gives the ability to separate whatever you want in your property to be separately assessed and separately valued. It's a type of ownership that is...pretty much was brought about...it's a State type of thing of a...of a condominium. So for a hotel, they can literally condominiumize a room, a retail area, even to the point of a...of a closet. That's how they do that for all the timeshare properties, they condominiumize everything. So we have to value all of those different pieces. And some pieces we can...we can compare to market or some other type of --

COUNCILMEMBER LEE: Okay. So...

MR. MADRIAGA: -- some other type of...

COUNCILMEMBER LEE: Okay. I got it, I got it.

MR. MADRIAGA: Okay. Thank you.

COUNCILMEMBER LEE: Mister...I got it. Okay. So when you send the Kea Lani a bill, a tax bill, you send it not to the Kea Lani Hotel, but to all of the owners of the condos; is that correct?

MR. MADRIAGA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yeah, that is correct, depending on how they set up their ownership. I mean, they could manage it, and they could have Kea Lani manage it or their accounting managing it, but basically yes.

COUNCILMEMBER LEE: By doing this type of ownership of what one would normally consider one unit, one hotel, are they getting some kind of break in value, and therefore in taxes, by handling the ownership of this property this way?

MR. MADRIAGA: Chair? . . .*(timer sounds)*. . .

CHAIR RAWLINS-FERNANDEZ: Go ahead, Mr. Madriaga.

MR. MADRIAGA: Yeah. No, they...they are not. It's...it's almost equivalent to a...a piece of pie. You buy the big pie, cost you \$15. You buy each piece, cost you \$5. So in essence you might be more, but we definitely look at all the total values, and we look at all the hotels; but no, they're not getting a preferential treatment because it is a condominium.

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Not at all.

COUNCILMEMBER LEE: Okay. Thank you.

MR. MADRIAGA: You're welcome.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair Lee. Okay. I will follow up with some questions. Okay. So last year we passed a bill repealing 3.48.305(C), and that's the condominiumization section. And I believe it'll go into effect at the end of this year or at the beginning of the next year, so that that's...that ability is no longer available within our Code. Would you be able to speak to the...how it would be administered differently with the repeal of that section?

MR. MADRIAGA: Chair? Yes.

CHAIR RAWLINS-FERNANDEZ: Please proceed.

MR. MADRIAGA: I want to just congratulate you on you folks doing that because repealing that, letting people declare that they're using a property, say, long-term versus short-term, was very inequitable. Basically what we were doing, we were subsidizing somebody's higher use for their future benefit. We don't do that for us, but we were doing it for anything that was condominiumized, and that's the only ones that had the choice for it. So with that part of the law being repealed, it puts everybody back on an even keel again, and avoids people...you know, it...it is a lot of money, and our Staff would always...it was always a challenge to determine if someone was not telling the truth or not, or they'd find ways around that. And so that definitely helps the program here immensely.

CHAIR RAWLINS-FERNANDEZ: Mahalo for your response on that. So if we were to now hear it, would it...would it have the same obstacles with that section repealed going into effect in the next...next fiscal year?

MR. MADRIAGA: I'm sorry, Chair, can you ask that question again? I'm not sure if I get you on that one.

CHAIR RAWLINS-FERNANDEZ: Okay. So I guess in the discussion that we're having in the first round of questions, in explaining how tiering the Hotel and Resort wouldn't apply in the way that we're...we're thinking because of the ability to condominiumize, but by repealing . . . *(timer sounds)* . . . that section and taking away that ability to condominiumize, does it change what...what you were sharing with us earlier about the obstacles to tiering it?

MR. MADRIAGA: Oh, I'm sorry. Okay, Chair. Okay. No, with the ability...because they're not declaring...they're not declaring what they're using it as, it's by what it's zoned to be anyway. So the condominiums will be valued as Hotel/Resort, as what they were zoned for. I think that's what you're leading to, I'm not sure.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Madriaga.

MR. MADRIAGA: Sorry. Yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Anyone else want...have any questions in the first round? Okay. Member Molina...oh, wait...no, you did ask questions in the first round?

COUNCILMEMBER MOLINA: No.

CHAIR RAWLINS-FERNANDEZ: No. Okay. Member Molina, followed by Member Johnson, and then if no one else has questions for the first round, we'll go to Member Sinenci. Member Molina?

COUNCILMEMBER MOLINA: Okay. Thank you, Madam Chair. Good afternoon, Mr. Madriaga. So you know with the properties in the Hotel and Resort tax class that are valued under 1-1/2 million, are there any? And which is the current, you know, highest tier threshold, I guess. So...so currently under this proposal, are there properties, tax classes valued under 1-1/2 million that you know of?

MR. MADRIAGA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yes. Council...Councilman Molina, yes. For these condominiumized properties...for example, I'm looking at a list of Kea Lani condominiums, and they are definitely below 1-1/2 million. They're over a million, but they're under 1-1/2 million. I mean...just to give you...just to give you some...some perception of what the kind of values you'll be looking at. So if you're looking at the Grand Wailea, we're looking at total value of 391 million, right? So now, where do you put your tier where you look at other hotels that follow that, are in the more like 292 million, 245 million, 160 million. So the numbers are very big and, you know, the lowest hotel we have, of course, it's more in the 2 or 3 million. So that's why you're going to get...mathematically, it just doesn't work out.

COUNCILMEMBER MOLINA: Okay. Madam Chair, maybe if under your signature...Mr. Madriaga, could you provide us some, you know, information on that list of properties? Could we just have something in writing?

MR. MADRIAGA: Yes.

COUNCILMEMBER MOLINA: If that's permissible? Yeah.

MR. MADRIAGA: We...yeah, we have a summary comparison that you folks can take a look at.

COUNCILMEMBER MOLINA: Okay. Great. Thank you. And last question, if the Council does enact this tier structure, you know, with the hopes of getting more revenue, then we'd

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have to make the current \$11.75 rate for the lowest or middle tier, yeah. And then for the tiers above that, we'd have to go above 11.75; am I correct?

CHAIR RAWLINS-FERNANDEZ: Member Molina, I...so I think that would be like more of a policy question, and that policy question would be determined by Council.

COUNCILMEMBER MOLINA: Council, yeah. Oh, okay. Okay. I just wanted to get maybe Finance's take on that, but okay. Well, that certainly will be an interesting discussion as we, you know, move forward with this, yeah. So okay, yeah, that's it for now for me. Thank you, Madam Chair.

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

COUNCILMEMBER JOHNSON: Thank you, Chair. Mr. Madriaga, I just have a quick clarifying question for you. You said that sometimes the zone determines the tax class. Can you...can you expand on that? That's the one little statement that kind of perked my ear. Can you explain a little more?

MR. MADRIAGA: Sure. Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Yeah. Council Johnson, yes, you know, we look at what the...the zoning and the allowable zoning are for the parcels. So when you're looking at Hotel/Resort, they are...they can do certain things on that versus a Residential property. So that is definitely a basis to how we classify properties.

COUNCILMEMBER JOHNSON: So if there's...but there's...there's the point of like hotels that are condominiumizing, pardon me, but those guys are...but you're saying no, but you're in the zone of Hotel, so you're going to be paying Hotel rates. Is that my understanding?

MR. MADRIAGA: That is correct.

COUNCILMEMBER JOHNSON: Okay.

MR. MADRIAGA: You're correct.

COUNCILMEMBER JOHNSON: Okay. I just had...that zoomed past me, and I had to just clarify that real quick.

MR. MADRIAGA: Right.

COUNCILMEMBER JOHNSON: So then the next question I have is, are there any hotels that own all the rooms that are condominiumized?

MR. MADRIAGA: I can't answer that right now. I...I'm sorry. Chair, I'm sorry on that one, I can't answer that one generally right now. Yeah.

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COUNCILMEMBER JOHNSON: Okay. Maybe later, at a later date, follow up in a email or something like that.

MR. MADRIAGA: Right.

COUNCILMEMBER JOHNSON: So okay. Thank you. I really appreciate your time. Thank you, Chair, I have no further questions.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Johnson. Okay. And then I think for the second round, Mr. Madriaga, in...in moving forward, so that we're like super clear, I know that like right now we're operating with the Section C, the condominiumization section, and...but after this year we...we won't be.

MR. MADRIAGA: That's correct.

CHAIR RAWLINS-FERNANDEZ: So would...would you be able to respond to questions in that future tense after it's repealed?

MR. MADRIAGA: Yes, Chair. I...I'm assuming we can, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Okay.

MR. MADRIAGA: Yeah.

CHAIR RAWLINS-FERNANDEZ: Member Sinenci, followed by Member Paltin.

