



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3077

COMMITTEE ON BUDGET

Voting Members:

Ann H. Kobayashi, Chair
Joey Manahan, Vice Chair
Carol Fukunaga
Trevor Ozawa
Kymberly Marcos Pine

AGENDA

REGULAR MEETING
COMMITTEE MEETING ROOM
WEDNESDAY, FEBRUARY 10, 2016
9:00 A.M.

SPEAKER REGISTRATION:

Persons wishing to testify are requested to register by 9 a.m. as follows:

- a. On-Line at <http://www.honolulu.gov/ccl-testimony-form.html>;
- b. By faxing to 768-3827 your name, phone number and the agenda item;
- c. By filling out the registration form in person; or
- d. By calling 768-3801.

Persons who have not registered to testify will be given an opportunity to speak on an item following oral testimonies of the registered speakers.

Each speaker is limited to a **one-minute** presentation.

WRITTEN TESTIMONY:

Written testimony may be faxed to 768-3827 or transmitted via internet at <http://www.honolulu.gov/ccl-testimony-form.html> for distribution at the meeting.

If submitted, written testimonies, including the testifier's address, e-mail address, and phone number, may be posted by the City Clerk and available to the public on the City's DocuShare Website.

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Accommodations are available upon request to persons with disabilities, please call 768-3801 or send an email to guehara@honolulu.gov at least three working days prior to the meeting.

The meeting is viewable by: (1) internet live streaming through http://olelo.granicus.com/MediaPlayer.php?publish_id=92; (2) televised live broadcast on Olelo TV Channel 54; or (3) after the meeting, viewable at <http://www.honolulu.gov/council/cclmeetings/ccl-archived-meetings-agendas.html>. Copies of older meeting videos may be requested by calling the City Clerk's Office at 768-5822, charges may apply.

FOR APPROVAL

MINUTES OF JANUARY 13, 2016 MEETING

FOR ACTION

1. **RESOLUTION 16-15 – REAPPOINTMENT OF AVELINO J. HALAGAO, JR.** Confirming the reappointment of Avelino J. Halagao, Jr., to serve on the Grants In Aid Advisory Commission of the City and County of Honolulu. (Public hearing held on 1/27/16)

Related communication:

MM-3 Mayor Kirk Caldwell requesting reappointment confirmation of Avelino J. Halagao, Jr., as a member of the Grants In Aid Advisory Commission for a term expiring on January 14, 2021.

2. **RESOLUTION 16-30 - ACCEPTANCE OF GIFT.** Requesting acceptance of a gift valued at up to \$2,000 from the Association of Local Government Auditors (ALGA) to the Office of the City Auditor to pay for one auditor's travel to Austin, Texas to attend the ALGA Board meeting during the period of February 11 – 13, 2016. (Transmitted by Communication **CC-19**)
3. **RESOLUTION 16-18 - APPLICATION FOR AND EXPENDITURE OF FUNDS FROM THE STATE DEPARTMENT OF HEALTH (INNOVATIVE INTERVENTIONS).** Authorizing the Director of the Department of Community Services or the Director's designee to apply for and, if approved, accept and expend funds from the State Department of Health, Alcohol and Drug Abuse Division for the WorkHawaii Division and to enter into an intergovernmental agreement with the State Department of Health, Alcohol and Drug Abuse Division for said funds. (Transmitted by Communication **D-41**)

PROPOSED CD1 TO RESOLUTION 16-18 – (Submitted by Councilmember Kobayashi) The proposed CD1 (OCS2016-0129/2/4/2016 2:15 PM) makes the following amendments:

- A. Amends the third WHEREAS clause to delete reference to the RFP being attached as Exhibit A.
- B. Amends the fifth WHEREAS clause to add language to reference an application for funding, to be attached as Exhibit A.

