

Hawai'i State Association of Counties (HSAC)

Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu

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MINUTES
HSAC EXECUTIVE COMMITTEE MEETING
March 8, 2016
Honolulu Hale, Committee Meeting Room
530 South King Street
Honolulu, Hawai'i 96813

I. CALL TO ORDER

The HSAC Executive Committee was called to order by HSAC President and County of Maui Councilmember Michael Victorino at 10:18 a.m. The following members comprising a quorum were present:

County of Maui:	President Michael Victorino, County of Maui Councilmember
County of Hawai'i:	Vice President Dennis "Fresh" Onishi, County of Hawai'i Councilmember
County of Kaua'i:	Secretary Mel Rapozo, County of Kaua'i Council Chair
City and County of Honolulu:	Treasurer Ikaika Anderson, City and County of Honolulu Council Vice Chair
Others Present:	Riki Hokama, County of Maui Councilmember Honolulu staff Lisa-Ann Kimura, Legislative Analyst, Office of Council Services; Honolulu staff Brandon Mitsuda, Council Liaison, Honolulu City Council Administrative Support Services; Honolulu staff Francisco Figueiredo, Legislative Aide, Office of Councilmember Ikaika Anderson;



Maui staff Kit Zulueta, Communication
Director, Office of Council Services;
Kaua'i staff Aida Kawamura, Legislative
Assistant, Council Services Division.

II. APPROVAL OF AGENDA

There being no objections, the Agenda was approved.

III. MINUTES

- A. Minutes of the February 12, 2016 HSAC Executive Committee meeting, as submitted by the HSAC Secretary.

Secretary Rapozo moved for approval of the Minutes of the February 12, 2016 HSAC Executive Committee Meeting, seconded by Vice President Onishi, and unanimously carried.

IV. REPORTS

- A. Treasurer's Report

There was no Treasurer's Report.

- B. County Reports

1. City & County of Honolulu Report. Treasurer Anderson reported that Honolulu City Council passed on Second Reading Bill 3, Relating to the Building Code, which requires transparent construction windows to be placed on construction wall barriers around construction sites; residential construction projects are exempt from this ordinance.

Bill 6, Relating to Nonconforming Use Certificates (NCU), provides a one-time relief for those owners of Bed & Breakfasts and Transient Vacation units who lost their NCU certificates solely for failing to apply for renewal via the City's newly automated system. New NCU certificates have not been issued since 1990. Bill 6 has been reported out for adoption by the full Council.



The Council adopted Resolution 15-29, CD1, requesting the adoption and presentation to the Council of new editions of the International Building Code. The Zoning & Planning Committee received an extensive briefing by the Department of Planning and Permitting on transit-oriented development infrastructure. The Council hosted the President and Council Members from the Guangzhou City Council in Korea. The City Council is also working with cities such as Nagaoka, Japan toward strengthening the relationships between municipalities and preparing for the upcoming Honolulu Festival scheduled for March 11-13, 2016.

2. Hawai'i County Report. Vice President Onishi reported that Hawai'i County Council is considering a proposal for a Charter Amendment to limit Councilmembers to serving 12-year terms of either three 4-year terms or six 2-year terms. The matter has been postponed pending an implementation date to take into consideration present Councilmembers. Mayor Kenoi has submitted his budget and the Council will begin hearings next month with the different departments.
3. Kaua'i County Report. Secretary Rapozo reported that the Council is entertaining a Bill which would restrict Bed & Breakfasts (B&Bs) to designated visitor destination areas (VDA) and not to allow B&Bs in residential or on ag properties; the bill is scheduled for public hearing. Regarding taxes, the State is trying to tax its residents and visitors more, as well as is the County of Kaua'i. Councilmember Yukimura introduced a .25% GET bill for the bus and a proposed increase in fuel tax of 15¢/gallon and an increase in motor vehicle weight tax of 3.38¢. The Council is awaiting the submittal of the budget by Mayor Carvalho, and the Council held its second workshop to discuss the county manager amendment, which is moving along as well.
4. County of Maui Report. President Victorino reported that the Special Committee on Governance has scheduled a meeting to take place at the University of Hawai'i Maui College to accommodate public participation. A Special Committee and Council Meeting on Lāna'i to approve the Lāna'i Community Plan will take place on Saturday. The Budget & Finance Committee is currently considering ag property tax rates (BF 70), which drew wide opposition from the community. This bill is an attempt to address



parity and fairness with ag property tax assessments. The Planning Committee also recommended passage of a revised short-term rental bill, which proposes a better method of working with short-term rentals. Mayor Arakawa will be sending over his budget as of March 21, 2016 and the Council will start working diligently conducting meetings throughout the communities. Lastly, the first 95 employees of the 675 Hawaiian Cane & Sugar employees were officially laid-off from work yesterday (March 7, 2016). The last harvest of sugarcane has started, and anticipated to conclude by December 2016. This is the last active plantation in the entire state, and the County of Maui is hopeful it will find other alternatives to keep most of that land in agriculture.