COUNCILMEMBER SINENCI: Okay. Yeah. And...and thank you, Mr. Madriaga. You answered some of my questions. I just wanted to ask, okay, is there a set of...a list of hotels that are over 200 million or under 200 million or...and like you just mentioned, even some hotels maybe below 2 million. So I think more so that we should tier the buggah. But so...but I guess my question to Chair was like do we have to keep within those confines? I know during our budget proceedings we just had 1 to 1.5, do we have to stick to those different tiers? No? Okay. All right. My question's been answered. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. So what was explained to us during Budget Session was last fiscal year, Fiscal Year '20...'21, Fiscal Year '21, the...the software that we were using needed all the tiers to be uniform. And then in this calendar year Budget Session, planning for Fiscal Year '22, it was explained to us that we were able to have different tier thresholds in the different classifications because they improved the software so that we were able to...to...to have that...that...that feature now. So we would have that option to have different classifications with different tier thresholds.

COUNCILMEMBER SINENCI: Okay. Mahalo for that. Because it just...from Mr. Madriaga, the last time we heard about the Grand Wailea's assessment was more towards

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300 million, and he just mentioned 391 million. So that short span, that assessment has grown. Thank you.

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

VICE-CHAIR PALTIN: Thank you. Just two questions, Mr. Madriaga. When the condominiumization part is repealed, would people still fall under...I mean...I guess, you know, sometimes there's that grandfathered in thing. So if they're currently condominiumized, what happens to that when that is repealed?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Chair? Yes. Council Paltin, the condominium, that part of the repeal doesn't change what it can do based on the zoning. So if it's...it's...it was a Hotel/Resort...remember, with the...before you repealed that law, it was...if it was zoned Hotel/Resort, they could say okay, I am not renting it, then it was...it was classified something different. The Condominium classification will then stay at Hotel/Resort because that's what it's zoned to do.

VICE-CHAIR PALTIN: Okay. So I guess my question is like it doesn't always seem to have to have taxation and zoning all the time match up, but it can. And so if it's a condominiumized hotel or just a single-room hotel in that sense, would we be able to change the system and make like a single-room hotel not fall in the Hotel tax classification, but rather fall in the STR classification?

MR. MADRIAGA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: You know, the basis of classification in our ordinance is basically what it's zoned for as part of the basis. So moving a hotel that's in a Hotel zone into another classification would...would not work. I can't think of how that would be possible at this point.

VICE-CHAIR PALTIN: Because you know, in Nāpili Bay Civic Improvement District, the Greg Brown property was paying Short-Term Rental taxes, but Short-Term Rental is not Nāpili Bay Civic Improvement District's zoning, which allows for hotel use. So I mean, it seems as though it's already being done in certain zoning situations, could we not rewrite something? Like I mean, it's hard to think of a single room as being a hotel when we have single room short-term rental or TVR units. Like when...when you think of a hotel, it's...it's more than just zoning, it's like, you know, in my mind I'm thinking of a hotel. You know what I mean? I don't know if I'm explaining it good. . . .(timer sounds). . .

CHAIR RAWLINS-FERNANDEZ: Mr. Madriaga?

MR. MADRIAGA: Chair? Yes. That Nāpili one, that Brown house you just speaking about, I

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just...I think that one too, we are reviewing that. Some of the parcels in that improvement district were supposed to be Hotel, but were not getting the correct classification. You know, they are...for example, on Kā'anapali Beach, there are homes that are on Hotel/Resort zoned property, and it's a big home, many homes, they can...they can rent out the rooms, do short term, but it's still zoned Hotel/Resort. It's not the hotel as you...we all think of a big hotel, but the zoning allows them a lot of different things that...because the zoning allows those different things, that's how they are classified.

VICE-CHAIR PALTIN: Okay. Thank you, Mr. Madriaga. I never mean for make hard time.

MR. MADRIAGA: Yeah. You're welcome.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Members, any other questions? Okay. I'll ask...I have a couple of questions. Okay. I wanted to follow up on the valuation for FY'22. So we...we base it on comparable sales. Were there any hotels or resorts that were sold during that time that caused the valuation to go down?

MR. MADRIAGA: I...Chair, I don't believe there was a sale that went downwards. From what I look at...I would have to defer that. I...I don't have that one in front of me right now. Sorry.

MS. ALIBIN: Chair, if I may? We're not quite sure, maybe Ms. Stockwell --

CHAIR RAWLINS-FERNANDEZ: *(audio interference)*

MS. ALIBIN: -- has the information to respond to that.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Deputy Director. Ms. Stockwell? Okay. Ms. Stockwell?

MS. STOCKWELL: All right. So for fiscal year...so for 2021 tax year, we did not have any sales. What we did do though is we went to...we...we started getting STR reports that gives us room occupancy rates, and it's a full report. We got that every month to see what the report was saying. We also went to O'ahu County, Kaua'i, and Big Island to see if there was any sales in the larger area, which there wasn't. So taking everything that we knew into account, excuse me, you know, we do have to assess sales every year, so we looked at the STR reports, we looked at what all the other counties were doing, and that's how we came up with an assessment for Fiscal Year 2021/22.

CHAIR RAWLINS-FERNANDEZ: Okay. So the hotels and resorts were based on STR sales going down?

MS. STOCKWELL: STR report showing that...basically no occupancy was one of the things that we looked at. We also looked at...you know, we...we asked all the different counties what they were doing as well with their hotels. We went to different appraisers, private appraisers, and asked what the value of different hotels were, you know, what they

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thought, how...how much hotels went down during the year. Just with every available data that we had. And looking to...we also looked at if there was anything listed and how much in the whole...I looked all across the United States as well to see if there was any listings less their assessed values. So kind of looking at all of that, that's how we came up with our assessment for Fiscal Year 21/22.

CHAIR RAWLINS-FERNANDEZ: Okay. And then there was a question in the chat from Member Paltin. Does STR in this context mean short-term rental? And short...short-term rental as in how it's defined for permitting or less than six months?

MS. STOCKWELL: So the STR report comes from...let me find it. It's not in our context as a short-term rental. This is a report that it...it's just in short...just an STR report is what we use. They are a company that produces these reports, and they delve into Maui County, O'ahu. So what we did is we looked at Maui County luxury...they break it down into the different classifications, and then every month they tell you occupancy rates, RevPar, the ADRs, the percent changes from last year to this year. So that's kind of where we're looking at.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. So the valuation of Hotel and Resort classified properties went down. Were the valuation of STR classified in Maui County, did the...those property valuations also go down?

MS. STOCKWELL: I can answer that, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay. Ms. Stockwell?

MS. STOCKWELL: The STR properties, the properties classified Short-Term, I actually think they stayed flat. You know, from that we looked at sales, direct sales, we had direct sales in a lot of the units. And some units they went down, and in some units they actually went up quite a lot. So we were able to use direct sales to value the...the short-term units.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Stockwell. Members, if we would like to add this tool in our toolbox, we...we still have time. And...and what it's sounding like to me from our discussion is we would like a little bit more information. And so if Members don't have any more questions for our resource personnel at this time, I'm happy to defer this. I will get additional information that Member Molina requested, additional information that Member Paltin requested. And if Members have any other additional information that we would like to provide to our Finance Department beforehand...before I schedule this item again, then please send that to Committee and I'll get that transmitted. And then we can schedule this again for a follow-up discussion. And then if, you know, at that time we would like to...to pass it, we can. You're also welcome to disagree with me if you would like to take action today, Members.

COUNCILMEMBER MOLINA: Consensus.

COUNCILMEMBER KING: Happy to defer.

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CHAIR RAWLINS-FERNANDEZ: Member King?

COUNCILMEMBER KING: Happy to defer.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, I will ask the Finance Department...Deputy Director, if you have any final thoughts before we defer?

MS. ALIBIN: No, none at this time, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Deputy Director. And mahalo to Mr. Madriaga and Ms. Stockwell for serving as resource personnel for the Committee for this item. As I stated, Members, we'll defer BFED-70...yeah, BFED-78. Any objections?

COUNCILMEMBER SUGIMURA: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay, wonderful.

ACTION: DEFER pending further discussion.

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Members, we have two more items. It's almost our afternoon recess time. So we'll...we'll take our recess early, and then we'll return at...is 3:05 okay, or you want 3:10?

COUNCILMEMBER MOLINA: 3:10.

CHAIR RAWLINS-FERNANDEZ: 3:10? Okay. All right . . .*(laughing)*. . . sounds good. It's 2:57, and the BFED Committee will return at 3:10. The Budget, Finance, and Economic Development Committee is now in recess. . . .*(gavel)*. . .

RECESS: 2:57 p.m.
RECONVENE: 3:13 p.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . All right. Will the Budget, Finance, and Economic Development Committee please return to order. It's 3:13 on July 21st. You're so efficient in the first half I figured I'd give you a couple more minutes, you're welcome.

ITEM 45: ECONOMIC DEVELOPMENT AND TOURISM MANAGEMENT
(CC 21-282)

CHAIR RAWLINS-FERNANDEZ: The second item that we have on today's agenda is BFED-45, Economic Development and Tourism Management. And as Members may recall, the moratorium bill that I introduced is tied to the recommendations and implementation of a temporary investigative group on tourism management. And I, you know, stated in previous committees and Council meetings that I would expedite the creation of this temporary investigative group, and so here we are. We also invited from the

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Administration Deputy Director of Finance, Office of the Mayor, and the Managing Director. So we have all of them online. But I thought that we would go through the temporary investigative group first. Does everyone have the documents? Staff, will you please post the link to the scope of investigation, general rules, the documents to create the temporary investigative group? Okay. And then we'll start with the purpose of investigation, which is to make findings and recommendations on policies relating to tourism management and economic development. Okay. Does anyone have questions on the purpose of the investigation, or have any proposed amendments to that? If not, I'll...I'll ask for consensus. Member King?

