



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

COMMITTEE ON BUDGET

Voting Members:

Joey Manahan, Chair
Brandon J.C. Elefante, Vice Chair
Ikaika Anderson
Kymberly Marcos Pine

MINUTES

REGULAR MEETING
WEDNESDAY, MARCH 8, 2017

COUNCIL COMMITTEE MEETING ROOM
2ND 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 Joey Manahan at 9:11 a.m. Voting Members Anderson, Elefante and Pine were present at the meeting. Nonvoting member Councilmember Ozawa also attended the meeting.

STAFF PRESENT

Mitchell Cabrerros, Legislative Analyst to Committee Chair Manahan
Catherine Pligavko, Analyst, Office of Council Services
Lloyd Yoshioka, Attorney, Office of Council Services
Geoffrey Kam, Deputy Corporation Counsel, Department of the Corporation Counsel,
assigned to the Committee
Pearlene Otto, Council Committee Aide, Office of the City Clerk

ORDER OF BUSINESS

APPROVAL OF MINUTES

The minutes of the Committee on Budget meeting held on February 8, 2017 were approved as circulated.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Committee Chair Manahan announced that Item No. 4, Resolution 17-61 relating to County Fuel Tax Rates, originally posted on the agenda, had been cancelled and there would be no public testimony or discussion on the item.

FOR ACTION

1. RESOLUTION 17-41 – COMMITTEE REPORT 89

ACCEPTANCE OF A GIFT (OCA). Requesting acceptance of a gift valued up to \$4,000 from the Institute of Internal Auditors (IIA) for travel and travel-related expenses for one auditor to attend the Leadership Academy training in Orlando, Florida from April 21 – 29, 2017.

Administration/Others

Edwin Young, City Auditor, Office of the City Auditor

City Auditor Young stated that he is privileged to have professional staff in his office who are active in both the IIA and the Association of Local Government Auditors. Auditor Dana Karaffa, who is also the president of the IIA Hawaii Chapter, will attend the IIA Leadership Academy training.

There was no public testimony.

Resolution 17-41 reported out for adoption.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communication:

CC-36 Office of the City Auditor, transmitting draft Resolution.

2. RESOLUTION 17-56 – COMMITTEE REPORT 90

ACCEPTANCE OF A GIFT. Requesting acceptance of a gift valued up to \$3,500 from the Internal Audit Program, Overland Park, Kansas for travel and travel-related expenses for one peer review team member from the Office of the City Auditor to perform a peer review in Overland Park, Kansas from March 25 – 31, 2017.

Administration/Others

Van Lee, Deputy City Auditor, Office of the City Auditor

Deputy City Auditor Lee testified in support of the measure and indicated that he would be a member of the peer review team to conduct the peer review of the Overland Park Internal Audit Program in Overland Park, Kansas.

There was no public testimony.

Resolution 17-56 reported out for adoption.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

3. RESOLUTION 17-51 – COMMITTEE REPORT 91

ACCEPTANCE OF A GIFT (BFS). Requesting acceptance of a gift valued up to \$2,600 from the Association of Government Accountants (AGA) for travel and travel-related expenses for two employees to participate in AGA’s Sectional Leadership Meeting in Kansas City, Missouri from May 4 – 7, 2017.

Administration/Others

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

Committee Chair Manahan stated that the Administration requested that the Resolution be amended to remove the reference to Exhibit B in the 6th “WHEREAS” clause and to replace Exhibit A.

Director Koyanagi provided an explanation for the CD1 amendment.

There was no public testimony.

Committee Chair Manahan recommended that Resolution 17-51 be amended to a CD1 as discussed.

Resolution 17-51 amended to CD1 (OCS2017-0258/3/14/2017 3:35 PM) and reported out for adoption.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

CD1 TO RESOLUTION 17-51 (Submitted by Councilmember Manahan) – The CD1 (OCS2017-0258/3/14/2017 3:35 PM) makes the following amendments:

1. Replaces the current Exhibit A as referenced in the 6th “WHEREAS” clause.
2. Removes the reference to Exhibit B in the 6th “WHEREAS” clause.

Related communication:

D-90 Department of Budget and Fiscal Services, submitting draft Resolution.

4. RESOLUTION 17-61

COUNTY FUEL TAX RATES.

This item was cancelled.

