



**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

---

## **MINUTES**

REGULAR MEETING  
WEDNESDAY, FEBRUARY 10, 2016

COUNCIL COMMITTEE MEETING ROOM  
2<sup>ND</sup> FLOOR, HONOLULU HALE  
HONOLULU, HAWAII 96813

*Note:* A copy of the video of the full proceedings of this meeting 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 9:04 a.m. Voting Members, Fukunaga, Manahan, Ozawa and Pine were present at the meeting.

### **STAFF PRESENT**

Steve Uyeno, Senior Advisor to Committee Chair Kobayashi  
Catherine Pligavko, Analyst, Office of Council Services  
Lloyd Yoshioka, Attorney, Office of Council Services  
Duane Pang, Deputy, Department of the Corporation Counsel, assigned to the Committee  
Gail Uehara, Council Committee Aide, Office of the City Clerk

**ORDER OF BUSINESS**

APPROVAL OF MINUTES

The following individual testified:

Arvid Youngquist (comments)

The minutes of the Committee on Budget meeting held on January 13, 2016 were approved as circulated.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.

NOES: None.

EXCUSED: OZAWA – 1.

At this juncture, Committee Chair Kobayashi announced that she would defer the discussion Item No. 3, however public testimony would be taken at the end of the agenda. She called on the Budget and Fiscal Services Director Koyanagi to explain the reason for the deferral.

FOR DISCUSSION

13. STATUS UPDATE OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT.

Director Koyonagi stated that the report's delayed because of a new regulation, Governmental Accounting Standard Board Statement No. 68 requiring pension liability to be recorded on financial statements. He added that the report would be ready next month.

FOR ACTION

1. RESOLUTION 16-15 – COMMITTEE REPORT 40

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.

Administration/Others

Avelino J. Halagao, Jr., Nominee

Committee on Budget Minutes  
Wednesday, February 10, 2016

There was no public testimony.

Mr. Halagao stated that it is a privilege to serve on the Commission and to work with the nonprofit organizations.

Resolution 16-15 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

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 - COMMITTEE REPORT 46

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.

Administration/Others

Edwin S.W. Young, City Auditor, Office of the City Auditor

There was no public testimony.

Committee Chair Kobayashi explained that a request was made to correct the location of the Board meeting from Austin, Texas to New Orleans, Louisiana.

City Auditor Young testified in support of the measure noting that the gift would cover transportation, lodging, and meals for one of his auditors to attend the Board meeting.

Committee on Budget Minutes  
Wednesday, February 10, 2016

Resolution 16-30 amended to a CD1 and reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

CD1 TO RESOLUTION 16-30 (Submitted by Councilmember Kobayashi) –  
The CD1 (OCS2016-0149/2/11/2016 8:38 AM) makes the following  
amendments:

- A. Amends the location of the conference from Austin, Texas to  
New Orleans, Louisiana.
- B. Makes miscellaneous and nonsubstantive changes.

Related communication:

CC-19 Office of the City Auditor submitting Resolution 16-30.

At this juncture, the Committee Chair announced that she would take up agenda  
Items Nos. 3 and 4 together.

3. RESOLUTION 16-18 - COMMITTEE REPORT 41

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.

The following amendment was posted on the agenda:

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 - COMMITTEE REPORT 42

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.

The following amendment was posted on the agenda:

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.

Administration/Others

Gary K. Nakata, Director, Department of Community Services(DCS)  
Lei Nakamura, Assistant Program Administrator, WorkHawaii  
Division, DCS

Director Nakata testified in support of the Resolutions and stated that the grant would allow the Department to use funds to reduce underage drinking and counter substance abuse by youths and young adults.

The following individual testified:

Arvid Youngquist (comments)

Resolution 16-18 amended to the posted CD1 (OCS2016-0129/2/4/2016 2:15 PM) and reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

Resolution 16-19 amended to the posted CD1 (OCS2016-0127/2/4/2016 2:07 PM) and reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

Related communications:

D-41 Department of Community Services transmitting Resolution 16-18.  
D-42 Department of Community Services transmitting Resolution 16-19.

5. RESOLUTION 16-24 - COMMITTEE REPORT 43

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.