COUNCILMEMBER KING: Yeah, I just wondered if you were wanting to put the word "economic diversity" in there somewhere. Is that what we're talking about is trying to have other alternatives to tourism, or are we just talking about the economics of tourism?

CHAIR RAWLINS-FERNANDEZ: Yeah. So the purpose of writing it that way was for it to be broad economic development, but if you want to add language that specifically talks about diversifying, we...we can add that. But it implies, you know, diversifying.

COUNCILMEMBER KING: Okay. It's...

CHAIR RAWLINS-FERNANDEZ: But if you want to specify, you're welcome to.

COUNCILMEMBER KING: Yeah. I mean, I just wanted to make sure that that was the intent. So I mean we could put the word "diversified" in front of economic, you know, management and diversified economic development because that would be tourism and other types of industries.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, is there consensus on Member King's proposal to add diversification or diversified economic development? Any objections?

COUNCILMEMBER MOLINA: No objections.

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

COUNCILMEMBER LEE: Oh, no, I was just going to say how about economic development and diversification. I thought it flowed better, but doesn't matter to me that much.

COUNCILMEMBER KING: That's fine. That sounds good. I like your wordsmithing. Economic development and diversification.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER MOLINA: No objections.

CHAIR RAWLINS-FERNANDEZ: All right. Then we will...economic development and diversification. Okay. Any other questions or proposed amendments? If not, I'll ask for consensus.

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COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. We'll go to the next section, and that's scope of investigation. We'll start with Section 1. The scope of investigation should include the following items. One, as its first...as its first order of business, the temporary investigate group will work with the community to explore the following: a. Calculate the number of transient accommodations that will likely keep the number of transients at or below one-third of the resident population. b. Identify locations throughout the County experiencing over tourism and propose mitigation measures. c. Purpose...Propose methods to limit rental cars within the County's authority. d. propose methods to allocate beach parking for residents and tourists. Any proposed amendments or additions? Member Molina?

COUNCILMEMBER MOLINA: Yeah. Thank you very much, Madam Chair. Under page 2, the scope of investigation, keeping the number of visitors below 33 percent of resident population is established in the Maui Island Plan only, and I believe not in the Countywide Plan. So could the TIG recommend whether the one-third visitor-to-resident ratio be added to the Countywide Plan...Countywide Policy Plan as well? Is that something that could be considered?

CHAIR RAWLINS-FERNANDEZ: Okay. So your proposal is to add to "a.", or is that a new letter that would be to pose...

COUNCILMEMBER MOLINA: Good question. Maybe better just a new letter for more clarity, yeah?

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER MOLINA: Yeah.

CHAIR RAWLINS-FERNANDEZ: So that would be a new letter "e." and the new letter "e." is...

COUNCILMEMBER MOLINA: The...the one-third visitor-to-resident ratio be added to the Countywide Policy Plan.

CHAIR RAWLINS-FERNANDEZ: Okay. So...okay. Members...

COUNCILMEMBER KING: I have a question of that Member's suggestion.

CHAIR RAWLINS-FERNANDEZ: Questions on Member Molina's...okay. Member...I think Member Paltin had her hand up first. Member Paltin, did you have a question on Member Molina's proposal or...okay. I'll go to Member King, who had a question on Member Molina's proposal. Member King?

COUNCILMEMBER KING: Yeah, thank you, Chair. My understanding is that the Countywide Policy Plan is part of the Maui Island Plan or the General Plan. It's...you know,

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those...those kind of go together, and that the Countywide Policy Plan is part of that. But I'm...I'm thinking that maybe what you're...what you're looking at...looking for is...is to consider a way to strengthen that language to...

COUNCILMEMBER MOLINA: Yeah.

COUNCILMEMBER KING: Because right now, it's a guidance. So if we...if we...if the TIG can consider a way to strengthen that language beyond just a guide and, you know, somehow make it more of a mandate or something, you know, that...that needs to be followed, then...then...then maybe it'll get better, you know, attention from the industry.

COUNCILMEMBER MOLINA: Yeah, whichever way that the objective can be achieved. If that's better, we go that route to strengthen it, that's fine by me. But yeah, I just wanted to make sure that it's, you know, present, you know, whether it be...

COUNCILMEMBER KING: Yeah, no. I think it's...yeah, I think it's important because we...we...we keep pointing out that it's the law because it's in ordinance, and somehow that...that statement is not getting traction.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin?

VICE-CHAIR PALTIN: Oh, so this time I guess, based on Member King's question, it's based...it's not the one I had my hand up for last time, it's based on Member Molina's thing. I do have a PAF in to take out the ambiguous language in the Maui Island Plan, Countywide Policy Plan. I'm not sure the status on that, but working on it already.

COUNCILMEMBER KING: So...

VICE-CHAIR PALTIN: But you can add it in there if you want to. I mean, just...that's for...FYI. Now the other question I had, not on Member Molina's question, is so first two...

CHAIR RAWLINS-FERNANDEZ: Sorry, Member Paltin?

VICE-CHAIR PALTIN: Yeah.

CHAIR RAWLINS-FERNANDEZ: Member Paltin, before you move on to a new proposal, I just want to...for us to decide how we're...we're going to resolve this proposal from Member Molina, if Members would like to put it in or not put it in. I will ask if there are any objections to putting a new letter "e." that propose to strengthen language in the...in our County plans regarding a visitor cap.

COUNCILMEMBER KING: And Chair?

CHAIR RAWLINS-FERNANDEZ: And we'll pretty it up. Any objections to that?

COUNCILMEMBERS VOICED NO OBJECTIONS

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COUNCILMEMBER KING: No objections, but you might want to make that item “b.” because it’s kind of tied to item “a.”, and then just, you know, make the other ones go “c., d., e.” Since item “a.” mentions the one-third resident population, that we just make this the...strengthen the language on number [sic] “b.”

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Any other questions regarding that? All right. Seeing none. We’ll go to Member Paltin. Mahalo, Member Molina.

VICE-CHAIR PALTIN: First, before my...my suggestion, I had a clarification question. So we can only work on things that’s pre-identified as the scope of the investigation, we can’t like dive in and say like, oh, what about this? So is that correct?

CHAIR RAWLINS-FERNANDEZ: That’s correct, Member Paltin. So if there’s anything that you would like to broaden so that it kind of expands the parameters of the scope, you’re welcome to propose language. Member Paltin?

VICE-CHAIR PALTIN: Okay. So then my proposal would be propose methods to address undesired actions or behaviors from our tourists. I guess, you know, for example, the TikToks of like touching endangered animals or, you know, like trespassing in people’s backyards and taking their fruit or...you know, there’s a whole list of undesired behaviors that our residents are seeing from tourists. And maybe we can see if we can find ways to mitigate those or address them in some way that works out for all of us.

CHAIR RAWLINS-FERNANDEZ: Okay. I’ll read “b.” again. “b.” was intended to kind of be more of an all-encompassing, broader language. Identify locations throughout the County experiencing over tourism and propose mitigation measures. So undesired behavior of tourists in those locations...

VICE-CHAIR PALTIN: Yeah. Because --

CHAIR RAWLINS-FERNANDEZ: But...

VICE-CHAIR PALTIN: -- when --

CHAIR RAWLINS-FERNANDEZ: But you want...

VICE-CHAIR PALTIN: -- when I see...

CHAIR RAWLINS-FERNANDEZ: But if you want --

VICE-CHAIR PALTIN: When I see...oh, sorry.

CHAIR RAWLINS-FERNANDEZ: -- to specify that. Go ahead, Member Paltin.

VICE-CHAIR PALTIN: Yeah. Because like when I see over tourism, like I think of like, you know, so crowded or like the streets are backed up, but not necessarily do I think of...like I don’t necessarily equate over tourism with bad behavior or action, you know

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what I mean? Like there...we could be super crowded, the roads could be clogged, but everyone could be nice to each other and, you know, not doing illegal things or like that. Or you could even have like no over tourism and people just being wild crazy animals, you know. So that's why I don't equate bad behavior and over tourism as the same thing.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, any questions or objections? Council Chair Lee?

COUNCILMEMBER LEE: I was looking at "b." myself, but I wasn't thinking of bad behavior necessarily. I was looking at the possibility...because when you included the word "locations," obviously you're talking about Hāna, Kahakuloa, and other places, yeah? But I was thinking broader in the sense of activities and locations. Like for instance, activities could include a limit on cruise ships, a limit on flights, a limit on a lot of different things, yeah? But...but I agree with Member Paltin that maybe more than just over tourism could be the target, yeah. Over tourism --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER LEE: -- and undesirable behavior, you know, whatever, you know, something like that.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. All right. Okay. So Member Paltin, it sounds like maybe there's a way to combine. Would that be okay? So what I have is identify activities...oh, identify locations and activities throughout the County experiencing over tourism and undesired behavior of tourists, and propose mitigation measures.

