



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, FEBRUARY 14, 2018

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 9:25 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
Reid Yamashiro, Deputy, Department of the Corporation Counsel, assigned to the Committee
Pearlene Otto, Council Committee Aide, Office of the City Clerk

ORDER OF BUSINESS

FOR ACTION

1. RESOLUTION 18-29 – COMMITTEE REPORT 77

TRANSFER OF FUNDS (DFM). Relating to the transfer of \$157,065 between characters of expenditure in the Department of Facility Maintenance, Road Maintenance activity for the development of an Asset Management system to fulfill operational service responsibilities to City agencies and the public.

The following amendment was posted on the agenda:

PROPOSED CD1 TO RESOLUTION 18-29 (Submitted by Councilmember Manahan) – The CD1 (OCS2018-0129/2/6/2018 1:42 PM) makes the following amendments:

- A. Amends the second WHEREAS clause and the BE IT RESOLVED clause to identify the activity as Road Maintenance; and
- B. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Ross Sasamura, Director and Chief Engineer, Department of Facility Maintenance

There was no public testimony.

Director Sasamura provided a brief overview of the measure, requesting the Committee's favorable consideration of the measure.

Committee Chair Manahan recommended that the Resolution be amended to the posted proposed CD1 and reported out for adoption.

Resolution 18-29 amended to CD1 (OCS2018-0129/2/6/2018 1:42 PM) and reported out for adoption.

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

Related communication:

D-49 Department of Facility Maintenance, submitting draft resolution.

2. RESOLUTION 18-31 – COMMITTEE REPORT 78

ACTION HUNGER VENDING MACHINES. Urging the City Administration to acquire Action Hunger vending machines to provide basic necessities to homeless individuals.

Administration/Others

Marc Alexander, Executive Director, Mayor's Office of Housing

There was no public testimony.

Executive Director Alexander provided an overview of the measure, stating that the Administration supports the intent of the measure; however, there are many issues that need to be addressed. The Executive Director noted that he would gladly work together with the Committee Chair in resolving the issues.

Committee Chair Manahan pointed out that the intent of the measure is merely to consider acquiring Action Hunger vending machines to enhance existing services for homeless individuals. Action Hunger, a United Kingdom charity, plans to operate their vending machines in several cities within the United States, and the Committee Chair would like Honolulu to be included.

Resolution 18-31 reported out for adoption.

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

NOES: None.

3. RESOLUTION 18-34

SMALL CELL TELECOMMUNICATIONS FACILITIES. Approving a non-exclusive license agreement with Mobilitie, LLC, to install small cell telecommunications facilities on City-owned street lights within the City's rights-of-way for their commercial mobile radio service encompassing, among other areas, the entire island of Oahu.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO RESOLUTION 18-34 (Submitted by Councilmember Manahan) – The CD1 (OCS2018-0178/2/12/2018 1:29 PM) makes the following amendments:

- A. Amends the first WHEREAS clause to: 1) remove the reference to Federal Communications Commission; and 2) state that Mobilitie was granted a Certificate of Authority by the Public Utilities Commission and was certified by the Department of Commerce and Consumer Affairs to transact business in the State.
- B. Amends the seventh WHEREAS clause to remove references to the license fee charge for densely populated areas and non-densely populated areas and to add language which states that the license fee for certain neighborhood board areas will be \$4,000 and for other neighborhood boards will be \$2,500. Seventeen neighborhood board areas have been identified as areas where the fee will be \$4,000.
- C. Replaces the license agreement attached as Exhibit 1 with an amended agreement. The new license agreement includes the change described in the seventh WHEREAS clause. The new agreement also establishes that Mobilitie intends to sublicense its rights under the agreement to Sprint PCS Assets.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Ross Sasamura, Director and Chief Engineer, Department of Facility Maintenance (DFM)

The following individuals testified:

- 1. Ken Lyons, AT&T (supports efforts of the City and comments)
- 2. Christian Whitney, Hawaiian Electric Company, Inc. (HECO) (comments)

In response to Committee Chair Manahan, Ms. Whitney stated that HECO proposed amending “city-owned street lights” to “city-owned, solely-owned street lights”, thereby excluding all of the poles that are jointly-owned by HECO, the City, and other entities.