Administration/Others

Michelle K. Nekota, Director, Department of Parks and Recreation  
(DPR)

Committee on Budget Minutes  
Wednesday, February 10, 2016

Director Nekota testified in support of the intent of the Resolution stating that the Administration met with representatives of the Hawaii Theatre Center to expedite the process to install fencing around the Sun Yat Sen Memorial Park.

In response to the Committee's questions, the Director explained that the DPR is waiting for the architect's design plan for the fencing and improvements. Once received, the City would need to review and approve the plan before work can commence.

The following individuals testified:

1. Ruth Bolan, Hawaii Theatre Center (support)
2. Elizabeth O'Brien, Hawaii Theatre Center (support)
3. John J.J. Niebuhr, J.J. Dolan's (support)
4. Arvid Youngquist (support)
5. James Manauku Sr. (comments)
6. Barbra Armentrout (comments)

Committee Member Fukunaga voiced her support for the Resolution to address safety concerns at the Sun Yat Sen Memorial Park. She also noted that 2016 is Dr. Sun Yat Sen's 150<sup>th</sup> birthday and expressed hope that the park improvements would be completed for the November 12<sup>th</sup> celebration.

Resolution 16-24 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

Related communications:

- |       |   |
|-------|---|
| M-186 | Jeffrey Mull (support)  |
| M-187 | JoDee Hunt (support)  |
| M-188 | Marie Owens Mull, Owens & Co. (support)   |
| M-189 | Miki Lee (support)  |
| M-191 | Rich Richardson, Hawaii Academy of Performing Arts/The ARTS at Marks Garage (support) |
| M-192 | Sandra Pohl (support)   |
| M-283 | Nicole Reid (support)   |

6. RESOLUTION 16-27 - COMMITTEE REPORT 44

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.

Administration/Others

Guy H. Kaulukukui, Director, Department of Enterprise Services  
(DES)

Director Kaulukukui testified that the Administration appreciates the importance of mixed-used affordable housing; however as the City parcel closest to the proposed Blaisdell Center redevelopment, the Young Street parcel would allow for alternative uses such as administrative offices or storage.

In response to the Committee's inquiries, the Director stated that the Blaisdell Center redevelopment plan should be completed by the end of the next fiscal year and more clarity would be provided for the Young Street City parcel use.

The following individuals testified:

1. Arvid Youngquist (support)
2. James Manaku Sr. (comments)

Committee Chair Kobayashi stressed the importance of the City Council continuing their commitment to provide for affordable and senior housing.

Resolution 16-27 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

7. RESOLUTION 16-28 - COMMITTEE REPORT 45

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.

Administration/Others

Gary K. Nakata, Director, Department of Community Services  
(DCS)

Lei Nakamura, Assistant Program Administrator, WorkHawaii  
Division, DCS

Director Nakata testified in support of the Resolution stating that it would provide transportation, lodging and expenses for the Assistant Program Administrator for the Department's WorkHawaii Division to attend the National Convening on Career Development conference in Washington D.C. on February 22, 2016. He noted for the record, that it was quite an honor that the State Director for Career and Technical Education of the University of Hawaii System selected Ms. Nakamura to attend the conference in her place.

The following individual testified:

Arvid Youngquist (comments)

Resolution 16-28 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.

NOES: None.

EXCUSED: OZAWA – 1.

Related communication:

D-66 Department of Community Services submitting  
Resolution 16-28.

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.

The following two amendments were posted on the agenda:

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.

Administration/Others

Michele K. Nekota, Director, Department of Parks and Recreation  
(DPR)

Guy H. Kaulukukui, Deputy Director, Department of Enterprise  
Services

Committee Member Pine suggested additional amendments to the posted proposed amendments to address some of the concerns raised by the various City departments and The Outdoor Circle. She also requested that the Bill be deferred to allow more time for the various parties to review the changes.

Director Nekota testified in support of the Bill. She noted that the DPR continues to work with Councilmember Pine and The Outdoor Circle to address their concerns.

Director Kaulukukui testified in support of the Bill and shared the following concerns: 1) having more than one advisory committee to oversee all sponsorship agreements, and 2) Internal Revenue Service guidelines regarding sponsorship which is a non-taxable income while advertising is a taxable income.

