



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3077

COMMITTEE ON BUDGET

Voting Members:
Ann H. Kobayashi, Chair
Stanley Chang, Vice Chair
Carol Fukunaga
Joey Manahan
Kymberly Marcos Pine

MINUTES

REGULAR MEETING
WEDNESDAY, MARCH 19, 2014

COUNCIL COMMITTEE MEETING ROOM
2ND FLOOR, HONOLULU HALE
HONOLULU, HAWAII 96813

Note: The video of the full proceedings of this meeting can be viewed at <http://honolulucountyhi.igm2.com> or a copy of the video may be requested by calling the City Clerk's Office at 768-5822.

CALL TO ORDER

The regular meeting of the Committee on Budget was called to order by Committee Chair Ann H. Kobayashi at 9:01 a.m. Voting Members Chang, Fukunaga, Manahan and Pine were present at the meeting. Nonvoting Member, Council Chair Ernie Martin also attended the meeting.

STAFF PRESENT

Michele Sansone, Senior Advisor to Committee Chair Kobayashi
Catherine Pligavko, Analyst, Office of Council Services
Lloyd Yoshioka, Attorney, Office of Council Services
Amy Kondo, Deputy, Department of the Corporation Counsel, assigned to the Committee
Cynthia Nakazaki, Council Committee Aide, Office of the City Clerk

ORDER OF BUSINESS

FOR ACTION

1. RESOLUTION 14-48 – COMMITTEE REPORT 74

ACCEPTANCE OF GIFT. Relating to the acceptance of a gift valued at \$1,200 from the Association of Government Accountants (AGA) for travel expenses for an employee of the Department of Budget and Fiscal Services to participate in AGA's Sectional Leadership Meeting in Kansas City, Missouri, on April 25 and 26, 2014.

Administration/Others

Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

There was no public testimony.

Director Koyanagi testified in support of the Resolution.

Resolution 14-48 reported out for adoption.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.

NOES: None.

Related communication:

D-144 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, transmitting draft Resolution.

2. RESOLUTION 14-55 – COMMITTEE REPORT 76

RELATING TO GRANT OF A PEDESTRIAN EASEMENT – Approving the grant of Pedestrian Easement 1 to the Pacific Gateway Center over a portion of the City's Marin Tower loading dock, TMK: 1-7-002-004.

Administration/Others

Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

There was no public testimony.

Director Koyanagi testified in support of the Resolution.

Committee Chair Kobayashi requested that a copy of the Easement Agreement be submitted by April 7th for the April 16th full Council meeting.

Resolution 14-55 reported out for adoption.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-155 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, transmitting draft Resolution.

3. RESOLUTION 14-54 – COMMITTEE REPORT 75

RELATING TO REAL PROPERTY TAX COMPROMISES. Urging the Director of Budget and Fiscal Services to submit to the Council a request to grant a compromise of certain real property taxes owned by the Nanakuli Hawaiian Homestead Community Association (NHHCA) for Fiscal Years 2007-08 to 2013-14, inclusive.

Administration/Others

Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

Director Koyanagi reported that the Department would review the Resolution to determine which portions of the property would qualify for tax compromises.

In response to Committee Chair Kobayashi, the Director noted that there is no statute of limitations for tax compromises.

The following individual testified:

Kali Watson, Project Manager, Nanakuli Hawaiian Homestead Community Association (support) (M-639, M-640, M-641)

In response to Committee Member Pine, Mr. Watson provided an explanation about the accumulated tax bill of \$50,000.

Resolution 14-54 reported out for adoption.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

M-639 Kali Watson, Project Manager, Nanakuli Hawaiian Homestead
Community Association (support)
M-640 Nanakuli Village Center brochure submitted by Kali Watson
M-641 Nanakuli Village Center "Overall Conceptual Site Plan", submitted by
Kali Watson

4. RESOLUTION 14-52

HONOLULU'S TWENTIETH (20TH) YEAR ACTION PLAN. Approving the City and County of Honolulu's Twentieth (20th) Year Action Plan for Community Development Block Grant, Home Investment Partnerships, Emergency Solutions Grants and Housing Opportunities for Persons with Aids Program Funds, and authorizing its resubmittal to the U.S. Department of Housing and Urban Development.