5. BILL 3 (2017) , CD1 – COMMITTEE REPORT 85

TRANSPORTATION SURCHARGE. Amending the ordinances pertaining to the county surcharge on general excise and use taxes.

Administration/Others

Krishniah Murthy, Interim Executive Officer and CEO, Honolulu Authority for Rapid Transportation (HART)
Nelson Koyanagi, Jr., Director, Department of Budget and Fiscal Services (BFS)
Gary Kurokawa, Deputy Director, BFS

The following issues relating to the rail project were discussed: a) positions of the State Senate and the Federal Transit Administration; b) lifting the cap on the General Excise Tax surcharge; c) an alternative financial plan; and d) use of carryover funds to help cover costs.

Director Koyanagi offered to provide to the Committee with more information about the carryover funds and what it entails.

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The following individuals testified:

1. Roy Nakamura, Financial Accountability For Rail Mass Transit Association (oppose) (M-939)
2. Elaine Kam, Financial Accountability For Rail Mass Transit Association (oppose)
3. Calvin Hulihee, Financial Accountability For Rail Mass Transit Association (oppose) (M-940)
4. Moses Napiha'a, Financial Accountability For Rail Mass Transit Association (oppose) (M-941)
5. Rod Tam, Financial Accountability For Rail Mass Transit Association (oppose) (M-943)
6. Barbara Hudman, Financial Accountability For Rail Mass Transit Association (oppose) (M-942)
7. De Mont Conner, Ho'omana Pono, LLC (support)
8. Barbra Armentrout (supports the ADA requirements of the Bill and general comments)
9. Bessie Freitas-Pregana, Ho'omana Pono, LLC (support)
10. Rachel Kailianu, Ho'omana Pono, LLC (support)
11. Katherine Kupukaa (oppose) (M-944)
12. Norman Bruckmann (comments)

Bill 3 (2017), CD1 reported out for passage on third reading.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communications:

- | | |
|-------|---|
| M-939 | Roy Nakamura, Financial Accountability For Rail Mass Transit (oppose) |
| M-940 | Calvin Hulihee, Financial Accountability For Rail Mass Transit (oppose) |
| M-941 | Moses Napiha'a, Financial Accountability For Rail Mass Transit (oppose) |
| M-942 | Barbara Hudman, Financial Accountability For Rail Mass Transit (oppose) |
| M-943 | Rod Tam, Financial Accountability For Rail Mass Transit (oppose) |
| M-944 | Katherine Kupukaa (oppose) |
| M-945 | Mary Smart (oppose) |
| M-946 | Stacy Ellamar, Pacific Resource Partnership (support) |

6. BILL 7 (2017), CD1 – COMMITTEE REPORT 86

REAL PROPERTY TAXATION. Amending the determination of the rates for properties in the “Residential A” real property tax classification.

The following amendment was circulated at the meeting:

PROPOSED CD2 TO BILL 7 (2017), CD1 (Submitted by Councilmember Manahan)
– The CD2 (OCS2017-0231/3/7/2017 10:27 AM) makes the following amendments:

- A. Amends subsection (h) of the bill to establish that the rates for property classified as Residential A must be assigned to two tiers based on valuation of the property. The tiers are as follows:
 - (1) Residential A Tier 1 tax rate: applied to the net taxable value of the property up to \$1,000,000; and
 - (2) Residential A Tier 2 tax rate: applied to the net taxable value of the property in excess of \$1,000,000.
- B. Makes technical and nonsubstantive amendments.

Administration/Others

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

Committee Chair Manahan provided an explanation of the hand-carried proposed CD2 amendment.

Deputy Director Kurokawa stated that the Administration agrees with a tiered tax rating system for the Residential A classification and supports the CD2 amendment.

The following individual testified in support:

Sue Ann Lee, Honolulu Board of Realtors

Committee Member Anderson thanked the Administration for their assistance on the amendment and the Honolulu Board of Realtors for their guidance and assistance on the overall Residential A policy.

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In response to questions posed by Committee members', Deputy Director Kurokawa stated that in order to achieve the same revenues to date, the proposed tax rates would be approximately \$4.50 for properties valued up to \$1 million and approximately \$9.00 for properties valued in excess of \$1 million.

Committee Chair Manahan recommended that the Bill be amended to the hand-carried CD2.