Director Kaulukukui stated that suggestions for amendments to the Bill would be sent to Committee Member Pine's office.

The following individuals testified:

1. Barbra Armentrout (comments)
2. Mike McFarland, The Outdoor Circle (oppose)
3. Arvid Youngquist (comments)

Committee Chair Kobayashi recommended that the Bill be amended to incorporate both posted proposed CD1s with the additional suggested amendments as discussed in Committee.

Bill 78 (2015) amended to a CD1 and action deferred.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

Committee on Budget Minutes  
Wednesday, February 10, 2016

CD1 TO BILL 78 (2015) – (Submitted by Councilmember Kobayashi) The proposed CD1 (OCS2016-0177/2/24/2016 12:54 PM) makes the following amendments:

- A. Deletes all references to regulations throughout the bill.
- B. Replaces all references to a sign or signage with the term sponsorship recognition.
- C. Amends the definition of "equipment" to exclude city-operated buses and special transit service vehicles.
- D. Amends the definition of "sponsorship agreement" to specify that an agreement may include provisions that allow for the publicity or promotion of the sponsor.
- E. Adds a definition of "sponsorship recognition."
- F. Changes the reference in Section 2-\_\_\_\_.3(c) in Section 2 of the bill from "Hawaii administrative rules, title 9, subtitle 2, chapter 1" to a reference to "applicable rules of the department of customer services."
- G. Amends Section 2-\_\_\_\_.6 in Section 2 of the bill to specify that funds received pursuant to sponsorship agreements must be expended for their designated purpose.
- H. Add a new Section 2-\_\_\_\_.7 in Section 2 of the bill that specifies the creation of a sponsorship advisory committee. This committee shall be responsible for the selection of design criteria for any sponsorship recognition materials that will appear on city assets. The section specifies the qualifications for the committee members.
- I. Adds a new subdivision (8) to Section 2-\_\_\_\_.8(a) in Section 2 of the bill to require that any physical form of sponsorship recognition must blend in with the surrounding environment. Renumbers subsequent subdivisions accordingly.
- J. Amends renumbered Section 2-\_\_\_\_.8(a)(11) in Section 2 of the bill to read in part that, "Sponsorships may be non-exclusive..." rather than "Sponsorships shall be non-exclusive..."

Committee on Budget Minutes  
Wednesday, February 10, 2016

- K. Amends renumbered Section 2-\_\_\_\_.8(a)(13) in Section 2 of the bill to additionally provide that sponsors shall 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.
- L. Amends renumbered Section 2-\_\_\_\_.8(a)(14) to replace "limited forum" with "sponsorships."
- M. Amends Section 2-\_\_\_\_.8(b) in Section 2 of the bill by:
  - 1. Moving subdivisions (1) and (2) to paragraphs (K) and (L) of renumbered Sections 2-\_\_\_\_.8(a)(10); 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.
- N. Renumbers prior Section 2-\_\_\_\_.7 ("Sponsorship rules") in Section 2 of the bill as Section 2-\_\_\_\_.9, and amends the section to specify that the "director of budget and fiscal services or other city officers designated by the mayor," rather than an "executive agency," may adopt rules to administer the new article being established. Renumbers subsequent sections accordingly.
- O. Makes miscellaneous technical and nonsubstantive amendments.

Related communication:

M-317          Jeremy Lam, M.D. (comments) (received after meeting)

9. Bill 61 (2015) – COMMITTEE REPORT 37

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.

The following two amendments were posted on the agenda:

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.

Committee on Budget Minutes  
Wednesday, February 10, 2016

- 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.

Administration/Others:

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

Committee Member Kobayashi noted that at its August 19, 2015 meeting, the Committee amended the Bill to a CD1 version and deferred further action.

As introducer of the Bill, Committee Member Fukunaga stated that the measure was designed to address redevelopment pressures and the possible impacts of transit construction on small businesses in Central Kakaako. She also explained her new proposed CD1 amendments.

Deputy Director Kurokawa reported that the BFS opposes the Bill and expressed the following concerns:

- A projected loss in City revenue of approximately \$1.8 million a year and the possibility for additional preservation programs that would also impact the City's revenue sources.