Administration/Others

Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

Director Koyanagi reported that the Administration submitted a list of organizations and alternates selected by the Selection Committee, as detailed in Communication D-194. The complete Action Plan would be provided by the second week of April and filed with the Department of Housing and Urban Development by the required date of May 15th.

The Committee requested that the Department provide the list of proposals, applicants, and criteria used in the selection process.

The following individual testified:

Natalie Iwasa (comments)

Committee Chair Kobayashi recommended that action on Resolution 14-52 be deferred until the April 23rd Committee on Budget meeting.

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Committee Chair Kobayashi reported that she had filed a Disclosure of Interest Statement. (Communication CC-61)

Action on Resolution 14-52 deferred.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

CC-61 Ann H. Kobayashi, Councilmember, filing a Disclosure of Interest Statement for Resolution 14-52.
D-152 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, submitting draft Resolution.
D-194 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, submitting list of CDBG and HOME projects that the joint Selection Committee recommended for FY 2015.

FOR DISCUSSION

5. COMMUNICATION CC-49

RECOMMENDATION OF THE CLEAN WATER AND NATURAL LANDS COMMISSION. From the Clean Water and Natural Lands Commission (CWNLC), submitting its recommendations for inclusion in the City's Fiscal Year 2014-2015 budget.

There was no testimony from the Commission or the Administration.

Committee Chair Kobayashi reviewed the list of recommended projects, as detailed in Communication CC-49, and acknowledged the CWNLC for their hard work vetting the projects.

The following individuals testified:

1. Laura Kaakua, Trust for Public Land (support recommendations)
2. Christina Aiu, Hawaiian Islands Land Trust (support recommendations)
3. Natalie Iwasa (comments)

Council Chair Martin suggested that a representative from the Administration appear before a Committee on Budget meeting to provide an assessment of the recommendations before inclusion into the budget.

Related communication:

M-642 Janet Britt, Acquisitions Specialist/Hawaii Island Director, Hawaiian Islands Land Trust (support Pupukea Ranch conservation easement purchase)

6. COMMUNICATION D-147

GRANTS IN AID ADVISORY COMMISSION'S REPORT AND RECOMMENDATION. Grant proposals recommended for funding by the Grants in Aid Fund.

Administration/Others

Pamela A. Witty-Oakland, Director, Department of Community Services
A. J. Halagao, Commissioner, Grants in Aid Advisory Commission

Committee members requested that the Department provide the following information:

- Criteria used to score the applications
- Number of grants already issued
- Criteria used to fund projects by Councilmembers' districts

The following individuals testified:

1. Coralie Matayoshi, CEO, American Red Cross, Hawaii State Chapter (comments) (M-644).
2. John Leong, Kupu (comments)
3. Marie Hughes, Chief Administrative Officer, Hina Mauka (comments)
4. Aaron Kibota, Hawaii Arts Alliance (comments)
5. Jenny Schack, PATCH (comments)
6. Angela Britten, Hawaii Theatre Center (comments) (M-657)
7. Laura Kaakua (support Kupu)
8. Christina Aiu (support Kupu)
9. Sergio Alcubilla, Legal Aid Society (comments)
10. Dennis Brown, President, Big Brothers Big Sisters Hawaii (comments) (M-650)
11. Natalie Iwasa (comments)

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In response to concerns that organizations in the culture and arts and the environment were not scored high enough to be funded, Commissioner Halagao explained the process and criteria used to evaluate the culture and arts applications. He noted the difficulty of trying to address the many different needs that the various organizations were trying to serve against those in the culture and arts.

A lengthy discussion ensued regarding suggestions to adding other criteria to improve the scoring of the culture and arts applications.