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3. Allen Kam, Mobilitie, LLC (support)
4. Jennifer Johnson, Mobilitie, LLC (support)

In response to questions by the Committee members, Ms. Johnson provided the following information:

- Sprint PCS is the actual operator of the spectrum and all of their security measures will carryover to the small cell deployment with the City.
- The structural drawings of the actual sizes, weights, and calculations of the small cell structures given to DFM will hold true at the time of deployment.
- Deployment of the small cells will begin upon execution of the contract.
- Mobilitie, LLC contracts with other service providers around the country. The agreement with the City and the equipment are exclusive to Sprint PCS, and the technology is specific to Sprint's spectrum and network needs.

Committee Chair Manahan expressed his appreciation to Mobilitie for their efforts in working together with the City.

Director Sasamura provided an overview of the measure, stating that the Administration supports the Resolution and the proposed CD1 amendment. The Director called attention to the current efforts of the State Legislature to pass similar measures, which would circumvent the City's processes and rate structures that already exist.

Discussion ensued between the Committee members and the Director on review and approval processes for small cells, and the essential requirements needed to utilize City-owned light poles.

Committee Chair Manahan recommended that the Resolution be amended to the hand-carried CD1 and deferred to allow other service providers to come forward and provide testimony. The Committee Chair noted that he would take up the measure again at the regular Committee meeting in March.

Committee Member Elefante spoke in support of the Chair's recommendation and noted that he looks forward to hearing from other service providers.

Resolution 18-34 amended to CD1 (OCS2018-0178/2/12/2018 1:29 PM) and action deferred.

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

Related communications:

D-76 Department of Facility Maintenance, transmitting draft resolution.
D-83 Department of Facility Maintenance, transmitting proposed amendment.
M-111 Additional Testimony for Resolution 18-34.

4. RESOLUTION 17-316

WAIVING BWS FEES FOR WATER METER INSTALLATION. Urging the Board of Water Supply to waive its fees for the installation of water meters in connection with the retrofitting of a building with automatic fire sprinklers.

The following amendment was posted on the agenda:

CD1 TO RESOLUTION 17-316 (Submitted by Councilmember Manahan) (Approved by the Committee at its January 24, 2018 meeting) – The CD1 (OCS2018-0051/1/17/2018 4:00 PM) makes the following amendments:

- A. Amends the 5th WHEREAS clause to delete the words “pressure or.”
- B. Deletes the 16th WHEREAS clause.
- C. Amends the BE IT RESOLVED clause to specify that the Council is urging the Board of Water Supply to waive its fees for the installation of water meters in connection with the retrofitting of a building as identified in Bill 69 (2017) with automatic fire sprinklers.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Kathy Mitchell, Board of Water Supply (BWS)

There was no public testimony.

Committee Chair Manahan explained that at its January 24, 2018 meeting, the Committee amended the Resolution to a CD1 version and deferred further action.

Ms. Mitchell testified that the BWS is currently undergoing financial planning, a cost of service study, and a rate setting process. Therefore, the BWS will consider the Resolution after the new rates are set.

The Committee Chair recommended that the Resolution be deferred until the BWS deliberations are completed.

Action on Resolution 17-316 deferred.

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

Related communications:

D-89 Board of Water Supply (comments)
M-113 Additional testimony for Resolution 17-316

5. BILL 101 (2017) – COMMITTEE REPORT 71

REAL PROPERTY TAX RELIEF FOR INSTALLING AN AUTOMATIC SPRINKLER SYSTEM. Providing real property tax relief for eligible property owners following the installation of an automatic sprinkler system on the owner's property.

The following amendment was posted on the agenda:

PROPOSED CD1 TO BILL 101 (2017) (Submitted by Councilmember Manahan) –
The CD1 (OCS2018-0142/2/7/2018 10:32 AM) makes the following amendments:

A. In Section 8-___.1:

1. Deletes the definitions of "Eligible costs" and "Owner" or "Property owner".
2. Adds a definition for "Existing high-rise residential building".

B. In Section 8-___.2:

1. Establishes that an owner of residential real property in an existing high-rise residential building is entitled to a tax credit if: 1) an

automatic sprinkler system is either installed throughout the existing residential high-rise building or throughout the common areas of the existing residential high-rise building; and 2) the owner has been granted an exemption under Section 8-10.4.