Committee on Budget Minutes  
Wednesday, February 10, 2016

- The 50% land value discount on smaller size parcels with lower height limitations is already provided in the valuation of property.
- The five-year dedication time period to preferably ten years to demonstrate a long-term commitment by the property owner.
- That the sunset date reflects a fiscal year rather than a calendar year.

In response to Committee Member Manahan, the Deputy Director explained that in the Kalihi Kai area where there are properties with mixed uses, a program is already available to dedicate those properties to residential use. He added that any renovations or home repairs are regulated and monitored by the Department of Planning and Permitting.

The following individuals testified:

1. Natalie Iwasa (comments)
2. Arvid Youngquist (comments)

Committee Chair Kobayashi recommended that the Bill be amended to a CD1 as discussed in Committee.

Committee Member Fukunaga stated that she would work with the BFS on the five-year dedication period.

Committee Member Manahan expressed support for the proposed CD1 and his appreciation to Committee Member Fukunaga for addressing the issue.

Bill 61 (2015) amended to a CD1 and reported out for passage on second reading and public hearing.

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4.  
NOES: None.  
EXCUSED: OZAWA – 1.

CD1 TO BILL 61 (2015) – (Submitted by Councilmember Kobayashi) The proposed CD1 (OCS2016-0150/2/10/2016 2:34 PM) makes the following amendments:

- A. Adds language to the Findings and Purpose clause.

Committee on Budget Minutes  
Wednesday, February 10, 2016

- 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 June 30, 2027.
- K. Makes miscellaneous technical and nonsubstantive amendments.

Related communications:

- D-75 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services (oppose proposed CD1)
- M-193 Dexter Okada, U. Okada & Co., Ltd. (support CD1 intent with comments)

10. Bill 84 (2015) – COMMITTEE REPORT 39

EXECUTION OF BUDGET ORDINANCES. Addressing the execution of the executive operating and capital budget ordinances.

The following amendment was posted on the agenda:

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.

Administration/Others:

Michael D. Formby, Director Department of Transportation Services  
(DTS)

Committee Member Fukunaga explained that her proposed CD1 is to distinguish those bikeway projects which may be included in bulk repaving projects in the urban Honolulu area. She added that the goal of the Bill is to increase opportunities for the affected residents and businesses to voice their concerns to be heard.

Director Formby testified in support of the Bill. He noted that the measure was not meant to impede the implementation of the Complete Street ordinance, but to provide for community feedback and Council consideration of major road projects. The Director expressed the following concerns:

- The need for additional clarification of definitions.

Committee on Budget Minutes  
Wednesday, February 10, 2016

- The repaving program and the design of Complete Streets conflicting with the budget cycle.
- Public discussions regarding community initiative project requested outside of the budget cycle.
- Projects that are not identified in the budget because they use federal funds.

Committee Member Fukunaga stated that the Bill was tailored to focus primarily on major thoroughfares in the urban Honolulu area because she is aware that bulk repaving and various requests from communities and Councilmembers arise during the year. She stated that her office would work with the DTS on identifying and clarifying the concerns raised by Director Formby.

Discussion ensued regarding the following:

- Traffic calming devices, Complete Street improvements and requests for update on projects in Kalihi.
- Plans for Complete Streets in Waianae.
- Bike lanes in Aina Haina and East Honolulu.

Director Formby expressed willingness to work with the State and City agencies on concerns raised about the bike program and traffic in Waianae.

The following individuals testified:

1. J. Kimo Miller (oppose)
2. Daniel Alexander, Hawaii Bicycling League (oppose)
3. Don Weisman, American Heart Association (oppose proposed CD1)
4. Arvid Youngquist (support)
5. James Manaku Sr. (comments)
6. Natalie Iwasa (comments)
7. Mel Nakahata (oppose)

Committee Chair Kobayashi recommended amending the Bill to the posted CD1 and be reported out for second reading and scheduling of a public hearing.

Committee on Budget Minutes  
Wednesday, February 10, 2016

Committee Member Manahan spoke in support of the Bill which would make the process more transparent.