Related communications:

- M-643 Kimberley Coffee-Isaak, Executive Director, Agricultural Leadership Foundation of Hawaii (support of Agricultural Leadership Foundation of Hawaii – Scholarships for Youth Leadership Programs to Future Farmers of America & 4-H Youth)
- M-644 Coralie Chun Matayoshi, Chief Executive Officer, American Red Cross, Hawaii State Chapter (support of Disaster Response and Preparedness Program)
- M-645 Heather Simmons, Executive Director, Hawaii Forest Institute (support of the Honolulu Zoo Children's Discovery Forest)
- M-646 Julie Teruya (support Hawaii Meals on Wheels, American Red Cross and Special Olympics)
- M-647 Christopher E. Blanchard, President and CEO, Easter Seals Hawaii (support for the Easter Seals Youth Services Program on Oahu)
- M-648 Marilyn Cristofori, Chief Executive Officer, Hawaii Arts Alliance (comments)
- M-649 Claire Shimabukuro, Executive Director, Hawaii Meals on Wheels (support)
- M-650 Dennis Brown, President, Big Brothers Big Sisters Hawaii (support)
- M-651 Lynne Waihee, President, Read to Me International (support PATCH (People Attentive to Children))
- M-652 Vicky Takamine, Executive Director, PA'I Foundation, Kumu Hula, Pua Ali'i Ilima (comments)
- M-653 PATCH (People Attentive to Children) (comments)
- M-654 Helen Kuwaye, Loko's Day Care (comments)
- M-655 Diane Wong (comments)
- M-656 Susie Shim (comments)
- M-657 Angela M. Britten, Director of Development, Hawaii Theatre Center (comments)

FOR ACTION

7. BILL 18 (2014)

RELATING TO THE MINIMUM REAL PROPERTY TAX. Amending the minimum real property tax.

Administration/Others

Gary Kurokawa, Deputy Director, Department of Budget and Fiscal Services

Deputy Director Kurokawa explained that the Department had concerns with the proposed Bill, as detailed in Communication D-207.

In response to Council Chair Martin, the Deputy Director stated that the proposed Bill would generate approximately \$200,000 in additional revenue for the City and should it pass, would take effect in Fiscal Year 2015.

The following individuals testified:

1. Lisa Maruyama, HANO (Hawaii Alliance of Nonprofit Organizations) (oppose) (M-658)
2. Natalie Iwasa (oppose)

Council Chair Martin suggested deferring action on the Bill and referring it to the Real Property Tax Advisory Commission (Commission) for their recommendation. He reminded Councilmembers to submit names of candidates for the Commission by March 27th.

Committee Chair Kobayashi recommended that action be deferred and that she looked forward to the Commission's recommendations.

Action on BILL 18 (2014) deferred.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

D-207 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, submitting testimony expressing concerns on the Bill.

M-658 Lisa Maruyama, President and CEO, HANO (Hawaii Alliance of Nonprofit Organizations) (comments)

8. BILL 19 (2014)

RELATING TO REAL PROPERTY TAX EXEMPTIONS. Amending the exemption for historic residential real property dedicated for preservation.

Administration/Others

Gary Kurokawa, Deputy Director, Department of Budget and Fiscal Services

Deputy Director Kurokawa expressed concern that the proposed Bill would create inequities in the taxation of historic residential parcels, as detailed in Communication D-208.

The Deputy Director recommended using a percentage to determine exemptions and noted that the percentage system would be less costly to implement. The raising of the minimal tax for historic homes would be effective for Fiscal Year 2015.

The following individuals testified:

1. Robert Gentry, The Tahiti enne, Inc. (comments) (M-671)
2. Natalie Iwasa (support)

In response to Committee Chair Kobayashi's query, Deputy Director Kurokawa explained that in order to include co-ops and multi-family units as residential historic properties, the Ordinance would need to be amended.

Committee Chair Kobayashi recommended deferring action on the Bill until after the Real Property Tax Advisory Commission has reconvened.