COUNCILMEMBER LEE: Yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Yes. I was thinking to probably even expand it. I...I know we've got some larger...like I'm...I was thinking more education, codes of conduct, behavior. You know, with behavior, but just education, codes of conduct, and you know, just protocols or...or like visiting protocols or something like that, to include...so that we could technically include the visitor industry to help with education. Maybe messaging, the use of messaging at the airports, those types of things.

CHAIR RAWLINS-FERNANDEZ: Okay. Would you consider education and messaging a mitigation measure?

COUNCILMEMBER SINENCI: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay. Perfect. Okay. Mahalo, Member Sinenci. Okay. Anyone else regarding this?

COUNCILMEMBER SINENCI: Oh.

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CHAIR RAWLINS-FERNANDEZ: Member Sinenci, you weren't pau?

COUNCILMEMBER SINENCI: No, I can wait until after.

CHAIR RAWLINS-FERNANDEZ: Or a new one?

COUNCILMEMBER SINENCI: Yeah, a new one.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina, you wanted to comment on the amended "b."?

COUNCILMEMBER MOLINA: Yeah. Actually...well, I have something else for consideration under scope of investigation if we're...we're done with the...my colleague's proposals.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. I will ask for consensus on --

COUNCILMEMBER MOLINA: Yeah.

CHAIR RAWLINS-FERNANDEZ: -- identify activities and locations throughout the County experiencing over tourism and undesired behavior of tourists, and propose mitigation measures. Consensus?

COUNCILMEMBER MOLINA: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. Very good. Okay. Member Sinenci, and then Member Molina.

COUNCILMEMBER SINENCI: Yeah. I wanted to propose another item under the scope. Letter "e.", maybe traffic studies or ports of entry. To...more so to...to see where we're seeing...you know, for Hāna, we're seeing more of the rental cars coming here. We're working to...with...with the visitor industry to see if they can be taking more tours versus bringing all the cars on the one-lane roads. And then, of course, ports of entry, we have a lot of people, those areas, Lāhainā ports, all of those areas where it's still...they see 400, 500 people, you know, disembarking the...and right onto the harbor area. So I was just looking at some of the areas where...where are we seeing those high numbers.

CHAIR RAWLINS-FERNANDEZ: Okay. Do you consider those mitigation measures?

COUNCILMEMBER SINENCI: I think more like transportation or finding out where they're going. So I don't know if...not as much mitigation, but transportation...

CHAIR RAWLINS-FERNANDEZ: So would that be considered...would that be considered identify locations and activities?

COUNCILMEMBER SINENCI: Yeah. I guess...yeah, if we're looking at traffic and...and traffic studies, where are they going. Yeah. Okay.

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

COUNCILMEMBER MOLINA: Yeah. Thank you, Madam Chair. Just wanted to throw something out to you, as well as Councilmember Johnson, for your respective islands. I know when we look at this visitor-to-resident ratio from a whole Countywide perspective, it's a three to one, yeah? But I was thinking because of your islands having, you know, smaller land mass, I'm just curious as to...would the TIG consider maybe a different visitor-to-resident ratio for your separate islands? Because you know, three to one on Moloka'i might be...you know, may be a big, large, yeah? Maybe something like a two-to-one ratio, or another number.

CHAIR RAWLINS-FERNANDEZ: Mahalo for the question, Member Molina. So in the Maui Island Plan is where the tourist or transient or visitor-to-resident ratio is located. So it's in the Maui Island Plan and not the Countywide Plan. So the...so --

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: -- it doesn't apply to Moloka'i and Lāna'i.

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: Because it's --

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: -- the Maui Island Plan.

COUNCILMEMBER MOLINA: Because it's the Maui Island...okay. Yeah. Thank you for that clarification. So...but anyway, food for thought.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. I'll call on Member Sugimura first, she hasn't spoken yet, and then I'll go to Member King. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So under the scope, the first order of business, I wonder if this group that would be the TIG had selected to talk about what the community can explore is something, Chair, that you took up in terms of definition of aloha. But I wonder if we could start with something that's broad and more welcoming, rather than going through all the mitigation, you know, what things should not be. Maybe could we take a stab and what things should be to open with?

CHAIR RAWLINS-FERNANDEZ: I'm sorry, I'm not following. Where...where --

COUNCILMEMBER SUGIMURA: So...

CHAIR RAWLINS-FERNANDEZ: -- which section?

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COUNCILMEMBER SUGIMURA: So it would be...it would be in this section, "a." through "d." or whatever, you know, the...as the first order of business, the TIG investigative group will work with the community to explore the following. And I look at this all as things what things should not be, we're coming from a negative rather than something positive. So I would rather us...I would like to know if the group would like to start off with something to be more welcoming. You know, what does this...what does the visitor look like that we want our community to look like. Or are we trying to just say we don't want you here, and these are the areas that we think are problem areas, right? We're talking about beach parking and, you know, whatever. Rent-a-cars, how many cruise ships do we want here, but how about a statement of what this group may look like as to what the bigger picture is for what is aloha, you know, what is it to be a visitor here. Because I will tell you that on this trip, one of the questions that I got asked--you know, I just came back from my ten-day trip--one of the questions I got asked is why does Hawai'i or Maui not want visitors here? And...and that's not the message, you know. And I don't want this group to come out with...or my own personal feeling is this TIG to come up with all the things that are negative. But I would rather us start with this is the bigger picture where we want to be, and then you can go through your...you know, your list of what this TIG can take up. So that's just my feeling in general. That is...that is a message that I brought back by what people are thinking out there that are not living here maybe. But this is a conversation that I had on the plane. I was shocked. I was actually shocked.

CHAIR RAWLINS-FERNANDEZ: Oh, I...I'm...I'm not shocked. I...I...I...it's super obvious, and studies will support this, that our residents are fed up already, and they're really upset with Government for not managing tourism. And that's the point of this TIG, and that was the purpose that I read, to manage tourism and develop diversified economic development. So that...we're not going to be...that...that...what you're describing is not what this TIG is going to do, but you're welcome to create a TIG to do that if that's what you would like to do.

COUNCILMEMBER SUGIMURA: I'll do it. I will.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR RAWLINS-FERNANDEZ: All right.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

COUNCILMEMBER SUGIMURA: Yeah, let's work together. Thanks.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

VICE-CHAIR PALTIN: Oh, I just wanted...I'm not sure if Member Sugimura knew, but I think

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Hawai'i Revised Statutes does have a definition of aloha already. And...

COUNCILMEMBER SUGIMURA: I do know that.

VICE-CHAIR PALTIN: Oh, okay.

COUNCILMEMBER SUGIMURA: I do know that. Yeah.

VICE-CHAIR PALTIN: So --

COUNCILMEMBER SUGIMURA: Sorry, I thought it was --

VICE-CHAIR PALTIN: -- we wouldn't...

COUNCILMEMBER SUGIMURA: -- I thought it was our Charter, but --

VICE-CHAIR PALTIN: Yeah, define it.

COUNCILMEMBER SUGIMURA: -- yeah. Thank you.

VICE-CHAIR PALTIN: And but I...I do think that is a good idea because most times when I see tourists...I mean not most times, but a lot of times when I see tourists use it, I think they think it means like a discount. Because when...when things are expensive or something, they say, where is the aloha? And I'm like, aloha doesn't mean like a sale, you know, like I...but so that is a good idea to like educate them what aloha means because it's...it's not a sale or some...it doesn't mean cheap or something. It might be a good idea.

COUNCILMEMBER SUGIMURA: I've never heard it used like that, but that's kind of interesting. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member King, did you want to add to this discussion, or did you have a different proposal?

COUNCILMEMBER KING: Just wanted to say that, you know, that we've done that. We did the Pono Pledge, we've talked to the MVB until we're blue in the face, asking them to put out...you know, they did these videos, they did these rack cards, and they put out all that information about here's the things we...you know, this is the behavior we're looking for, this is what aloha means, this is the pledge you should take, these are the things that you should do. And the reason we're with...we're...we're at with this TIG is because it's not working. It's not...it's not mitigating the problem because the problem is there are just too many people here. That's...that's probably the basic problem. And they're even getting on each other's nerves. So I've been hearing from tourists...you know, I got...I got letters from tourists saying they support the moratorium because they don't want to come here and have a bad experience because there's just too many people. And you know, even the...the latest one I got when I was at NACo was this may sound...you know, this may sound strange coming from somebody who is a tourist but,

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you know, I totally support the moratorium. And...and so, you know, when we create a TIG, it's because there's a problem we're trying to solve. And that's what the Chair has done is like laid out what the problem is and what the...you know, what we're striving for as far as solutions. But I...you know, I...I...I thought about that too, and I thought yeah, it would be great to start with a positive message, and I thought we've already done that. You know I...I...I've talked to the Visitor Bureau and HTA until I'm blue in the face, and they all agree, we...we should be managing tourism, but nothing's happened. And so I think, you know, we can talk about that in the context of the mitigation, but I think we got to be focused on what we're trying to accomplish here. And that's just my thought on...on the TIG.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member King. Yeah, so we did the Malama Maui Nui Pledge, and there are grants for managing tourism. But specifically this TIG, the recommendations that'll come out of it will be the trigger to stop the moratorium, the island-wide moratorium. And so if we don't do this TIG, then we won't stop the moratorium once it's enacted. That's the purpose of this TIG. But I want to refocus us onto the scope of investigation. It sounds like Member Sugimura may start a TIG for that purpose that she described. And so we'll...we'll continue looking at the scope of investigation here. Are there any other amendments for Section 1? I don't see any hands. So I will ask...oh, okay. All right. Member Sinenci, followed by Member King.