Committee Member Fukunaga expressed strong support for the recommendation which would facilitate public dialogue and take into account the concerns of the residents in the urban Honolulu area.

Bill 84 (2015) amended to a CD1 (OCS2015-1209/12/17/15 3:58 PM) and reported out for passage on second reading and scheduling of a public hearing.

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

Related communications:

- CC-21 Councilmember Fukunaga submitting Protected Bike Lane Network map.
- M-194 Adam Goss (oppose)
- M-195 Amy Ammen (oppose)
- M-196 Anne Massie (oppose)
- M-197 Auvie Lee (oppose)
- M-198 Ben Noble (oppose)
- M-199 Benjamin Bess (oppose)
- M-200 Benjamin Trevino, Bikeshare Hawaii (oppose)
- M-201 Brandon Green (oppose)
- M-202 Brendon Hanna (oppose)
- M-203 Carl Clapp (oppose)
- M-204 Craig Thomas (oppose)
- M-205 Cynthia Oshiro (oppose)
- M-206 Dana Oxiles (oppose)
- M-207 Daniel Alexander and Chad Taniguchi, Hawaii Bicycling League (oppose)
- M-208 Daniel Meier (oppose)
- M-209 Daphne Manago (oppose)
- M-210 David Cheever (oppose)
- M-211 David Kingdon (oppose)
- M-212 Dexter Okada, U. Okada & Co., Ltd. (support CD1 intent with comments)
- M-213 Dorian Cuccia (oppose)
- M-214 Frank W. Smith (oppose)
- M-215 Glenn Teraoka (oppose)

Committee on Budget Minutes  
Wednesday, February 10, 2016

M-216	Greg Wolf (oppose)
M-217	Honolulu Bimmer Service, Inc. (support)
M-218	Howard Kam (oppose)
M-219	James Collins (oppose)
M-220	Janet Collins (oppose)
M-221	Jeffrey Gaskell (oppose)
M-222	Jeri El-Swaify (oppose)
M-223	Jill Dietmeyer (oppose)
M-224	John Alford, Bike Hawaii (oppose)
M-225	John P. Barile (oppose)
M-226	John Bravender (oppose)
M-227	John Butrymowicz (oppose)
M-228	John Flanagan (oppose)
M-229	John Rogers (oppose)
M-230	Jonathan Lott (oppose)
M-231	Jorge B. (oppose)
M-232	Joshua Powell (oppose)
M-233	Justine Espiritu (oppose)
M-234	Kaka'ako United (support)
M-235	Kari Benes (oppose)
M-236	Larry Gearing (oppose)
M-237	Larry Jones (oppose)
M-238	Lawrence Duenas, American Diabetes Association – Hawaii (oppose)
M-239	Lawrence Holbrook (oppose)
M-240	Lisa Dau (oppose)
M-241	Louise M. Black (support)
M-242	Louis Darnell (oppose)
M-243	Malia K. Harunaga (oppose)
M-244	Mark Levin (oppose)
M-245	Mark Procopio (oppose)
M-246	Mary Hardy (support)
M-247	Melvin Nakahata (oppose)
M-248	Michael Buelsing (oppose)
M-249	Mitchell Krulewich (oppose)
M-250	Nicole Vernon (oppose)
M-251	Nienke van der Marel (oppose)
M-252	Norbert Buelsing (oppose)
M-253	Norma Roath (oppose)
M-254	Patricia Blair (oppose)
M-255	Paul Bernstein (oppose)
M-256	Peggy Regentine (oppose)