Bill 7 (2017), CD1 amended to CD2 (OCS2017-0231/3/7/2017 10:27 AM) and reported out for passage on third reading.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communication:

D-26 Department of Budget and Fiscal Services, submitting draft bill.

7. BILL 8 (2017) – COMMITTEE REPORT 87

REAL PROPERTY TAXATION. Including condominium units in the residential use dedication program.

Administration/Others

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

Deputy Director Kurokawa explained the Bill and responded to questions by the Committee Chair regarding the application and notification processes.

There was no public testimony.

Bill 8 (2017) reported out for passage on third reading.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communication:

D-27 Department of Budget and Fiscal Services, submitting draft bill.

8. BILL 19 (2017) – COMMITTEE REPORT 88

REAL PROPERTY TAXATION. Adding a new real property “Transit oriented development special district” classification.

Administration/Others

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

Deputy Director Kurokawa stated that the Administration supports the intent of the measure; however, there are technical concerns that need to be addressed.

In response to questions posed by Committee members’, the Deputy Director stated that the measure would impact hotel, commercial, and industrial properties, but not residential properties.

Committee Member Elefante offered to assist the Administration address the concerns.

The following individuals testified:

1. De Mont Conner, Ho’omana Pono, LLC (comments)
2. Rachel Kailianu, Ho’omana Pono, LLC (comments)

Bill 19 (2017) reported out for passage on second reading and scheduling of a public hearing.

AYES: ELEFANTE, PINE, MANAHAN – 3.

NOES: None.

EXCUSED: ANDERSON – 1.

9. BILL 10 (2017)

MOTOR VEHICLE WEIGHT TAX. Amending Chapter 41, Article 17 of the Revised Ordinances of Honolulu, 1990, relating to motor vehicle weight tax.

Administration/Others

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

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Director Koyanagi conveyed that the last one-cent increase to the motor vehicle weight tax occurred in Fiscal Year 2011, and that the motor vehicle tax is the largest source of revenue for the Highway Fund.

Discussion ensued regarding the projected revenues and a new tax classification for luxury vehicles.

Committee Chair Manahan suggested that the effective date of the measure be amended from “shall take effect upon approval” to “January 1, 2018.” The Director concurred with the Committee Chair.

The following individuals testified:

1. De Mont Conner, Ho’omana Pono, LLC (oppose) (M-947)
2. Gareth Sakakida, Hawaii Transportation Association (oppose) (M-948)
3. Rachel Kailianu, Ho’omana Pono, LLC (comments)
4. Bessie Freitas-Pregana, Ho’omana Pono, LLC (comments)

Committee Chair Manahan recommended that action on the Bill be deferred to allow for all revenue enhancement bills to be heard together and move concurrently through the budget process.

Committee Members Anderson and Pine thanked Committee Chair Manahan for temporarily deferring the measure.

Action on Bill 10 (2017) deferred.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communications:

D-46 Department of Budget and Fiscal Services, submitting draft bill.
M-947 De Mont R.D. Conner, Ho’omana Pono, LLC (oppose)
M-948 Gareth Sakakida, Hawaii Transportation Association (oppose)

10. BILL 11 (2017)

COUNTY FUEL TAX RATES. Determining the county fuel tax rates for the City and County of Honolulu.

Administration/Others

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

Director Koyanagi conveyed that the last increase to the county fuel tax occurred in 1989 and similar to the motor vehicle weight tax, the county fuel tax is the second largest source of revenue for the Highway Fund.

Committee Member Elefante requested that the Director provide the Committee with a list of fuel tax rates of the Nation's top ten counties in comparison to Honolulu's tax rates.

The following individuals testified:

1. De Mont Conner, Ho'omana Pono, LLC (oppose) (M-949)
2. Gareth Sakakida, Hawaii Transportation Association (oppose) (M-950)
3. Rachel L. Kailianu, Ho'omana Pono, LLC (oppose) (M-951)
4. Bessie Lee Freitas-Pregana, Ho'omana Pono, LLC (oppose) (M-952)

The Committee Chair recommended that action on the Bill be deferred to allow for all revenue enhancement bills to be heard together and move concurrently through the budget process.

Committee Member Pine thanked the Committee Chair for temporarily deferring the measure.

Action on Bill 11 (2017) deferred.

AYES: ELEFANTE, PINE, MANAHAN – 3.

NOES: None.

EXCUSED: ANDERSON – 1.