COUNCILMEMBER SINENCI: Yeah. And I just wanted to follow up with my...my recommendations about traffic, and just to address Member Sugimura a little bit. We did have a town hall with Senator DeCoite and...and talking about the Hāna Road, which we...some of us were on. And so I mean, the purpose of...of my ideas about looking at traffic studies was to see how do we mitigate...you know, whether it be through reservation systems, that we can establish these reservation systems throughout the island so that people are going to each area during certain times so that we're spreading out that traffic and we're not just having huge amounts of traffic on the road at once. I think with the ports of entry, when we're having huge numbers at the ports of entry, how do we possibly look down the road to having those harbor areas as additional transportation besides taking the bus, the car, or...or tours. You know, maybe even looking into water taxis or...or more types of marine...marine type of travel. So those are some of the reasons why my interest in it. Thank you. Just wanted to share that.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Yes, absolutely, this is about managing tourism so that we improve the quality of life for our residents, so that we are truly prioritizing our residents and their safety, health, and well-being, as well as our environment and natural resources. And our residents are asking us to take bold action now so that we aren't killing the golden goose, as they say. Because as Member King shared, that is what is happening. Tourists don't want to come here because there's too many tourists. Sounds ironic, but that's what it is. Okay. Member King, did you have a proposal for the scope of investigation?

COUNCILMEMBER KING: Just a...just a thought on item "d." as you have it here, propose methods to allocate beach parking. I wonder if it's...if it...if it can be expanded beyond beach parking. Because there might be other areas where we have parking issues,

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whether it's areas like, you know, Lāhainā and Front Street or other attractions and parks that we have. So maybe identifying areas where parking is an issue and allocating...and proposing methods to allocate parking for residents and tourists. Just wondered if anybody had any...any ideas about that because I'm thinking about the parking issues on the way to Hāna, at the various, you know, waterfall stops, the parking...

CHAIR RAWLINS-FERNANDEZ: So would that...would that fall under the broad item "b." with activities and locations that are --

COUNCILMEMBER KING: It could, it could --

CHAIR RAWLINS-FERNANDEZ: -- experiencing (*audio interference*)

COUNCILMEMBER KING: -- but it also specific...it also specifically speaks to the parking issues that we have around the island. But you know, it could...it could fall under there under too. I just wanted to make sure that we weren't just limiting to the beach parks, because I think we have parking problems all over this island.

CHAIR RAWLINS-FERNANDEZ: Okay. So you wanted to expand letter "d."...

COUNCILMEMBER KING: So maybe propose methods to allocate parking for residents and tourists in problem areas around the island. And then we could identify what those problem areas are.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, any...any questions or proposals for that? Member Sinenci...so what I'm writing is propose methods to...did you say address?

COUNCILMEMBER KING: Well, allocate...I mean that's fine, that word that you have there, allocate parking for residents and tourists in area...in problem areas around the island...or around the County.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER KING: Just so it's not limited to beach parks. Because I'm just thinking about all the problems I'm hearing about parking, you know, in...in some of our highly congested areas, and residents not being able to find parking there.

CHAIR RAWLINS-FERNANDEZ: All right. So propose methods to address problem areas for parking, and parking for residents and tourists, including beach parking...including, but not limited to, beach parking.

COUNCILMEMBER KING: Yeah. That's (*audio interference*)

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: I just wanted to add maybe also ID alternative forms of transit.

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I mean, I don't always...if we're just going to be start...I mean, I get it that we need to expand more our transportation roads and...but we can't solve...I don't think we're going to solve the problem by adding more blacktop.

COUNCILMEMBER KING: No, but that could be one of the methods would be, you know, like we...we talked about having van tours go out to Hāna and not having people drive out there. That could be one of the methods of...of alleviating the parking problems.

COUNCILMEMBER SINENCI: Yeah. But I mean, I would still want to look at alternative forms of transit. I mean, you know --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SINENCI: -- like having...having...thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Any objections to exploring alternative forms of transit?

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR RAWLINS-FERNANDEZ: Okay, awesome. Member Paltin?

VICE-CHAIR PALTIN: Sorry, just one more. And you know, I don't know if this is along what Member Sugimura was talking about, but beyond just mitigating the impacts, maybe can we identify opportunities where...where tourists become a part of the solution? Instead of just mitigating the over tourism or mitigating the bad behavior, but look for ways where tourists can be a part of the solution to the problems that we're seeing.

CHAIR RAWLINS-FERNANDEZ: Okay. So mitigation measures isn't...would that fall under mitigation measures?

VICE-CHAIR PALTIN: To me, I kind of feel like it goes beyond mitigation, because mitigation is like trying to bring it back to this...this level here. But I want to try and identify opportunities where they're part of the solution and it brings it to like maybe they're coming here and they're making it even better than if they weren't here. Like mitigation is like trying to offset their impact from coming is...is the way I see mitigation, but I want to try see if...and maybe we cannot, but I want to try see if we can identify opportunities where...where we go beyond mitigation and...and, you know, they can...they can be a part of the solution to problems that aren't even related to tourism maybe. And like a...for example --

CHAIR RAWLINS-FERNANDEZ: Go ahead.

VICE-CHAIR PALTIN: -- would be, you know, when Member Sugimura and I went to 'Ahihi-Kina'u, and Mr. Landin was talking about TNC type of management, The Nature Conservancy, where they wanted to put QR codes and, you know, if somebody loves a place so much that they would donate. You know, even if they don't visit or they don't whatever, or you know, the QR code could take them to like an online merch store where

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they buy all stuff 'Ahihi-Kina'u and support the resource. And like, you know, it's like okay, we want to put showers here with a rain garden. And like they don't even visit 'Ahihi-Kina'u, but they love it so much that they're like hey, I want to be a plumeria level donor for \$5,000 or something like that. Like where we bring them in, maybe they're not even a tourist, but they're a part of the solution, and it goes beyond mitigation, it goes into like helping us solve a problem.

CHAIR RAWLINS-FERNANDEZ: Okay. So your proposed language would be...

VICE-CHAIR PALTIN: Identify opportunities for visitors or those thinking of visiting to become a part of the solutions to problems we face.

CHAIR RAWLINS-FERNANDEZ: Okay. So...

VICE-CHAIR PALTIN: *(audio interference)* mitigation.

CHAIR RAWLINS-FERNANDEZ: Okay. Let me...let me know if this would capture what you're expressing. So what I propose, I omitted an economic development component in the scope of the investigation. So I was going to propose, explore and propose methods to expand and diversify developing economic industries and activities. Would that...would...would that cover what you're saying?

VICE-CHAIR PALTIN: Can you say it one more time?

CHAIR RAWLINS-FERNANDEZ: Explore and propose methods to expand and diversify developing economic industries and opportunities.

VICE-CHAIR PALTIN: Yeah, that could work.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Johnson? And then I would like to wrap this up by 4:00 so that we can have our presentation on the next item.

COUNCILMEMBER JOHNSON: Okay. Thank you, Chair. You inspired me to see if I could add a bullet point to this because of the...you mentioned safety of our visitors. And so I would propose that we would add one more bullet point to calculate the cost of first responders dealing with tourists, and if fees are legal and applicable for those services we provide. I'll give you a specific example. I got lost at sea for seven days once, and the Coast Guard told me they were going to fine me \$100,000 in gasoline because they had to go search for me through planes and helicopters. So I was thinking if this TIG would go and kind of look into how much we pay as a...as a Council...or as a County in those...in those emergency calls, and if there's ways to mitigate that cost. That would be my proposal.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, any questions or amendments? I...I guess one comment, like I...I think it's a good concept, but I know that our emergency responders always oppose this because what happens is if anyone in trouble needing emergency services hesitate even for, you know, an hour or two, they may end up in a

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worse situation by waiting, which actually creates a more detrimental situation for emergency responders needing to save them. I can write it down if...if Members want, but I've...I've had...I've been in that discussion a lot of times, so I know our --

COUNCILMEMBER JOHNSON: Okay.

CHAIR RAWLINS-FERNANDEZ: -- emergency...