In response to a query, President Victorino reported that the plantation closed down for financial reasons. HC&S was able to survive 15 years past the closing of the last plantation on Kaua'i in 2001, but has found it no longer feasible to continue operations. HC&S projected \$31 million in losses for 2016. At one point in time, HC&S generated 14% of Maui Electric Company's (MECo) power from burning bagasse and coal; that percentage has decreased to 4.5% and resulted in a huge loss in financial compensation to HC&S. A lot of factors added to HC&S' decision to close its operations on Maui.

There being no further discussion, Treasurer Anderson moved to approve the reports from the counties, seconded by Vice President Onishi, and unanimously carried.

C. National Association of Counties (NACo) Report

Treasurer Anderson noted that a detailed report will be submitted in writing. He noted that during the board meeting, Chris Rodgers stepped in as the information technology chair due to an unexpected vacancy. Mr. Rodgers explained that NACo Immediate Past President Riki Hokama issued a challenge to the executive committee to increase NACo membership across the country in all counties. Mr. Rodgers from the State of Nebraska has accepted that challenge, and has asked for kōkua from other county elected officials and commissioners to join him in meeting that challenge. The upcoming annual conference will be held in Long Beach in July. Vice President Onishi added that a board meeting is scheduled in Jackson Hole, Wyoming, on May 25-27, 2016.



Riki Hokama, NACo Immediate Past President and Maui County Councilmember, added that Hawai'i is part of the western region and is represented by Lesley Robinson from Montana. Ms. Robinson will serve as representative until December when she will be leaving the county to run for the Lt. Governor's seat at the request of Montana's current Governor, and there will be an election to fill her seat for the remaining term. A total of 15 states make up the western region, with each state having one vote. Mike White and Danny Paleka currently represent Hawai'i at WIR, and Hawai'i has a chance to fill Ms. Robinson's seat. He asked to be informed of any interest by any of the members to serve on the executive committee.

Treasurer Anderson moved to accept the NACo report, seconded by Secretary Rapozo, and unanimously carried.

D. WIR Report

There was no WIR Report.

President Victorino distributed a Report on the Legislative Visits at Washington D.C. (see attachment hereto) detailing the representatives present and the topics discussed. He thanked Troy Hashimoto, Maui staff member, who compiled the information in the report.

Secretary Rapozo moved to accept the legislative report, seconded by Vice President Onishi, and unanimously carried.

V. NEW BUSINESS

A. 2016 Hawai'i State Association of Counties Annual Conference update.

Vice President Onishi distributed a flyer, noting that the theme of the conference is "Winds, Waves, and Fire... Counties on the Forefront." The conference dates are June 22-24, 2016 at the Sheraton Kona Resort and Spa at Keauhou Bay. Donations are slowly coming in. FireEye is a major sponsor of the conference and donating approximately \$20,000. Room rates for conferees at Sheraton Kona Resort is \$159 per night, and they will give first priority of oceanfront rooms to conference participants, as well as exempt the resort and parking fees. Hawaiian Airlines has been requested to sponsor the conference. Ann Botticelli is working on



the details of possibly allowing special rates for travel or providing air travel tickets. If Hawaiian Airlines will be giving air travel tickets, Vice President Onishi will ask for 25-30 roundtrip tickets for golf prizes and random drawings during the conference. Hawai'i County Council Chair Dru Kanuha is in charge of entertainment. Golf at Kohanaiki is \$60/person and is limited to 55 conference participants.

Mr. Hokama requested consideration for scheduling a workshop regarding real property, which is a common topic among the counties, so that assessors and real property tax persons have a connection to the conference for purposes of attending. Vice President Onishi noted that the conference workshop schedule was finalized on February 23, 2016.

Treasurer Anderson moved to accept the 2016 Hawai'i State Association of Counties Conference report, seconded by Vice President Onishi, and unanimously carried.

VI. UNFINISHED BUSINESS

A. State Legislature update and discussion on lobbying efforts.

President Victorino stated that the following measures in the HSAC package are still alive at the Legislature: SB 2121 SD1, SB 2123 SD1, and SCR 22. HSAC is also tracking what happens with SB 2987.

