



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, MAY 3, 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 9:14 a.m. Voting Members Anderson, Elefante, and Pine were present at the meeting.

STAFF PRESENT

Mitchel 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 March 8, 2017 regular meeting and March 14-17, 2017 Departmental Budget Briefings of the Committee on Budget were approved as circulated.

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

SUNSHINE ITEM

Committee Chair Manahan stated that Councilmember Ozawa requested the consideration of his Bill 46 (2017) relating to fees for use of municipal golf courses. The Committee Chair called for a motion, pursuant to HRS Section 92-7, the Sunshine Law, to add Bill 46 (2017) to the agenda. Committee Member Elefante so moved and it was seconded by Committee Member Anderson to add Bill 46 (2017) to the agenda, with no objections from the four members present. The Committee Chair noted that Bill 46 (2017) would be taken up at the end of the agenda.

At this juncture, Committee Chair Manahan took the agenda out of order to consider Agenda Items 7 and 8 together, as requested by the Administration.

FOR ACTION

7. BILL 42 (2017) – COMMITTEE REPORT 175

FUNDING FOR TRANSIT. Allowing for greater flexibility in the sources of monies to be used for the capital cost of the Honolulu Rail Transit Project.

The following amendment was posted on the agenda:

PROPOSED CD1 TO BILL 42 (2017) (Submitted by Councilmember Manahan) – The CD1 (OCS2017-0464/4/27/2017 3:12 PM) makes the following amendments:

A. Amends SECTION 2 of the bill as follows:

SECTION 3. The city administration is authorized to proceed with preparation of an environmental impact statement for the locally preferred alternative (LPA), and with planning and preliminary engineering for that portion of the LPA (including any portion of any section of the LPA listed in section 2 above) [~~that may be constructed within financial constraints (capital cost and any interest to finance that capital cost shall be paid entirely from general excise and use tax surcharge revenues, interest earned on the revenues, and any federal, state, or private revenues)~~]; provided that this portion shall constitute a minimum operable segment (MOS) for purposes of Federal New Starts funding eligibility; and provided further that the proposed MOS and any amendments to the MOS shall be subject to Council approval by resolution.

B. Makes miscellaneous technical and nonsubstantive amendments.

8. BILL 45 (2017) – COMMITTEE REPORT 176

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

Administration/Others

Mayor Kirk Caldwell

Krishniah Murthy, Interim Executive Director and CEO, Honolulu Authority for Rapid Transportation (HART)

Gary Kurokawa, Chief of Staff, Office of the Mayor

Lisa Hirahara, Deputy Corporation Counsel, Department of the Corporation Counsel

The following individuals testified:

1. Elaine Kam, Financial Accountability for Rail Mass Transit Association (oppose Bill 42 [2017])
2. Roy Nakamura, Financial Accountability for Rail Mass Transit Association (comments on Bill 42 [2017])
3. Barbara Hudman (comments on Bill 42 [2017])
4. James K. Manaku, Sr. (comments on Bill 42 [2017])
5. Calvin Hulihee, Financial Accountability for Rail Mass Transit Association (oppose Bill 42 [2017])
6. Frank Genadio (oppose) (M-2392)

In response to Committee Member Anderson, Mr. Genadio suggested that Federal Government officials perform a complete review of the rail system and the HART before construction continues any further.

7. Rod Tam (oppose) (M-2394)
8. Rose Pou (opposes Bill 42 [2017] and comments on Bill 45 [2017])
9. Dave Moskowitz (support)
10. Natalie Iwasa (opposes Bill 42 [2017] and comments on Bill 45 [2017])

Mayor Caldwell provided an overview of the Bills and asked for the member's support. The Mayor voiced grave concerns on the State Legislature's general excise tax (GET) surcharge extension Bills and how each would affect the City's operations and the rail project.

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The Mayor provided the following remarks in response to queries by Committee members’:

- The House Bill proposes that a total of \$67 million of the City’s Fiscal Year 2018 Budget be reallocated to the HART as follows: \$45 million of Transient Accommodations Tax funds to cover the rail project and \$22 million of the City’s operating funds to cover the HART’s operating budget. The Bill would also extend the GET for one more year at one-half percent plus the skim and require the City to lift the restriction of using real property taxes for rail construction.
- The Senate Bill proposes a 10-year extension of the GET (about \$3 billion) at a ratio of 99:1–99 percent for the rail project and 1 percent for collection costs—with no requirement to lift the real property tax restriction.
- The Administration feels it is not necessary at this time to discuss amendments to the Minimum Operable Segments.
- An interim opening of the first 10 miles of rail service to Aloha Stadium shall take place in the latter half of 2020, dependent upon approval from City officials. The testing of the train on the tracks is scheduled for the Summer of 2017.