- C. Removes Exhibit A.
 - D. Makes miscellaneous and nonsubstantive changes.
4. **RESOLUTION 16-19 - APPLICATION FOR AND EXPENDITURE OF FUNDS FROM THE STATE DEPARTMENT OF HEALTH (EVIDENCE-BASED INTERVENTIONS).** Authorizing the Director of the Department of Community Services or the Director’s designee to apply for and, if approved, accept and expend funds from the State Department of Health, Alcohol and Drug Abuse Division for the WorkHawaii Division and to enter into an intergovernmental agreement with the State Department of Health, Alcohol and Drug Abuse Division for said funds. (Transmitted by Communication [D-42](#))
- PROPOSED CD1 TO RESOLUTION 16-19** – (Submitted by Councilmember Kobayashi) The proposed CD1 (OCS2016-0127/2/4/2016 2:07 PM) makes the following amendments:
- A. Amends the third WHEREAS clause to correct the title of the RFP (Substance Abuse Prevention Services: Evidence-Based Interventions) and delete reference to the RFP being attached as Exhibit A.
 - B. Amends the fifth WHEREAS clause to reference evidence-based interventions and add language to reference an application for funding, to be attached as Exhibit A.
 - C. Removes Exhibit A.
 - D. Makes miscellaneous and nonsubstantive changes.
5. **RESOLUTION 16-24 - IMPROVEMENTS AT THE SUN YAT SEN MEMORIAL PARK.** Urging the City Administration to expeditiously review and grant the necessary approvals to allow the Hawaii Theatre Center to install beautification improvements at the Sun Yat Sen Memorial Park.
6. **RESOLUTION 16-27 - MIXED-USE AFFORDABLE HOUSING PROJECT.** Urging the City Administration to work with the Hawaii State Department of Education and the Hawaii State Legislature to develop a mixed-use affordable housing project.
7. **RESOLUTION 16-28 - INTERGOVERNMENTAL AGREEMENT FOR THE NATIONAL CONVENING ON CAREER DEVELOPMENT.** Authorizing the Director of the Department of Community Services or the Director’s designee to enter into an intergovernmental agreement with the State Director’s Office for Career Technical Education for the National Convening on Career Development. (Transmitted by Communication [D-66](#))

8. **BILL 78 (2015) – RELATING TO SPONSORSHIPS.** Establishing a process to obtain sponsorships for City facilities, parks, programs, equipment, and tangible property within set guidelines and procedures for the purpose of optimizing non-property tax revenue sources. (Bill passed second reading and public hearing on 1/27/16)

PROPOSED CD1 TO BILL 78 (2015) – (Submitted by Councilmember Kobayashi)
The proposed CD1 (OCS2016-0109/2/3/2016) makes the following amendments:

- A. Deletes all references to regulations throughout the bill.
- B. Changes the reference in Section 2-____.3(c) in Section 2 of the bill to "Hawaii administrative rules, title 9, subtitle 2, chapter 1" to a reference to "applicable rules of the department of customer services".
- C. Amends Section 2-____.7 in Section 2 of the bill to specify that the "director of budget and fiscal services or other city officers designated by the mayor" may adopt rules to administer the new article being established rather than an "executive agency."
- D. Amends Sections 2-____.8(a)(12) in Section 2 of the bill to additionally provide that sponsors defend, indemnify, and hold harmless the city, its officers, agents, and employees against all liability, loss, damage, cost, and expense, including attorneys' fees, arising out of or resulting from the acts or omissions of the sponsor's directors.
- E. Amends Section 2-____.8(b) in Section 2 of the bill by:
 - 1. Moving subdivisions (1) and (2) to Sections 2-____.8(a)(9)(K) and (L); and
 - 2. Specifying that sponsorships from:
 - i. Persons that have a pending open application with the city for a discretionary approval; and
 - ii. Persons opposing the city in a pending or ongoing lawsuit; will not be accepted.
- F. Makes miscellaneous technical and nonsubstantive amendments.

[PROPOSED CD1 TO BILL 78 \(2015\)](#) – (Submitted by Councilmember Pine) The proposed CD1 (OCS2016-0122/2/4/2016 3:18 PM) makes the following amendments:

- A. Replaces all references to a sign or signage with the term sponsorship recognition.
- B. Adds a definition of "sponsorship recognition."
- C. Amends the definition of "sponsorship agreement" to specify that an agreement may include provisions that allow for the publicity or promotion of the sponsor.
- D. Amends Section 2-____.6 in Section 2 of the bill to specify that all funds received pursuant to sponsorship agreements must be expended for their designated purpose.
- E. Adds a new Section 2-____.7 in Section 2 of the bill to specify that the executive agency that is responsible for the asset being sponsored must appoint an advisory committee to assist in the determining the appearance of the sponsorship recognition and further specifies the membership of the advisory committee.
- F. Amends Section 2-____.8 in Section 2 of the bill to read in part that, "Sponsorships may be non-exclusive..." rather than "Sponsorships shall be non-exclusive..."
- G. Amends Section 2-____.8(a)(7) in Section 2 of the bill to require that any physical form of sponsorship recognition shall blend in with the surrounding environment.
- H. Makes miscellaneous technical and nonsubstantive amendments.