COUNCILMEMBER JOHNSON: Fair play. Yeah, I...I understand that. I'm just kind of...wrap around my mind around a solution that we could help. Because all night long I hear sirens on Maui, and we know it's...a lot of it has to do with, you know, people acting...not paying attention that could be smarter. So that's all. I mean, that's where I was thinking, and I know it's in discussion, but that's...that's where I'm at.

CHAIR RAWLINS-FERNANDEZ: Any objections to adding Member Johnson's proposal? Member Paltin?

VICE-CHAIR PALTIN: Just to me, I feel like that's a way broader discussion than the TIG would cover. And I mean, I don't...I don't...I don't want to take up too much time, but like, you know, for Ocean Safety, we're...we're on the clock regardless, and we need to run the jet skis regardless. The main cost comes in if it's after hours or before hours or if the helicopter gets launched, you know. It's all training. And...and also, you know, the longer they wait, the harder it gets. Sometimes it gets dark, we don't have headlights on jet skis or anything like that. So I think it can be addressed in the mitigation portion of safety messaging maybe because I wouldn't really support charging tourists at this point or anyone for rescue because it's worked into it.

CHAIR RAWLINS-FERNANDEZ: I have an idea. We are...we...we do have the County TAT that I proposed. It's on the Council and then we're going to have it in discussion when it comes to Committee. So it...it's, you know, one way that we can address safety with funding.

COUNCILMEMBER JOHNSON: Okay. Yeah, I can pull that. I'm just trying to, you know, think about safety concerns and how we can mitigate that. So I understand, that's a...that's a valid point. Okay. I withdraw that.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Johnson. Okay. Any other...Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. In the second part of the TIG, you said during the investigation that we were...have discussions with County personnel. So I don't know if...where we could...having those discussions with the Fire...the Fire Department or anything like that. I see that Mr. Croly had sent us some questions that we may refer to...to the Finance Department to see like how many timeshares and those types of things. Maybe that was for the other one. But on another note --

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member...

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COUNCILMEMBER SINENCI: -- I just wanted...I just wanted --

CHAIR RAWLINS-FERNANDEZ: Oh.

COUNCILMEMBER SINENCI: -- to add to Tamara's amendment, environmental tourism. Like those --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SINENCI: -- opportunities, including environmental tourism. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. Okay. For the first part, "a.", says calculate the number of transient accommodations. Does that work for you? Okay. And then economic industries and opportunities is meant to be all-encompassing, so it would include environmental tourism, ecotourism, voluntourism, all of those. Okay. Cool. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. I got one more consideration. I'm just feeding off of the energy, enthusiasm from you and my colleagues on this very important topic. So I was...like to ask your thoughts for adding additional language under number 2 for scope of investigation, probably under "2) a." where it says conduct interviews and engage in discussion with County personnel, including the Administration and Corporation Counsel, related to the County's goals in managing tourism. And if maybe we could fit in there as part of the interview, State agencies, such as Airports Division and DLNR. And I bring this up because I recently did a tour with Director Moniz of the airport. And as we know, the airport --

CHAIR RAWLINS-FERNANDEZ: Member Molina?

COUNCILMEMBER MOLINA: -- is the hub for tourists...

CHAIR RAWLINS-FERNANDEZ: Member Molina, I'm sorry.

COUNCILMEMBER MOLINA: Oh, go ahead.

CHAIR RAWLINS-FERNANDEZ: Is that Section 2, are you talking about "2) a."?

COUNCILMEMBER MOLINA: Yeah, "2) a." where it says...

CHAIR RAWLINS-FERNANDEZ: Oh, okay. We're...we're in one.

COUNCILMEMBER MOLINA: Oh, we're still in one yet? Oh, okay. Sorry.

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER MOLINA: I jumped the gun a little bit.

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CHAIR RAWLINS-FERNANDEZ: Yeah, I'm trying...I'm trying to complete Section 1.

COUNCILMEMBER MOLINA: Okay.

CHAIR RAWLINS-FERNANDEZ: So that we can get to 2.

COUNCILMEMBER MOLINA: I'm just too excited about this topic. So okay, I can wait whenever you're ready.

CHAIR RAWLINS-FERNANDEZ: I feel you. Okay. Members, Section 1, good?

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Consensus? Consensus? Excellent. Okay. Member Molina, for Section "2) a." you would like to add State?

COUNCILMEMBER MOLINA: State personnel. Yeah, you can keep it broad, but for example, you know, you have your people from the airport, DLNR, because they have a role to play in the managing of tourism. And I would recommend to you and my colleagues if you haven't already had the opportunity to do a tour of airport operations with Mr. Moniz, it's very, very helpful. Really need to see what they're doing and the message they're trying to convey to tourists when they got off the plane.

CHAIR RAWLINS-FERNANDEZ: Members, consensus? Okay. All right. We're in Section 2, any other proposed amendments or additions? Member King?

COUNCILMEMBER KING: Yeah, I just wanted to make sure that we were including in one of these...I don't...I don't know if it's "a., b." or "c." but that we're including consulting with resident...concerned residents. You know, hearing from the people who are having the problems with the over tourisms themselves. If we can...if we can draw a group of, I don't know, community association members or something like that. Because we're...all of these talk about experts or organized groups, but we haven't said anything about, you know, basically hearing from the public on specific problems. Maybe just adding "and concerned residents" to letter "c."

CHAIR RAWLINS-FERNANDEZ: Yeah, it says community groups.

COUNCILMEMBER KING: Yeah, but they look like they're all, you know, experts, like these transient management advocates, finance experts, municipalities, labor unions, and businesses, but there's nothing that just talks about residents. And that's kind of what I hear from the most is just...is people that may not fit into these categories. They...they live here and they're very annoyed by what's going on, but they might not fit into one of these categories.

CHAIR RAWLINS-FERNANDEZ: Okay. And then there's "b.", conduct interviews and discussions with individuals with expertise in the issues identified above. But if you

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want to add community members and groups in “c.”?

COUNCILMEMBER KING: Yeah. Yeah. Individual community...oh, you know, if we can do...what I'm thinking is like focus groups of community members that may not be experts in anything, but...except that they know how they feel and they know what experiences they've had.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER KING: When I...when I did my town hall --

CHAIR RAWLINS-FERNANDEZ: There's...

COUNCILMEMBER KING: -- one of the questions I asked in the poll was how many people have had confrontations with tourists, and it was like 80 percent, you know, of the people.

CHAIR RAWLINS-FERNANDEZ: Yeah. Okay. Members, consensus? Okay. Excellent. Any other proposed amendments? All right. Section 2, consensus?

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. Section 3, prioritize and...Section 3, at the conclusion of the investigation, the TIG is requested to: a. Prioritize and rank in order of importance the top strategies and opportunities for managing tourism. b. Identify which of the top strategies and opportunities require Council legislative action, and c. Identify the top strategies and opportunities require action by County departments. Any amendments? Member Sinenci, followed by Member Paltin.

COUNCILMEMBER SINENCI: None, Chair. Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin?

VICE-CHAIR PALTIN: I just was wondering, since Member Molina added in that we're talking to State representatives...or State people, even though we can't compel the State to do anything, I kind of think it would be helpful to identify which require action by the State. Because how many times are people asking us to do things that is within the State's purview or the...even the Federal Government, for that example? So I mean, I know we can't compel them to do it, but you know, if we're presenting the results of the TIG to the community, I kind of feel like it would be helpful for us, if we're talking to State personnel, that we identify the things that are within their purview for the community. Then they can say hey, this is in your purview and hand it off to them, instead of thinking like, well, why didn't the County address this? And it's like well, we did, it's in the State's purview. You take that and you take it to the State. Something.

CHAIR RAWLINS-FERNANDEZ: Okay. Member King?

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COUNCILMEMBER KING: Yeah, just...actually I was going to say the same thing because I think that's a good idea. But you know, one of the things we can do regarding the State is we can support legislation...you know, we can bring legislation to the next Legislative Session. So there are things we can do at the State level to advocate to get them to do things.

CHAIR RAWLINS-FERNANDEZ: Okay. I...I personally don't want to put that. There's only...it's going to be a short time, and I think if the TIG is spending time thinking about what to tell the State to do, and then the State doesn't even take up anything that we ask them to do, it's kind of a waste of time. So I mean, I personally would like to focus on things that is within our direct authority so that we can actually get it done since it's a very short time that, you know, this TIG would be meeting. So I would prefer not to put it in, just to really focus and have implementable actions. Because as Member Paltin shared, she sent a bill for giving County authority to limit rental cars, and it wasn't even taken up. So that...that's my position on it. Member Sinenci, I see your hand.

COUNCILMEMBER SINENCI: Chair, I was just wondering, I see...I see your point, but I also see the value if there were opportunities for either share information from our findings with our district representatives at the State Legislature or somehow, you know, just put a bug in their ear or maybe even invite them...you know, just invitations. Just to...just to kind of inform them of some of the things. But I...I understand that we do have a couple representatives on our MPO board, so if...you know, maybe that is another venue for us to...to bring transportation type of items to share with them. So thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. So Member Paltin has a proposal to include...that would require action by State and County. I guess I will ask for a vote because I'm going to vote no on it. Okay. Raise your hand if you would like to...oh, sorry. Chair Lee, I thought you were voting already. Sorry, sorry. Chair Lee?