Committee on Budget Minutes  
Wednesday, February 10, 2016

M-257	Philipp LaHaela Walter (oppose)
M-258	Rachel Williamson (oppose)
M-259	Randy Ching (oppose)
M-260	Renee Kinchla (oppose)
M-261	Richard Butler (oppose)
M-262	Richard Wang (oppose)
M-263	Robert Moore (oppose)
M-264	Robert Moses (oppose)
M-265	Roger Debreceeny (oppose)
M-266	Roy Bumgarner (oppose)
M-267	Sharman Meehan (oppose)
M-268	Dr. Stephen D. Shoultz (oppose)
M-269	Ted Shaw (oppose)
M-270	Tommy A. Noyes, Kauai Path, Inc. (oppose)
M-271	Travis Counsell (oppose)
M-272	Webster Nolan (support)
M-273	Wyatt Gordon (oppose)
M-274	Patrick Fitzgerald (oppose)
M-275	Steven Sullivan, Restaurant Row (support)
M-276	Matthew Gonser, Better Block Hawaii (oppose)
M-277	Jason T. Okuhama (support proposed CD1)
M-278	Don Weisman, American Heart Association (oppose proposed CD1)
M-279	Linda Newton (oppose)
M-280	Bernard K. Nunies (support proposed CD1)
M-281	Bill Young (oppose)
M-282	Tom Dinell (oppose)
M-284	Tom Wheeler (support proposed CD1)
M-285	Byron Ho, VP, Action Rehab (support)
M-291	Anthony Sedillo (oppose) (received after meeting)

11. Bill 77 (2015) – COMMITTEE REPORT 38

REAL PROPERTY TAX EXEMPTIONS FOR HOMES. Amending the ordinances relating to the real property tax exemption for homes.

The following two amendments were posted on the agenda:

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

Committee on Budget Minutes  
Wednesday, February 10, 2016

- 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 reoccupied.
- 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 reoccupied.

Committee on Budget Minutes  
Wednesday, February 10, 2016

F. Makes miscellaneous technical and non-substantive changes.

Administration/Others:

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

Committee Chair Kobayashi stated that Bill 77 (2015), CD1 which the Committee amended and reported out at its January 13, 2016 meeting was recommitted back at the January 27, 2016 Council meeting.

Deputy Director Kurokawa noted concerns regarding how the penalties would be implemented if the property owner sold the home during the dedication period.

The Committee Chair recommended that the Bill be amended to the posted proposed CD1 which incorporates the previous CD1 and the changes proposed by the Department of Corporation Counsel.

Committee Member Pine stated that she filed a Financial Disclosure Statement. (Communication CC-312)

The following individual testified:

Arvid Youngquist (support)

The Committee Chair recommended that Bill 77 (2015), CD1 be reported out for passage on third reading.

Committee Member Ozawa expressed his support for the Bill. He also thanked the BFS Deputy Director and the Committee Chair for their work on the measure.

Bill 77 (2015) amended to the posted CD1 (OCS2016-0115/2/3/2016 2:03 PM) and reported out for passage on third reading.

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

NOES: None.

Related communication:

CC-312 Councilmember Pine, filing a Disclosure of Interest Statement.

12. Bill 2 (2016) – COMMITTEE REPORT 36

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)

The following amendment was posted on the agenda:

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 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.

Administration/Others:

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

Committee Chair Kobayashi explained that the purpose of the Bill is to provide an exemption to Residential A property owners who dedicate their properties to provide for low-income rentals.

Deputy Director Kurokawa testified that the BFS is not opposed to the Bill, but noted timing concerns for property owners receiving Residential A reclassification notification after the homeowner's exemption and low-income housing dedication filing deadline passed. He stated that his Department would look at mechanisms to allow for property owners to apply for the dedication to address the concerns.

The Committee discussed ways to inform property owners approaching the \$1,000,000 assessed valuation threshold for Residential A properties.

The following individuals testified:

1. Arvid Youngquist (support proposed CD1)
2. James Manaku Sr. (comments)
3. Natalie Iwasa (comments)

Committee on Budget Minutes  
Wednesday, February 10, 2016

Bill 2 (2016) amended to the posted CD1 (OCS2016-0113/2/3/2016 3:17 PM) and reported out for passage on second reading and scheduling of a public hearing.

AYES: FUKUNAGA, MANAHAN, OZAWA, KOBAYASHI – 4.

NOES: None.

EXCUSED: PINE – 1.

Related communication:

D-74 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services (oppose proposed CD1)

FOR DISCUSSION

13. STATUS UPDATE OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT.

Administration/Others:

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

There was no public testimony.

Committee Chair Kobayashi re-iterated that the item was deferred.

Committee on Budget Minutes  
Wednesday, February 10, 2016

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:52 a.m.

Respectfully submitted,



Glen I. Takahashi  
City Clerk

gu

DATE APPROVED

March 2, 2016