2. Changes the amount of the tax credit from ___ percent of the eligible costs of the automatic sprinkler system to \$2,000.
 3. Changes the credit from a credit that can only be applied to a single tax year to a credit that may be applied to subsequent years if there is excess tax credit.
 4. Does not allow a tax credit where an existing high-rise residential building with an automatic sprinkler system in the common areas is subsequently improved with an automatic sprinkler system throughout the entire building.
 5. Establishes that the credit is not transferable or assignable.
- C. In Section 8-___.3, requires that the owner must file an application for the tax credit no later than 24 months after the installation of the automatic sprinkler system.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Peter Biggs, Executive Assistant, Office of the Mayor

There was no public testimony.

Executive Assistant Biggs testified that the Administration supports the posted proposed CD1 because it incorporates the main points put forth in their amendment detailed in Communication MM-14.

In response to queries by the Committee members, Executive Assistant Biggs stated that the projected loss of revenue would be about \$13 million (spread over a number of years) if all 6,500 units qualify and receive the credit.

Committee Chair Manahan recommended that the Bill be amended to CD1 and reported out for third reading.

Committee Member Elefante stated that he was initially concerned with the financial impacts of the Bill but since the Administration supports the measure, he would be supportive of the Chair's recommendation.

Committee Member Anderson expressed his philosophical difference with the measure because of his opposition to the mandate of fire sprinklers in general and would be voting with reservations.

Executive Assistant Biggs clarified that Bill 101 (2017) in its current form is not directly linked to Bill 69 (2017), relating to fire safety. However, the credit would still be borne by the taxpayers.

The Committee Chair clarified that the measure does not mandate the installation of fire sprinkler systems in buildings, but rather provides an exemption.

Bill 101 (2017) amended to CD1 (OCS2018-0142/2/7/2018 10:32 AM) and reported out for passage on third reading.

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

*Councilmember Anderson voted aye with reservations.

Related communications:

MM-14 Office of the Mayor, transmitting proposed amendment.
M-114 Additional testimony for Bill 101 (2017)

6. BILL 102 (2017) – COMMITTEE REPORT 72

INCENTIVES FOR RETROFITTING OF AUTOMATIC FIRE SPRINKLER SYSTEMS. Providing incentives for the retrofitting of automatic fire sprinkler systems in certain existing high-rise residential buildings.

The following amendment was posted on the agenda:

PROPOSED CD1 TO BILL 102 (2017) (Submitted by Councilmember Manahan) – The CD1 (OCS2018-0143/2/7/2018 11:16 AM) makes the following amendments:

- A. Removes the condition that the automatic fire sprinkler system must be required by ordinance in order to qualify for the fee waiver.

- B. Amends the definition of “existing high-rise residential building” from the definition set forth in Section 20-5.1 to any building that has floors used for human occupancy located more than 75 feet above the highest grade, contains dwelling units, and was erected prior to 1993.
- C. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Peter Biggs, Executive Assistant, Office of the Mayor

There was no public testimony.

Executive Assistant Biggs stated that the Administration supports the Bill and the posted proposed CD1 amendment.

Committee Chair Manahan recommended that the Bill be amended to the posted proposed CD1 amendment.

Committee Member Elefante spoke in support of the CD1 amendment because it addresses his concerns with the measure.

Bill 102 (2017) amended to CD1 (OCS2018-0143/2/7/2018 11:16 AM) and reported out for passage on third reading.

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

*Councilmember Anderson voted aye with reservations.

Related communications:

MM-14 Office of the Mayor, transmitting proposed amendment to Bill 102 (2017).
M-115 Additional testimony for Bill 102 (2017)

7. BILL 104 (2017) – COMMITTEE REPORT 73

FEES AND CHARGES FOR SERVICES OF THE MEDICAL EXAMINER.
Establishing fees and charges for services of the Department of the Medical Examiner.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO BILL 104 (2017) (Submitted by Councilmember Manahan) –
The CD1 (OCS2018-0166/2/12/2018 8:17 AM) makes the following amendments:

- A. Removes proposed new ROH Section 6-66.3(a)(4).
- B. Corrects numerous drafting errors.
- C. Reorganizes proposed new ROH Sections 6-66.3 and 6-66.4 for purposes of clarity.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Christopher Happy, M.D., Chief Medical Examiner, Office of the Medical Examiner (MED)

The following individual testified:

Jay Morford, Hawaii Funeral and Cemetery Association (oppose)

In response to queries by the Committee members, Mr. Morford stated that:

- He did not have an opportunity to review the proposed amendments.
- The Association intends to work with their members in addressing the issues, provided that the MED releases the necessary information as requested.
- On average, combined costs for funeral and burial services fall between \$12,000 to \$20,000 depending on the needs of the families.
- The Association agrees that funeral homes in violation of the MED guidelines should be assessed a body storage fee.
- The Association is willing to work with the MED in establishing a more detailed guideline for decedent storage and release to avoid inconsistencies.