SB 2121, SD1, Maui County's proposal for amendments to the Sunshine Law, is scheduled for hearing at the Legislature today. There is opposition to making any changes to the current law.

SB 2123 SD1, relating to zoning. Representative Angus McKelvey believes there is merit to this proposal, which is currently before the Senate. This bill is also scheduled for hearing at the Legislature today.

SCR 22, Urging Hawaii's Congressional Delegation To Propose And Pass A Proposed Amendment To The United States Constitution Clarifying That Corporations Are Not People With Constitutional Rights, And That Unlimited Campaign Spending Is Not Free Speech, was initiated by Hawai'i County. Each county has passed similar resolutions, as well as the Legislature. This measure has a hearing scheduled for March 10, 2016.



Secretary Rapozo asked for an update regarding the beach liability, which is a top priority of all counties. Maui Staff Kit Zulueta reported that both measures relating to tort liability are dead in the House and the Senate.

SB 2987. President Victorino noted that according to Senator Tokuda, it is the Legislature's way of helping the counties by increasing the appropriations from the TAT to the counties by \$103 million and keeping it permanent until July 1, 2022. The legislators are not taking into consideration the recommendations of the Working Group or any comments from the counties. Maui County Council has adopted a resolution opposing SB 2987 and putting forth their recommendation for a fair share of the TAT to the counties.

Secretary Rapozo reported speaking with Senator Tokuda, who believes SB 2987 is a great compromise. Representative Luke has mentioned proposing a different allocation. He recommended that HSAC prepare a presentation regarding the TAT funding that will be easily understood by the general public, and highlighting the legislators opposing the fair share allocation to the counties. This presentation can be shared on each island via community meetings. Secretary Rapozo stated that there is no desire by State Legislators to work with the counties on this TAT issue.

Vice President Onishi acknowledged that the TAT issue needs to be addressed, and the public should get involved at this point. It is important that the presentation identify those County services that would be funded with TAT revenue and the resulting impact on residents, such as increased taxes, from not receiving more TAT funds. The counties have always found ways of funding services so that the public does not feel the impact. The mayors and councils need to be steadfast in their belief and statements regarding curtailing costs for services provided on State property or for State purposes.

Councilmember Riki Hokama, Maui County Council, provided additional information that the State will no longer be able to collect internet sales tax which amounted to \$150 million in revenue, due to the recent ban on internet sales tax. Secondly, the State needs to fund the collective bargaining increases it helped to negotiate for State employees. He recommended explaining to the community that visitors already pay transient accommodation taxes (TAT). TAT was established to offset the Counties' expenses for services the visitor enjoys during their vacation in



the islands, but the State chooses not to reimburse the counties for their expenses. And if the counties want to continue the level of services it provides for its visitors, the community needs to pay additional funds, i.e., taxes, to further subsidize the visitor, because this is what the State is forcing the counties to do.

President Victorino proposed allocating \$10,000 for the purpose of promotions (which includes related travel costs) to inform the public about the actual benefits of receiving the TAT and the drawbacks of not receiving the TAT, and what it is costing the residents in direct costs. He also asked for clarification of HSAC's position with respect to SB 2987. Secretary Rapozo noted that he submitted testimony in opposition to SB 2987, and believes that President Victorino also sent testimony opposing the measure.

Secretary Rapozo moved to authorize allocating \$10,000 to lobby for TAT, seconded by Treasurer Anderson.

Vice President Onishi noted that more action is needed by the counties, and possibly consider a reduction of certain services because of the expenses involved. The Counties should be adding to their rainy day fund, but the bulk of county revenues are going towards these expenses and the collective bargaining increases. Fire and police services should also be compensated for their services to the visitors. The public needs to get upset at what is happening and speak up in support of the State giving the counties more TAT money.

Secretary Rapozo did not feel that reducing services was appropriate, and said that the general public does not really understand the issue of the TAT. He recommended that each county administration be requested to submit a list of services that will be cut/reduced because of the Legislature's actions regarding the TAT.

The motion to authorize allocation of \$10,000 to lobby for TAT was put, and unanimously carried.

Secretary Rapozo recommended scheduling another strategy session with the Council of Mayors to discuss TAT lobbying efforts. The meeting was tentatively scheduled for March 22, 2016 at 10 a.m. in Honolulu, pending the availability of the Mayors.



VII. ANNOUNCEMENTS

A. Schedule the next meeting

The next HSAC Executive Committee meeting will be held on Thursday, April 21, 2016, at 10 a.m. in Honolulu.

B. Other announcements

There were no other announcements.

VII. ADJOURNMENT

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mel Rapozo".

MEL RAPOZO, Secretary
Hawai'i State Association of Counties