Action on Bill 19 (2014) deferred.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

D-208 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, submitting testimony expressing concerns on the Bill.
M-659 Aaron Au (oppose)

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- M-660 Sharon M. Au, Principal Broker, Co-Owner, Properties of the Pacific (oppose)
M-661 Kiersten Faulkner, Executive Director, Historic Hawaii Foundation (oppose)
M-662 Robert Fox (oppose)
M-663 Ann Gommers (oppose)
M-664 Spencer Leineweber, FAIA, Conservation Architect (oppose)
M-665 Jimmy McMahon (comments)
M-666 Douglas Smith (comments)
M-667 Michael Speer (comments)
M-668 Gaylien S. Hall @ CRS, Properties of the Pacific, LLC (comments)
M-669 Katharine Anderson (comments)
M-670 Cynthia and Curtis Kamisugi (oppose)
M-671 Robert F. Gentry, President, The Tahiti enne, Inc. (comments)
M-672 Carmela Tafoya (oppose)
M-673 Tony Mizuno, Senior Vice President and Manager, Bank of Hawaii, Commercial Real Estate Loan Division (oppose)

9. BILL 23 (2014)

RELATING TO REAL PROPERTY TAXATION. Adding "Transient vacation unit" and "Bed and breakfast home" classes of real property for tax purposes and to make other housekeeping amendments.

Administration/Others

Gary Kurokawa, Deputy Director, Department of Budget and Fiscal Services (BFS)

There was no public testimony.

Deputy Kurokawa stated that the Department had concerns about the cost of the implementation of the proposed change, as detailed in Communication D-209.

In response to Committee Members, Deputy Director Kurokawa provided the following information:

- Only legally registered units would be affected.
- Illegal units would not be address or assessed for real property taxation purposes.

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- The Department of Planning and Permitting is responsible for enforcement, which is difficult to do.
- In order to allow more legal units, the Ordinance would have to be amended to either grandfather in or allow more units to be registered.

Committee Chair Kobayashi recommended deferring action on the Bill until after the Real Property Tax Advisory Commission reconvened.

Action on BILL 23 (2014) deferred.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

D-209 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, submitting testimony expressing concerns on the Bill.
M-674 Herb Hodge (oppose)
M-675 Elizabeth O'Malley (oppose)
M-676 Angela Reed (oppose)
M-677 Shawn Reed (oppose)

10. RESOLUTION 14-59 – COMMITTEE REPORT 77

LEASE OF CITY PROPERTY TO CHILD AND FAMILY SERVICE. Authorizing the lease of City property to Child and Family Service for special needs housing under Section 28-3.5, Revised Ordinances of Honolulu.

Administration/Others

Pamela A. Witty-Oakland, Director, Department of Community Services

There was no public testimony.

Director Witty-Oakland reported that the Department was seeking approval to renew the lease of City property to Child and Family Services which is used as an emergency shelter for victims of domestic violence and their children.

Resolution 14-59 reported out for adoption.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-184 Pamela A. Witty-Oakland, Director, Department of Community Services, transmitting draft Resolution.

11. RESOLUTION 14-60 – COMMITTEE REPORT 78

LEASE OF CITY PROPERTY TO HALE KIPA, INC. Authorizing the lease of City property to Hale Kipa, Inc. for special needs housing under Section 28-3.5, Revised Ordinances of Honolulu.

Administration/Others

Pamela A. Witty-Oakland, Director, Department of Community Services
Alika Campbell, Program Coordinator, Youth Outreach & Transitional Living Program, Hale Kipa, Inc.

Director Witty-Oakland reported that the Department was seeking approval to renew the lease with Hale Kipa, Inc. which is used as a group home for special needs youth transitioning out of homelessness.

In response to Committee Member Pine's concerns regarding previous problems with the property and the monitoring of the project, Coordinator Campbell reported that Hale Kipa attended neighborhood board and community association meetings to inform them of their intent to renew their lease and that there were no complaints or concerns raised.

The following individual testified:

Natalie Iwasa (comments)

Resolution 14-60 reported out for adoption.

AYES: CHANG, FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 5.
NOES: None.

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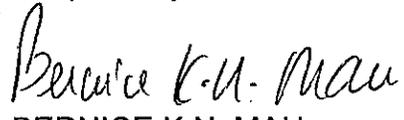
Related communication:

D-184 Pamela A. Witty-Oakland, Director, Department of Community Services, transmitting draft Resolution.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 a.m.

Respectfully submitted,


BERNICE K.N. MAU
City Clerk

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DATE APPROVED

April 23, 2014