Interim Executive Director Murthy provided the following remarks in response to queries by Committee members’:

- The Federal Government may require the City to repay the funds it has received if the Full Funding Grant Agreement (FFGA) is breached.
- Notice To Proceed contracts have not been issued for construction beyond Middle Street and will not be awarded unless funding is available. However, bids were called for and the proposals are now being evaluated.

It was requested that the following information be provided to the Committee before the May 10, 2017 Council meeting:

- If the FFGA is breached and rail construction ceases, could the GET surcharge monies be utilized to repay the Federal Government and to pay out the contracts?
- Could a new appropriations bill for the HART supersede Ordinance 07-01?

Councilmember Elefante spoke in support of both Bills.

Councilmember Anderson spoke in support of moving both Bills forward for further discussion.

Bill 42 (2017) reported out for passage on second reading and scheduling of a public hearing.

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

Bill 45 (2017) reported out for passage on second reading and scheduling of a public hearing.

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

Related communications:

MM-55 Mayor Kirk Caldwell, submitting a copy of a letter dated May 3, 2017 from the Hawaii Council of Mayors to The Honorable David Y. Ige, Governor of the State of Hawaii.
M-2393 Garry Smith (oppose Bill 42 [2017])

At this juncture, Committee Chair Manahan returned to the agenda order.

1. RESOLUTON 17-96 – COMMITTEE REPORT 179

TRANSFER OF FUNDS. Approving the transfer of funds not to exceed \$45,000 between characters of expenditure to meet the equipment expense needs of the Special Field Operations Bureau.

Administration/Others

Craig Uehira, Major, Honolulu Police Department

There was no public testimony.

Major Uehira testified that the funds would be used to purchase specialized equipment, a bomb suit and a tactical blanket, for the Specialized Services Division of the Honolulu Police Department.

Resolution 17-96 reported out for adoption.

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

Related communication:

D-232 Honolulu Police Department, submitting draft Resolution.

2. RESOLUTION 17-97 – COMMITTEE REPORT 180

ACCEPTANCE OF A GIFT. Accepting a gift to the city from the Association of Local Government Auditors (ALGA) for the costs of lodging, meals and other incidental expenses for one auditor from the Office of the City Auditor, who is also the national secretary of the ALGA Board of Directors, to attend the ALGA Board meeting in Atlanta, Georgia from May 19–20, 2017.

Administration/Others

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

There was no public testimony.

Deputy City Auditor Lee testified that the Office of the City Auditor supports the measure.

Resolution 17-97 reported out for adoption.

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

3. RESOLUTION 17-112 – COMMITTEE REPORT 181

REAL PROPERTY TAX ADVISORY COMMISSION. Reestablishing the Oahu Real Property Tax Advisory Commission.

There was no testimony from the Administration.

The following individual testified:

Natalie Iwasa (support)

Resolution 17-112 reported out for adoption.

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

4. RESOLUTION 17-117 – COMMITTEE REPORT 182

AMENDMENT TO THE RENTAL AGREEMENT FOR A PORTION OF HE'EIA KEA VALLEY PARK. Approving an amendment to the rental agreement for an extension for a month-to-month tenancy, not to exceed two years, with tenant, Mrs. Leialoha "Rocky" Kaluhiwa, for a portion of He'eia Kea Valley Park, TMK 4-6-16: Portion of 32.

Administration/Others

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

The following individuals testified:

1. Mahealani Cypher (support)
2. Leialoha "Rocky" Kaluhiwa (comments)

In response to Committee Member Anderson, Mrs. Kaluhiwa stated that the family has leased a portion of He'eia Kea Valley Park since 1993.

3. Gary K. Nakata (support)

Director Koyanagi reported that Resolution 17-117 maintains the current rent of \$600 a month and that the Administration supports the measure.

Committee Member Elefante requested that a status report on the carport repairs be provided to the Committee Chair.

Committee Member Anderson spoke in support of moving the measure forward.

Resolution 17-117 reported out for adoption.