Committee Chair Manahan thanked Mr. Morford for his willingness to work with the City and the MED.

Chief Medical Examiner Happy provided an overview of the measure, noting that the Bill addresses the implementation of fees for body storage, expert testimony services, and use of the MED's facility for tissue recovery.

In response to queries by the Committee members, the Chief Medical Examiner provided the following comments:

- Currently, the MED does not assess a fee for body storage.
- The MED's facility holds about 60 bodies, which are stored on racks in walk-in refrigerators. When the racks are full and additional bodies need to be stored, the bodies are transported to and stored at a private facility. The MED pays the private facility about \$50,000 a year in unfunded monies. The need for an external storage stems from funeral homes not picking up the decedents in a timely manner.
- The Hawaii Funeral and Cemetery Association was notified of the lengthy storage of decedents left by the funeral homes.
- Virtually every examiner's office on the mainland assesses a fee for body storage, ranging from \$45 a day beginning the day after an autopsy to \$75 a day beginning three days after the body is brought to the examiner's office.
- The MED assesses a fee of \$200 an hour for professional services compared to a fee of \$500 an hour on the mainland.
- The hours for decedent release are Mondays from 2:00 p.m. to 4:00 p.m., and Tuesdays through Fridays from 11:00 a.m. to 4:00 p.m. There is no release on Saturdays, Sundays, and State holidays. The hours were extended at the request of the Hawaii Funeral and Cemetery Association.

Committee Chair Manahan recommended that the Bill in its current form be reported out for second reading and public hearing. The Committee Chair committed to wait until all parties reached an agreement before hearing the Bill again.

Committee Member Pine spoke in support of the Chair's recommendation.

Committee Member Elefante spoke in support of the Chair's recommendation with the understanding that the MED work together with the respective parties involved.

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Committee Member Anderson stated his reservations with the Bill in its current form because the industry did not have an opportunity to review the CD1 amendment and opposes the current version. However, the Committee Member would support the Chair's recommendations. Additionally, the Committee Member asked that the Committee please take into consideration all requests of the MED during the budget deliberations.

Committee Member Anderson noted for the record that he filed a Disclosure of Interest Statement with the City Clerk's Office (CC-396).

Bill 104 (2017) reported out for passage on second reading and scheduling of a public hearing.

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

Related communications:

D-805 Department of the Medical Examiner, transmitting draft bill.
M-112 Additional Testimony for Bill 104 (2017)

8. BILL 109 (2017) – COMMITTEE REPORT 74

AMENDING MUNICIPAL GOLF COURSE FEES. Amending Chapter 10, Article 4, Revised Ordinances of Honolulu, 1990, as amended relating to fees for use of municipal golf courses.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO BILL 109 (2017) (Submitted by Councilmember Manahan) – The CD1 (OCS2018-0171/2/12/2018 2:20 PM) makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Guy Kaulukukui, Director, Department of Enterprise Services (DES)
Garrick Iwamuro, Division Chief, Golf Division, DES

There was no public testimony.

Director Kaulukukui testified that the Administration supports the measure and requests the Committee's favorable consideration.

Division Chief Iwamuro provided an overview of the measure, explaining the fee increases.

In response to queries by the Committee members, the DES provided the following comments:

- The 9-hole round fee increase pertains only to the Kahuku Golf Course.
- Fees for walking the course remain unchanged.
- Since the implementation of free golf for junior golfers, there has only been a modest spike in junior golfing.
- Only one golf course uses electric-powered golf carts. The rest of the courses use gas-powered carts.

Bill 109 (2017) amended to CD1 (OCS2018-0171/2/12/2018 2:20 PM) and reported out for passage on second reading and scheduling of a public hearing.

AYES: ELEFANTE, PINE, MANAHAN – 3.