9. **BILL 61 (2015) – INDUSTRIAL LANDS.** Preserving and promoting industrial uses within areas designated as transit-oriented development zones. One direct means of promoting industrial uses in such areas is through modifications to the real property tax valuations of such uses. (Bill passed first reading on 8/5/15; Committee amended Bill 61 (2015) to a CD1 version [OCS2015-0783/8/13/2015 4:10 PM] and deferred action on 8/19/15.)

CD1 TO BILL 61 (2015) – (Submitted by Councilmember Fukunaga) The CD1 (OCS2015-0783/8/13/2015 4:10 PM) makes the following amendments:

- A. Adds various findings to the Purpose clause.
- B. Changes all references to "substantial and continuous" to "continuous".
- C. Deletes definitions for "Residential homesite area", "Substantial and continuous industrial use", and "Unusable land".
- D. Deletes subdivisions 8-7.__(d)(4) and 8-7.__(h)(3) and redesignates following subdivisions.
- E. Makes various technical and non-substantive amendments.

PROPOSED CD1 TO BILL 61 (2015) – (Submitted by Councilmember Fukunaga) The proposed CD1 (OCS2016-0114/2/2/2016 4:19 PM) makes the following amendments:

- A. Adds language to the Findings and Purpose clause.
- B. Adds language specifying that the central Kakaako industrial zone is identified as a demonstration area in which to dedicate lands for industrial use to preserve such uses in the zone.
- C. Amends the definition of "industrial use of land" and removes the definitions of "residential homesite area," "substantial and continuous industrial use," and "unusable lands."
- D. Removes the requirement that the parcel of land being dedicated for industrial use be within a one-mile radius of a transit station.
- E. Amends the duration of time from 10 to 5 years that a parcel of land may be dedicated for industrial use for the purpose of reducing property tax assessments.

- F. Adds a requirement that the parcel of land be located within the Central Kakaako industrial zone, includes a description of the zone and attaches a map of the zone.
 - G. Adds a requirement that the parcel of land be used for one of the specific industrial uses listed in subsection (c)(2).
 - H. Makes various minor amendments in subsections (h) and (l) to conform to new language and requirements in subsection (c)(2).
 - I. Removes the rollback tax schedule for cancellation of a dedication after the fifth year to conform to the amended duration of dedications.
 - J. Amends the effective date section to sunset the program on December 31, 2027.
 - K. Makes miscellaneous technical and nonsubstantive amendments.
10. **BILL 84 (2015) – EXECUTION OF BUDGET ORDINANCES.** Addressing the execution of the executive operating and capital budget ordinances. (Bill passed first reading on 12/9/15)

PROPOSED CD1 TO BILL 84 (2015) – (Submitted by Councilmember Fukunaga)
The proposed CD1 (OCS2015-1209/12/17/2015 3:58 PM) makes the following amendments:

- A. Adds definitions for "Major bikeway project" and "Major complete streets project."
- B. Limits the application of the restriction on the encumbrance and expenditures of moneys to moneys for major bikeway projects and major complete streets projects located in the primary urban center development plan area, but expands the restriction to include moneys for inspection, planning, and design, as well as land acquisition and construction.
- C. Makes miscellaneous technical and non-substantive changes.

11. **BILL 77 (2015) - REAL PROPERTY TAX EXEMPTIONS FOR HOMES.** Amending the ordinances relating to the real property tax exemption for homes. (Bill passed second reading and public hearing on 12/9/15; Committee amended Bill to a CD1 version (OCS2016-0068/1/20/2016 3:41 PM) on 1/13/16; the CD1 version was recommitted back to Committee on 1/27/16)

CD1 TO BILL 77 (2015) – (Submitted by Councilmember Kobayashi) The CD1 (OCS2016-0068/1/20/2016 3:41 PM) makes the following amendments:

- A. Conforms the Bill with language established in Ordinance 15-51 and changes subsections (G) and (H) to subsections (H) and (I) since Ordinance 15-51 added a new subsection (G).
- B. Changes subsection (H) as follows:
 - 1. Allows the continuation of the exemption if an owner moves to a temporary residence outside the city during a sabbatical or temporary work assignment;
 - 2. Requires that the owner submit a change in status report specifying when the sabbatical or temporary work assignment will start and end;
 - 3. Requires that the owner notify the director when the home will be re-occupied;
 - 4. Requires that failure to comply with the subsection will result in the imposition of taxes, interest and penalties.
- C. Changes subsection (I) as follows:
 - 1. Allows the continuation of the exemption if an owner vacates a home and moves to a temporary residence within the city as a result of the owner's home being damaged or destroyed by fire;
 - 2. Requires that the owner submit a change in status report that provides evidence that the fire caused the home to be uninhabitable and the date the fire occurred;
 - 3. Requires that the owner notify the director when the home will be re-occupied;

4. Requires that failure to comply with the subsection will result in the imposition of taxes, interest and penalties.

D. Makes miscellaneous technical and non-substantive changes.

[PROPOSED CD1 TO BILL 77 \(2015\)](#) – (Submitted by Councilmember Kobayashi)
The proposed CD1 (OCS2016-0115/2/3/2016 2:03 PM) amends Bill 77 (2015) as follows:

A. Conforms the bill with language established in Ordinance 15-51 and changes subsections (G) and (H) to subsections (H) and (I) since Ordinance 15-51 added a new subsection (G).

B. Amends subsection (F)(ii) to replace "let" with "sold."

C. Moves the penalty and rule making subsections in subsections (G), (H), and (I) to the end of subsection (a)(2).

D. Changes paragraph (H) as follows:

1. Allows the continuation of the exemption if an owner moves to a temporary residence outside the city during a sabbatical or temporary work assignment;
2. Requires that the owner submit a change in status report specifying when the sabbatical or temporary work assignment will start and end; and
3. Requires that the owner notify the director when the home will be re-occupied.

E. Changes paragraph (I) as follows:

1. Allows the continuation of the exemption if an owner vacates a home and moves to a temporary residence within the city as a result of the owner's home being damaged or destroyed by fire;
2. Requires that the owner submit a change in status report that provides evidence that the fire caused the home to be uninhabitable and the date the fire occurred;

3. Requires that the owner notify the director when the home will be re-occupied.
 - F. Makes miscellaneous technical and non-substantive changes.
12. **BILL 2 (2016) –LOW-INCOME RENTAL HOUSING PROPERTIES.** Providing real property tax relief for certain properties that are used as low-income rental housing. (Bill passed first reading on 1/27/16)

PROPOSED CD1 TO BILL 2 (2016) – (Submitted by Councilmember Kobayashi)
The proposed CD1 (OCS2016-0113/2/3/2016 3:17 PM) makes the following amendments:

- A. Amends ROH Section 8-7.6 (a) as follows:

For the purposes of this section, "low-income rental housing" means housing rented [at or below the rental rate limits] to households earning 80 percent or less of the city's area median income for the applicable household size as established by the United States Department of Housing and Urban Development [for households earning 80 percent of the city's area median income for the applicable household size, or less].

- B. Amends ROH Section 8-7.6(b)(1) as follows:

The property [has an assessed valuation of] was purchased by the owner for less than [\$1,300,000] \$1,000,000 [at the time the owner files the petition];

- C. Amends ROH Section 8-7.6(f) as follows:

The director shall make a finding whether the property is and will be maintained and used for the sole purpose of providing low-income rental housing. That finding shall be based [on the rental agreement or agreements and such other evidence required of and provided by the owner as the director may deem pertinent.] on: 1) tax return transcripts from the Internal Revenue Service; 2) tax account transcripts, if applicable, from the Internal Revenue Service; and 3) any accompanying forms and schedules as the director may require to verify the veracity of the transcripts. For renters of the property who did not have to file and therefore did not file an income tax return under Hawaii income tax law and under Internal Revenue Service regulations, the director shall require proof of the renters' income that may include bank statements or other financial records as verification. The director may require proof of nonreceipt of income from relief programs such as social security, welfare, and unemployment compensation, etc., and may

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require such authorization from the renters of the property to enable the director to fully verify the renters' income.

- D. Sets forth ROH Section 8-7.6 in its entirety to conform with recommended legislative drafting style and makes other non-substantive technical amendments to the bill.

FOR DISCUSSION

- 13. **STATUS UPDATE OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT.**

ANN H. KOBAYASHI, Chair
Committee on Budget