COUNCILMEMBER LEE: Okay. How about adding "d." and saying something to the effect that...and to...something about other recommendations, you know, as sort of a catchall item where we could send our findings to the State or the Federal Government or to the HSAC or to NACo, to anybody, you know, so that we're not confined to just State or just...and...and by the way, all of these are recommendations. So this four-member committee can't...can't pass anything. It's...it's all going to somebody for action, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. So --

VICE-CHAIR PALTIN: *(audio interference)*

CHAIR RAWLINS-FERNANDEZ: -- Chair Lee...all right. Share our findings with all other entities?

COUNCILMEMBER LEE: All other relevant entities or, you know, something like that.

CHAIR RAWLINS-FERNANDEZ: Okay. Consensus? Excellent. Okay. Any...I'll ask for

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consensus on Section 3.

COUNCILMEMBER SINENCI: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. And then for general rules, any amendments to the general rules? Oh, sorry, date. Date, February 28, 2022. Okay. Okay. So that's on general rules 5, where the date is. That's my proposal. Any amendments to the deadline?

VICE-CHAIR PALTIN: I'm sorry, can you repeat it what you...the date was?

CHAIR RAWLINS-FERNANDEZ: The end of February, February 28.

VICE-CHAIR PALTIN: Okay. Thanks. No problem.

CHAIR RAWLINS-FERNANDEZ: Oh, sorry. We'll say March 1st. February 28 is a Sunday, so we'll say March 1st. Okay. March 1st, 2022. Consensus? Okay. Any other amendments to the general rules? Member King?

COUNCILMEMBER KING: Actually more of a question because is...number 2 says physical presence of three TIG members constitutes a quorum. Is that three out of four? Is that the intent, to have four members, and then three would be a quorum, enough to hold the discussion?

CHAIR RAWLINS-FERNANDEZ: Yes.

COUNCILMEMBER KING: Okay. That's...that's fair.

CHAIR RAWLINS-FERNANDEZ: Okay. Three out of four TIG members. Member Johnson?

COUNCILMEMBER JOHNSON: Just a quick question on number 2. The physical presence, is...that still allows us to meet by Zoom if you guys so choose, yeah?

COUNCILMEMBER KING: You're muted. You're muted, Chair.

CHAIR RAWLINS-FERNANDEZ: I am a muted. Okay. Mahalo, Member Johnson. That was an amendment I was supposed to make. Consensus on Member Johnson for virtual?

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Any other amendments? Okay. I'll ask for consensus.

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Oh, okay. One moment. Okay. Yeah. And then just to clarify, it's virtual or physical, the...or and the...yeah. Okay. Last page is

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membership.

VICE-CHAIR PALTIN: Oh, I had a question on that last clarification.

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

VICE-CHAIR PALTIN: Could it be virtual and physical? Like if some folks are in person and some folks are virtual as well?

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER LEE: Yeah.

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER LEE: And/or. Yeah.

CHAIR RAWLINS-FERNANDEZ: Can be a hybrid. Yeah.

VICE-CHAIR PALTIN: Okay.

CHAIR RAWLINS-FERNANDEZ: So the or is the *(audio interference)* Okay. Consensus? Okay. Last page, TIG membership. Consensus on four members? Okay. Okay. We'll start with TIG chair. Council Chair Lee?

COUNCILMEMBER LEE: I nominate you. Oh, there's a second.

CHAIR RAWLINS-FERNANDEZ: Okay. I see two seconds from Member Sinenci and Member Johnson. I will gladly accept the kuleana. Okay. Consensus? Okay. Okay. TIG vice-chair.

VICE-CHAIR PALTIN: I nominate Chair Lee.

COUNCILMEMBER LEE: Oh, okay. Thank you. Okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin, with a second from Member Sinenci and Member Johnson.

COUNCILMEMBER LEE: I just don't want to go before the GREAT Committee though. Next.

CHAIR RAWLINS-FERNANDEZ: Okay. Consensus?

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. And then we have two members.

COUNCILMEMBER LEE: I nominate Paltin...Member Paltin.

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VICE-CHAIR PALTIN: I will accept.

CHAIR RAWLINS-FERNANDEZ: Okay. Consensus? Oh, second from Member Sinenci.

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Consensus. Okay. Okay. And for our last member, Member Johnson?

COUNCILMEMBER JOHNSON: I nominate Councilmember Shane Sinenci.

COUNCILMEMBER MOLINA: Second.

CHAIR RAWLINS-FERNANDEZ: Okay. Moved by Member Johnson, second by Member Molina. Member Sinenci, you accept? Okay. Thumbs-up. Consensus?

COUNCILMEMBER KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: Excellent. Okay. All right. I think that's complete. Ms. Milner, did I miss anything?

MS. MILNER: No, Chair, we're good. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. Members, the Chair will entertain a motion to establish a temporary investigative group of the Budget, Finance, and Economic Development Committee as authorized by Section 92-2.5, HRS, having the purpose, scope, and membership as set forth in the legislative proposal dated July 15th, 2021 and revised during today's meeting. Having the following members, TIG Chair Keani Rawlins-Fernandez, TIG Vice-Chair Tamara Paltin, TIG...TIG Member...

COUNCILMEMBER KING: Chair, I think...I think...

VICE-CHAIR PALTIN: Chair Lee...

COUNCILMEMBER SUGIMURA: Alice Lee is vice.

CHAIR RAWLINS-FERNANDEZ: Oh, what did I say?

COUNCILMEMBER KING: You said Tamara Paltin.

CHAIR RAWLINS-FERNANDEZ: Oh, sorry, sorry, sorry. Okay. I will read from this other paper. TIG...TIG Chair Keani Rawlins-Fernandez, TIG Vice-Chair Alice Lee, TIG Member Tamara Paltin, TIG Member Shane Sinenci. Okay.

VICE-CHAIR PALTIN: So moved.

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CHAIR RAWLINS-FERNANDEZ: And with the report due on or before March 1st, 2022, and the TIG to dissolve automatically upon presentation of its findings, recommendations, and legislative proposal to the Budget, Finance, and Economic Development Committee. Receive motion from Member Paltin, second by Member Sugimura. Discussion? Okay. All those in favor, please raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Okay. Aye. Okay. Any opposed? No. Okay. So that is eight "ayes," one excused, Pro Tem Tasha Kama.

VOTE: **AYES:** **Chair Rawlins-Fernandez, Vice-Chair Paltin, and Councilmembers Johnson, King, Lee, Molina, Sinenci, and Sugimura.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Kama.**

MOTION CARRIED.

ACTION: **APPROVE** proposal to establish a temporary investigative group; **DEFER** pending further discussion.

ITEM 76: **WAILUKU CIVIC COMPLEX** (CC 20-596)

CHAIR RAWLINS-FERNANDEZ: Okay. We have one last item, BFED-76, Wailuku Civic Complex, and we have the Cost of Government Commission Chair with us today to discuss the Commission's report on the financing of the Wailuku parking structure. It's 4:14 at this time, Members. We can...I can ask Members if you would like to stay for questions now, or we can receive the presentation and then I can accept written questions and submit it and we can have written correspondence. What would the Members' preference be? Okay. Okay.

COUNCILMEMBER KING: *(audio interference)* happy to stay.

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Okay. So we'll receive the presentation. Aloha, Mr. Mike Williams, Chair of the Cost of Government Commission. Mahalo for joining us with your presentation. Do you have your presentation that you would like to share screen, or would you like Staff to if you have a presentation you would like to share?

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MR. WILLIAMS: Thank you, Chair. I have good news that yesterday the County accepted our recommendation, and I don't think we need a lot of discussion about it today. We looked at the...the way the County could use investors who have opportunities on money they can use. It's a huge tax break. At first the County Administration was sort of resistant to the idea, but Erin Wade told me yesterday that she is going to be writing a request for proposals, and they're going to seek investors who will buy that garage and operate it. And the County may take right of first refusal to buy it back if and when that investor decides to sell it, but I really don't think we need to spend a lot of time on this today, unless you have...unless you have questions.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Williams. Okay. So Members, the report is up on Granicus. And perhaps Mr. Williams, if you would like to...that's super exciting news. If you would like to give everyone just a short synopsis for the public's benefit as well, what the Cost of Government Commission's proposal was that the Administration and Department of Management has...