NOES: None.

EXCUSED: ANDERSON – 1.

Related communication:

D-820 (2017) Department of Enterprise Services, transmitting draft bill.

9. BILL 1 (2018) – COMMITTEE REPORT 75

REAL PROPERTY TAX RELIEF FOR LOW-INCOME RENTAL HOUSING.
Providing real property tax relief for certain properties that are used as low-income rental housing.

Administration/Others

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

There was no public testimony.

Director Koyanagi testified that the Administration supports the bill, pointing out that the language in Section 8-7.6 of the Revised Ordinances of Honolulu 1990, as amended, is not specific to the lessee. The Director explained that a homeowner is able to lease his property to anyone but is limited only to a lease rent of up to 80 percent average median income.

Committee Chair Manahan recommended that the Bill move forward.

Committee Member Pine spoke in support of the measure, indicating that the Bill would really help homeowners and low-income residents.

Bill 1 (2018) reported out for passage on second reading and scheduling of a public hearing.

AYES: ELEFANTE, PINE, MANAHAN – 3.

NOES: None.

EXCUSED: ANDERSON – 1.

10. BILL 3 (2018) – COMMITTEE REPORT 76

“RESIDENTIAL A” REAL PROPERTY CLASS. Promoting fairness by providing for the periodic adjustment of the threshold of assessed value that qualifies properties for the “Residential A” real property class.

Administration/Others

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

Steve Takara, Administrator, Real Property Assessment Division, BFS

There was no public testimony.

Director Koyanagi provided an overview of the measure, stating that the Administration opposes the Bill in its current form.

In response to queries by the Committee members, the BFS provided the following information:

- The revenue projections for Residential and Residential A classifications are \$111 million for the current fiscal year.

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- The Department is willing to meet with Council Chair Emeritus Martin, introducer of the measure, to discuss the issues.
- There are no tax credits associated with the Residential classification.

Committee Chair Manahan recommended moving the Bill forward for further discussion at the full Council meeting.

Committee Member Elefante stated that he would be voting with reservations, noting his strong concerns with the fiscal impacts of the measure.

Bill 3 (2018) reported out for second reading and scheduling of a public hearing.

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

*Councilmember Elefante voted aye with reservations.

Related communication:

D-87 Nelson H. Koyanagi, Jr., Department of Budget and Fiscal Services
 (oppose)

11. BILL 63 (2016)

RELATING TO PROPERTY TAXES. Amending requirements concerning real property tax compromises.

Administration/Others

Nelson Koyanagi Jr., Director, Department of Budget and Fiscal Services
(BFS)
Steve Takara, Administrator, Real Property Assessment Division, BFS

There was no public testimony.

Director Koyanagi testified that the Department submitted written testimony in opposition to the Bill, highlighting the important aspects as detailed in Communication D-101. The Director urged the Committee to consider his testimony, noting that the City runs a fair system and moving the Bill forward would circumvent that system.

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In response to queries by the Committee members, the BFS provided the following information:

- There is no mechanism in place to account for the number of homeowners who missed the filing deadline.
- Deadlines are very important to the budget process. Moving or changing the deadline dates would generate an inaccurate list of assessed properties and the projected revenues used to balance the budget would not be accurate.
- The Bill could negatively impact the City's bond rating if it becomes an ordinance.

Committee Chair Manahan recommended that the measure be deferred based on his own concerns and the concerns of the Administration.

As introducer of the measure, Committee Member Anderson stated that he respected the Chair's recommendation; however, he could not support the recommendation and thanked the Chair for hearing the measure. Additionally, the Committee Member stated for the record that, based on the Chair's recommendation, the Bill should not be placed on any future Budget agendas for consideration. The Committee Chair concurred.

Committee Member Elefante spoke in support of the Chair's recommendation, noting that he also shared the same concerns and thoughts of the Chair.

Action on Bill 63 (2016) deferred.

AYES: ELEFANTE, PINE, MANAHAN – 3.
NOES: ANDERSON – 1.

Related communication:

D-101 Nelson H. Koyanagi, Jr., Department of Budget and Fiscal Services
(oppose)

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ADJOURNMENT

There being no further business, the meeting was adjourned at 12:02 p.m.

Respectfully submitted,

GLEN I. TAKAHASHI
City Clerk

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DATE APPROVED

April 18, 2018