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

5. RESOLUTION 17-126 – COMMITTEE REPORT 183

CONTINUATION OF FUNDING FOR THE CONSOLIDATED PH 2016 PROJECT. Authorizing the Mayor, the Director of the Department of Community Services, or the Director's designee to receive and expend funds from the U.S. Department of Housing and Urban Development's 2016 Continuum of Care Homeless Assistance Program to continue funding for the Consolidated PH 2016 Project.

Administration/Others

Gary K. Nakata, Director, Department of Community Services

There was no public testimony.

Director Nakata stated that the Administration supports the measure and would expend the funds in a timely manner.

Resolution 17-126 reported out for adoption.

AYES: ANDERSON, ELEFANTE, PINE, MANAHAN – 4.

NOES: None.

Related communication:

D-294 Department of Community Services, submitting draft Resolution.

6. RESOLUTION 16-156 – COMMITTEE REPORT 178

INTERGOVERNMENTAL AGREEMENT (IGA) WITH THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (HHFDC). Authorizing the Mayor or the Mayor's Designee to apply for, and, if approved, accept, and expend funds from the HHFDC for the National Housing Trust Fund (NHTF) Program and enter into an IGA with HHFDC for said funds.

The following amendment was posted on the agenda:

CD1 TO RESOLUTION 16-156 (The CD1 was approved by the Committee at its June 15, 2016 Meeting) – The CD1 (OCS2016-0630/6/14/2016 3:43 PM) makes the following amendments:

- A. Amends the title and the body of the Resolution to remove the Council's authorization for the administration to accept and expend NHTF funds and to

enter into an intergovernmental governmental agreement concerning these funds; and

- B. Removes Attachment A (NHTF interim rules) and adds a citation to the portion of the Federal Register establishing the NHTF interim rules; and
- C. States that the application for the NHTF funds is attached as Exhibit A; and
- D. Requires that the administration submit the intergovernmental agreement for the NHTF funds to the Council for consent and approval; and
- E. Requires that the administration submit an amended action plan for Council consent and approval if such amendment is necessary for the receipt and expenditure of NHTF funds; and
- F. Makes miscellaneous technical and nonsubstantive amendments.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO RESOLUTION 16-156 (Transmitted by Communication D-312) – The CD1 attaches the State of Hawaii’s Draft Subgrantee Agreement as Attachment A and the City’s Draft Housing Trust Fund (HTF) Program Allocation Plan as Attachment B.

Administration/Others

Gary K. Nakata, Director, Department of Community Services

There was no public testimony.

Director Nakata stated that the Administration supports the measure and explained that it provides over \$1 million for affordable housing to assist low-income households of 30 percent to 50 percent of the area median income.

Committee Chair Manahan noted that at the July 6, 2016 Council meeting, the Resolution was recommitted back to the Committee for further consideration.

The Committee Chair recommended that the measure be amended to the hand-carried CD1 that adds the following attachments to the measure:

- Attachment A, FY 2016 HTF Program Subgrantee Agreement
- Attachment B, City and County of Honolulu HTF Program Allocation Plan

Resolution 16-156 amended to the Administration's CD1 and reported out for adoption.

AYES: ELEFANTE, PINE, MANAHAN – 3.
NOES: None.
EXCUSED: ANDERSON – 1.

Related communication:

D-312 Department of Budget and Fiscal Services, submitting CD1 amendment to Resolution 16-156.

Agenda Items 7 and 8, Bills 42 (2017) and 45 (2017) were taken up earlier in the meeting. (See Page 2)

SUNSHINE ITEM

At this juncture, Committee Chair Manahan took up the Sunshine Item, Bill 46 (2017).

BILL 46 (2017) – COMMITTEE REPORT 177

MUNICIPAL GOLF COURSE FEES. Amending the fees for the use of the City's golf course.

There was no testimony from the Administration or the public.

Committee Chair Manahan noted that the Bill was added onto the agenda for consideration at the request of the introducer and to move it on the same track as the other revenue enhancement bills.

Committee Member Elefante requested that the Administration provide to the Committee the revenue impacts of Bill 46 (2017).

Bill 46 (2017) reported out for passage on second reading and scheduling of a public hearing.

AYES: ELEFANTE, PINE, MANAHAN – 3.
NOES: None.
EXCUSED: ANDERSON – 1.

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ADJOURNMENT

There being no further business, the meeting was adjourned at 11:22 a.m.

Respectfully submitted,

GLEN I. TAKAHASHI
City Clerk

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DATE APPROVED

June 28, 2017