Related communications:

D-47	Department of Budget and Fiscal Services, submitting draft bill.
M-949	De Mont R.D. Conner, Ho'omana Pono, LLC (oppose)
M-950	Gareth Sakakida, Hawaii Transportation Association (oppose)
M-951	Rachel L. Kailianu-Conner (oppose)
M-952	Bessie Lee Freitas-Pregana (oppose)

At this juncture, the Committee Chair took the agenda out of order to consider and discuss agenda items 12 and 13 together.

12. BILL 68 (2016)

ADMISSION FEES FOR THE HONOLULU ZOO. Authorizing the Director of Enterprise Services to set admission fees for the Honolulu Zoo.

13. BILL 18 (2017)

ADMISSION FEES FOR THE HONOLULU ZOO. Updating the admission fees and the means by which certain admission fees are assessed and/or established for the Honolulu Zoo.

Administration/Others

Tracy Kubota, Deputy Director, Department of Enterprise Services

As introducer of Bill 68 (2016), Committee Member Pine provided an explanation of the measure and requested that the Committee Chair move Bill 68 (2016) and Bill 18 (2017) forward.

Deputy Director Kubota advised the Committee that the Administration submitted a proposal, Bill 35 (2017), to increase the Honolulu Zoo's non-resident admission fees by \$2.00 to generate revenue. She asked for the Council's consideration and support on the new measure.

In response to Councilmember Ozawa's request that a copy of the Zoo's business plan be provided, Deputy Director Kubota stated that she would provide a copy of the Zoo's six-year plan, which is part of the budget and was submitted with the application to the Association of Zoos and Aquariums.

The following individuals testified on Bill 68 (2016):

1. Bessie Freitas-Pregana, Ho'omana Pono, LLC (comments and support)
2. Rachel Kailianu, Ho'omana Pono, LLC (comments and support)
3. De Mont Conner, Ho'omana Pono, LLC (comments and support)

The Committee Chair recommended that action on both Bills be deferred to allow Councilmembers time to work on their amendments.

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Action on Bill 68 (2016) deferred.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Action on Bill 18 (2017) deferred.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Committee Chair Manahan returned to the agenda order.

11. BILL 12 (2017)

PARKING METERS. Amending the Traffic Code of the City and County of Honolulu, as set forth in Chapter 15 of the Revised Ordinances of Honolulu, 1990, to enable the City to adjust parking meter time limits and rates in accordance with supply and demand.

Administration/Others

Wes Frysztacki, Director Designate, Department of Transportation Services
(DTS)
Mark Kikuchi, Traffic Engineering Division, DTS

Director Designate Frysztacki reported that the recommendation to raise the parking meter rates stemmed from a comprehensive study that was done on all aspects of parking. He noted that the last increase to the meter rates occurred in 2004. Bill 12 (2017) proposes to increase the meter rates to \$3.00.

In response to questions by Committee members, Mr. Kikuchi replied that he would provide the Committee with a map delineating the Waikiki parking meter zone. He explained that the DTS only handles credit card revenues generated from the smart meters and projects approximately \$500,000 in revenue for 2017.

There was no public testimony.

Action on Bill 12 (2017) deferred.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.
NOES: None.

Related communication:

D-144 Department of Transportation Services, submitting map of Waikiki Phase 2.

14. BILL 22 (2017)

PUBLIC SPAY AND NEUTER CLINIC. Amending the City's spay and neuter clinic and program.

Administration/Others

Randy Leong, Deputy Director, Department of Customer Services (CSD)

Deputy Director Leong stated that the Administration appreciates the intent of the measure; however, the following concerns should be addressed:

- The Bill lacks parameters to distinguish between a feral cat versus an owned cat.
- There are no safeguards to ensure that a Grants In Aid (GIA) service provider is not paid twice for the same service under a CSD contract and a GIA grant.
- The effective date should be amended to read "takes effect on July 1" to reflect the same date as the current spay and neuter initiatives in the existing animal control contract.

In response to questions from Committee Member Elefante, Deputy Director Leong replied that the current contract awarded to the Hawaiian Humane Society was for \$500,000, and indicated that in the past, spay and neuter vouchers were not issued due to lack of funds.