MR. WILLIAMS: Okay. I'll...I'll try to be brief and clear. The Federal opportunity zone investment scheme was created just four years ago. The parking garage was already sort of underway in the planning process by then. And nevertheless, it is an example of a business in an opportunity zone, all of Downtown Wailuku is an opportunity zone. And because it can be operated as a commercial business, like a lot of parking garages are around the country, there's really no reason the County needs to own it and run it and finance it. So we...we looked into it and decided to...that it...to us, it looked like the County could save at least \$6 million in interest on the bonds that it's spending to finance the garage, and they may even get to buy it back at a better price 10 or 15 years from now than...than they would have to pay for it now. That...that remains to be seen. But at least for the first ten years, the County doesn't have to spend any money on the financing of it. The County was going to operate it with a private company anyway, they weren't going to have County employees actually operate the garage. So it...the numbers are explained in the report. But an investor...if...if an investor bought this garage for \$30 million, which is what the County is paying to construct it, they would actually...it would actually only cost them \$20 million because of the Federal tax breaks. And then if they sold it ten years later for \$30 million back to the County and they had a \$10 million gain, they're not taxed on that gain either. So it's...it's...it's an enormous Federal tax subsidy that the County should take advantage of. And they have now agreed they're going to try. We don't know whether they'll find investors, you know, that want to own a garage in Wailuku, but they're going to look, and I hope they do.

CHAIR RAWLINS-FERNANDEZ: Excellent synopsis, Mr. Williams. Mahalo for keeping that very concise. We do have Ms. Erin Wade on the line, as well as Christine Choi, our Financial Advisor. I see Member King with her hand up. And I will give everyone two minutes for this first round, and that way everyone has an opportunity to ask (*audio interference*) if they would like. Member King?

COUNCILMEMBER KING: Thank you, Chair. And thank you so much, Mike, for...for what...your...your Cost of Government Commission is probably one of the most active

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commissions in the County. And what you're bringing us is really valuable, so appreciate the report and...and the recommendations. Are you...are you...are you in touch with Shay and Ian Chan Hodges from the ESG Project as potential...people who could find potential investors?

MR. WILLIAMS: Well, I...I talked to Shay a lot about her plan to find, you know, investors in various enterprises in...on Maui. But this is...this really doesn't fall under that ESG category, this is just a straightforward commercial garage like...like probably thousands of them around the country. And any investor that has a lot of capital gains that they'd like to save taxes on will...will probably be interested in investing here.

COUNCILMEMBER KING: Okay. And...

MR. WILLIAMS: There's many other opportunities, by the way, in Downtown Wailuku, as well as on Moloka'i and in Hali'imaile for opportunities on investors that the...the County should be looking for to do partnerships. I know Erin Wade is doing that.

COUNCILMEMBER KING: Are those all...are those all opportunity zones as well? Because I know Wailuku is an opportunity zone.

MR. WILLIAMS: Yes. There...there were...so I think there's four in Maui County. There's...there's a big one on Moloka'i, there's one in Wailuku, there's a big area of Kahului that's also an opportunity zone, and then there's some around Hali'imaile too. I know Erin Wade has got other ideas for business public partnerships in Wailuku using opportunity zone investments. And it's been a pleasure to work with her. You know, she's been working with the Maui Redevelopment Agency for years and years. She used to be in the Planning Department, and now she's in the Management Department. But she's the one that's planning to write the request for proposals.

COUNCILMEMBER KING: Okay. Well . . . *(timer sounds)* . . .

MR. WILLIAMS: Oh, let me also...I also want to thank Mark Ritchie with the State Business Office, the Department of BEDDT [sic], whatever they call it. He's sort of the go-to guy in the State Administration for opportunity zone investments. And he was very helpful to us when we wrote the report. And he's...he's made a presentation to the Maui Redevelopment Agency Commission about opportunity zones. And he's been very helpful, so I just wanted to acknowledge his...his help.

COUNCILMEMBER KING: Okay. Thank you so much. Thank you, Chair.

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

COUNCILMEMBER SINENCI: Mahalo, Chair. And aloha, Mr. Williams, for your presentation. So you mentioned that the County could save 6 million in bond funding. I just had some general questions. So does the County still go ahead and build that section, or...or we would be looking for an investor to build it and to pay for it?

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MR. WILLIAMS: That is an excellent question that I don't think Corporation Counsel has decided yet. I...I personally, having looked into this, think that the County can sell it while it's under construction and just transfer the construction contract to the new owner. Buildings that are under construction get sold all the time, you know, because it takes...takes years to build them and ownership changes, so that's not unusual. And you...you know, you would have to talk to the investor and the construction company about it. Erin told me that Corporation Counsel thinks they ought to wait until they have finished constructing the garage and then sell it, which would be a delay of another year and a half or so. I'm not sure that's necessary. I think...I think Erin...Erin will look into that when she writes her proposal.

COUNCILMEMBER SINENCI: Okay. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Members, any other questions for...okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: Nice seeing you, Mr. Williams. So on this question, the garage portion, were you also looking at the civic complex portion...the portion that didn't get built?

MR. WILLIAMS: No. I suppose to the extent it's going to generate revenue from leasing out shop space or whatever.

COUNCILMEMBER SUGIMURA: And office space.

MR. WILLIAMS: Or...or...and office space. It could be considered a commercial venture, but we didn't...we didn't look at that at all.

COUNCILMEMBER SUGIMURA: Okay. So you didn't include that portion. Thank you.

MR. WILLIAMS: No, it's just the garage.

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

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Good afternoon, Mr. Williams. And thank you for your work as the Chair and the members of the Cost of Government Commission doing this analysis. With regards to cost savings, by having a private entity manage the parking lot versus the County, what was the figure of potential cost savings for the County? If you have any.

MR. WILLIAMS: We're talking about two different things. That the County was going to use a private company to manage the garage anyway under a contract.

COUNCILMEMBER MOLINA: Oh, okay.

MR. WILLIAMS: And I'm assume...so that's probably not going to change, whoever owns the garage. What we're talking about is having the County lease the land to a business

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investor who will then own and...and...and operate the garage. And the reason the County will save at least \$6 million is because your budget has committed \$30 million of bond money to finance the construction, and the interest rate you'll pay out over that...the life of those bonds is \$6 million. And if you sell it to an investor, you're going to get the money back that you've already spent, and you won't have to borrow any more money unless you buy it again in ten years.

COUNCILMEMBER MOLINA: Okay. That sounds like a good...good...good analysis. All right. Very good. Thank you, Mr. Williams. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay. Members, any other questions for Mr. Williams, Ms. Wade, or Ms. Choi? Okay. All right. You did such a good job presenting, Mr. Williams, there's no further questions for you.

MR. WILLIAMS: Well, you know, Chair, I think it may be that you put this on the agenda, it finally precipitated the Administration's decision. I don't know that to be true, but it...it...I only learned about it yesterday when I was talking to Erin about whether we should present together or not, you know, so...

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

VICE-CHAIR PALTIN: Not a question, but I guess kind of an announcement that we will be continuing on with this Wailuku redevelopment area conversation tomorrow, so stay tuned. Fifty-page bill up for your review.

CHAIR RAWLINS-FERNANDEZ: Perfect timing. It was as if it was planned, but it wasn't because of Sunshine Law. Okay.

MR. WILLIAMS: One...one other piece of news for you from the Cost of Government Commission. We've been working for over a year now on a detailed report on visitor accommodations in the County, trying to get a really accurate count of all the...all the hotel rooms, all the timeshare units, all the bedrooms in the short-term rentals, all the bedrooms in the second homes. And...and, you know, we...we ought to be able to help your TIG along the way when we finish this report and give it to you. I'm sure we'll...there'll be lots of other data you're going to need, but what...the stuff Mr. Croly was talking about earlier today, we've been working on most of the answers to those questions for quite a while now with the Planning Department and with the property department.

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Well, Members, I guess if there are no further questions for this portion of the Wailuku Civic Complex, we can continue the discussion tomorrow in PSLU, which will be different aspects of this. Okay. So we'll thank Mr. Williams again for joining us, as well as Ms. Choi and Ms. Wade...yeah, Erin Wade. And then it's...

MR. WILLIAMS: Aloha.

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CHAIR RAWLINS-FERNANDEZ: Ms. Wade, did you want to share any remarks before I adjourn? Since we have three minutes.

MS. WADE: You've had a very long meeting, so I won't hold you. Just thanks for the opportunity. The Redevelopment Agency was actually the ones that reviewed the Cost of Government Commission report and recommended that the RFP be developed. So we were following up on that. I attended a three-day workshop from Council of Development and [sic] Finance on opportunity zone funds. We met with some national attorneys about the possibilities. So it does look like there could be some potential. There's been nothing like it put out for opportunity zone funding that we know of, but we'll certainly keep you in the loop as we move forward.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Ms. Wade.

MS. WADE: Thank you.

CHAIR RAWLINS-FERNANDEZ: All right. Okay. Members, look at that, we've completed our meeting with two minutes to spare. So I will grant you that two minutes, we'll finish early. It's 4:28 on July 21st, and the regular Budget, Finance, and Economic Development Committee meeting is now adjourned. . . .(gavel). . .

ACTION: DEFER pending further discussion.

ADJOURN: 4:28 p.m.

APPROVED:



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

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Transcribed by: Daniel Schoenbeck

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 56 of 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 27th day of August 2021, in Kula, Hawai'i



Daniel Schoenbeck