The following individuals testified:

1. Celeste Kato (support) (M-849)

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2. Stephanie Kendrick, Hawaiian Humane Society (stand on written testimony, oppose reduction in the reimbursement rate for veterinarians) (M-882)

At the request of Committee Member Elefante, Ms. Kendrick further elaborated on the determination of whether a cat is feral or owned and the issues associated with it.

3. Alicia Maluafiti, Poi Dogs & Popoki (comments) (M-953)
4. Ms. Chris Medrano (support) (M-957)
5. Sabrina Dela Rama (support)

Committee Chair Manahan recommended that action on the Bill be deferred to allow for more time and discussion between interested parties.

Committee Member Elefante spoke in support of the deferral and noted that he shared similar concerns as the CSD.

Councilmember Ozawa humbly asked the Committee Chair to move the Bill forward to the public hearing phase to allow for more discussion and coverage on the matter.

Action on Bill 22 (2017) deferred.

AYES: ANDERSON, ELEFANTE, MANAHAN – 3.

NOES: None.

EXCUSED: PINE – 1.

Related communications:

M-843	Alecia Unpingco (support)
M-844	Alexis Jamison (support)
M-953	Alicia Maluafiti, Poi Dogs & Popoki (support)
M-845	April Schroeder (support)
M-954	Beth Carder (support)
M-955	Bonnie Grossi (support)
M-956	Brigitte Moss (support)
M-1069	Carol Pohina (support)
M-846	Carol Quesinberry (support)
M-847	Cassidy Devey (support)
M-848	Celeste Hanawahine (support)
M-849	Celeste Kato (support)
M-957	Chris Medrano (support)

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M-850 Cody Yarbrough (support)
M-851 Colleen Haviland, Malama Popoki (support)
M-852 Daniel Lewis (support)
M-853 Deborah Wilson (support)
M-958 Debbie Hartley (support)
M-959 Deena Schlitzkus (support)
M-854 Denise Wheatley (support)
M-855 Dennis Y. Fujii (support)
M-856 Diane Hanzel (support)
M-960 Dixon Smith (support)
M-857 Dolores Weidman (support)
M-858 Felicity Kielbasa (support)
M-859 Fiona Chin (support)
M-860 Florence (nbucaao@twc.com), Poi Dogs and Popoki (support)
M-861 Garry Smith (support)
M-961 George Linnik (support)
M-962 Gerri (gerribradshaw@icloud.com) (support)
M-862 Gracie Smith (support)
M-863 Irene Baniaga (support)
M-963 Jacqueline Linnik (support)
M-964 Jane Jamison (support)
M-864 Jo Ann C. Kocher (support)
M-965 Jodie Mishima (support)
M-865 Jody Grider Hisaka (support)
M-1070 Joseph Chung (support)
M-966 Josh Jamison (support)
M-866 Joy Inada (support)
M-867 Julie Chen (support)
M-967 Karen Luke (support)
M-868 Kathleen Martin (support)
M-869 Kim Fallas (support)
M-968 Kristen Ma (support)
M-969 Kristy Hintz (support)
M-970 Leslie Haley (support)
M-870 Leslie Mihara (support)
M-871 Linda Pasquariello (support)
M-872 Lindsey Justice, Poi Dogs and Popokai (support)
M-873 Lisa Wiley (support)
M-874 Maki Hardesty (support)
M-971 Margaret Morris (support)
M-875 Mari Zeleznik (support)
M-876 Mary Lou Bouchard (support)

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M-877	Melinda Havens (support)
M-972	Michael Jamison (support)
M-973	Molly McDermott (support)
M-878	Nadia Fairlamb (support)
M-974	Nancy A. Jones (support)
M-879	Niome Queypo (support)
M-975	Pamela Ching (support)
M-976	Pauline Ras (support)
M-977	Raynalyn (rdayton6@gmail.com) (support)
M-880	Roslyn Liu (support)
M-978	Sandra Meyer (support)
M-979	Shiloh J. Francis (support)
M-881	Stacey Nagata (support)
M-882	Stephanie Kendrick, Hawaiian Humane Society (comments and concerns)
M-883	Suzie Beckmann (support)
M-884	Tabitha Oberley, Poi Pookie (support)
M-885	Tammie Ackerman (support)
M-886	Tammy Nichols (support)
M-888	Toby Swanson (support)
M-889	William Havens (support)

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:34 p.m.

Respectfully submitted,



GLEN I. TAKAHASHI
City Clerk

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DATE APPROVED

May 3, 2017