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**HAWAI'I COUNTY COUNCIL
COMMITTEE ON FINANCE
46th Session**

DATE: October 19, 2004 (Tuesday)
PLACE: Councilroom
TIME: 1:00 p.m.

(Note: Please turn cell phones, pagers and other mobile communication devices on silent mode.)

CALL TO ORDER

STATEMENTS FROM THE PUBLIC ON ITEMS ON THE AGENDA

REFERRALS

- Comm. 8.39: TRANSFER OF FUNDS - SEPTEMBER 16 - 30, 2004
From Controller Deanna Sako, dated October 1, 2004, transmitting a Report of Transfers Authorized showing transfers made from September 16 through 30, 2004. Copies of the approved transfer forms are attached for reference.
- Comm. 21.141: FINAL REPORT - PRE-DISASTER MITIGATION GRANT - GIS STREET LAYER - FEDERAL
From the Civil Defense Agency, dated September 18, 2004, submitting the above report pursuant to Ord. 02-76.
- Comm. 21.143: FINAL REPORT - CIVIL DEFENSE DOMESTIC EQUIPMENT PROGRAM GRANT
From the Civil Defense Agency, dated October 5, 2004, submitting the above report pursuant to Ord. 02-76.
- Comm. 757.1: SUPPLEMENTAL SUMMARY OF INDEBTEDNESS AS OF SEPTEMBER 30, 2004
From Finance Director William Takaba, dated October 4, 2004, certifying that the above is correct in accordance with Section 473-C, Hawai'i Revised Statutes. The closing of the \$3,887,493 Public Improvement Bonds, 2004 Series A, B and C (Improvement District No. 18) on October 4, 2004 requires preparation of this report. The required concurrence of the Finance Committee Chair and the Corporation Counsel is attached.

- Comm. 795:
(Res. 248-04) RESOLUTION AUTHORIZING THE OFFICE OF THE MAYOR TO ENTER INTO AN AGREEMENT WITH THE STATE OF HAWAI'I DEPARTMENT OF TRANSPORTATION, PURSUANT TO HRS 46-7, FOR A REPEAT OFFENDERS PROJECT GRANT FOR THE HAWAI'I COUNTY POLICE DEPARTMENT; and
- (Bill 345) AN ORDINANCE TO AMEND ORDINANCE NO. 04-74, AS AMENDED, THE OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR ENDING JUNE 30, 2005 (by appropriating a \$16,800 Repeat Offenders Project Grant)
From Finance Director William Takaba, dated September 29, 2004, transmitting the above resolution and bill. The State of Hawai'i Department of Transportation Public Affairs - Safe Community Program has authorized this grant to the Hawai'i County Police Department. The funds will be used to reduce major traffic crashes and fatalities involving drivers with no valid driver's license.
- Comm. 796:
(Res. 249-04) RESOLUTION AUTHORIZING THE OFFICE OF THE MAYOR TO ENTER INTO AN AGREEMENT WITH THE STATE OF HAWAI'I DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM, PURSUANT TO HRS 46-7, FOR A GEOPOWERING THE WEST GRANT; and
- (Bill 346) AN ORDINANCE TO AMEND ORDINANCE NO. 04-74, AS AMENDED, THE OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR ENDING JUNE 30, 2005 (by appropriating a \$9,560 GeoPowering the West Grant)
From Finance Director William Takaba, dated September 29, 2004, transmitting the above resolution and bill. The U.S. Department of Energy, through the State of Hawai'i Department of Business, Economic Development, and Tourism has authorized the above funding. The purpose of this grant is to establish a working group to support utilization of direct use of geothermal heat by gathering and providing information from and to the community, the County government and interested parties.
- Comm. 797:
(Res. 250-04) RESOLUTION AUTHORIZING THE OFFICE OF THE MAYOR TO ENTER INTO AN AGREEMENT WITH THE HAWAI'I COMMUNITY FOUNDATION, PURSUANT TO HRS 46-7, FOR THE COMMUNITY ORIENTED POLICING SERVICES (COPS) GRANT FOR THE HAWAI'I COUNTY POLICE DEPARTMENT IN CONNECTION WITH THE HAWAI'I ISLAND METH INITIATIVE; and

(Note: Bill 347, also related to Comm. 797, continues on the next page.)

- (Bill 347) AN ORDINANCE TO AMEND ORDINANCE NO. 04-74, AS AMENDED, THE OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR ENDING JUNE 30, 2005 (by appropriating a \$200,000 Hawai'i Island Meth Initiative - COPS Grant)
From Finance Director William Takaba, dated October 1, 2004, transmitting the above resolution and bill. The Hawai'i Community Foundation has awarded the above grant to the Hawai'i County Police Department in connection with the Hawai'i Island Meth Initiative grantmaking project. These funds, derived from the U.S. Department of Justice, Community Oriented Policing federal grant program, will be used to purchase needed equipment for the Department's Crime Laboratory and to train the Criminalists to assist the department in its current "war" against the ice epidemic.
- Comm. 798:
(Bill 348) AN ORDINANCE AMENDING ORDINANCE NO. 04-59 OF THE COUNTY OF HAWAI'I ON MAY 19, 2004 RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE PURPOSE OF FINANCING VARIOUS PUBLIC IMPROVEMENTS FOR THE COUNTY OF HAWAI'I (by adding \$5 million for various projects island-wide)
From Councilmember Aaron S.Y. Chung, dated October 5, 2004, transmitting the above bill. The bill adds the following projects: three park-and-ride facilities in Puna, South Kona and North Kona (\$1,500,000); Sand Gulch bypass road in Hamakua (\$2,400,000); Laupahoehoe emergency access road (\$100,000); and transportation enhancement projects in Hilo (\$1,000,000).
- Comm. 803:
(Bill 349) AN ORDINANCE TO AMEND ORDINANCE NO. 04-74, AS AMENDED, THE OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR ENDING JUNE 30, 2005 (by increasing the Highway Fund's Fund Balance From Previous Year account by \$298,200 and appropriating it to the Highway Maintenance Administration Equipment account)
From Mayor Harry Kim, dated October 6, 2004, transmitting the above bill. Certifies the Highway Fund's Fund Balance at \$2,844,082. States that while the Administration is currently reviewing requests for supplemental funding from this fund balance, there is an immediate need to provide funding for equipment necessary for the new and additional Highway Maintenance positions being funded.
- Comm. 803.1: From Public Works Director Bruce McClure, requesting the above matter be placed on the October 19, 2004 Finance Committee agenda.

Comm. 804:
(Bill 350) AN ORDINANCE TO AMEND ORDINANCE NO. 04-74, AS AMENDED, THE OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR ENDING JUNE 30, 2005 (by increasing the General Fund's Fund Balance of the Previous Year account by \$3,217,488 and appropriating it to various General Fund expenditure accounts and the Transfer to Capital Projects Fund account) From Mayor Harry Kim, dated October 7, 2004, transmitting the above bill. Certifies that there is an excess balance of \$6,697,734.37 in the General Fund fund balance as of June 30, 2004. States there are several immediate needs that are proposed to be funded with a portion of this amount which are reflected in the enclosed bill. The proposed appropriations include the Self Insurance Fund (\$2,500,000), Parks and Maintenance Repair and Maintenance (\$600,000), Honoka'a Sewer System (\$80,000) and Research and Development Deputy Director (\$37,488). Explains the need for each proposed appropriation and states that further explanation and justification will be forthcoming from the respective departments. States that the Councilmembers will be contacted for input on the use of the remainder of the balance.

UNFINISHED BUSINESS

Comm. 118:
(Bill 49) AN ORDINANCE AMENDING CHAPTER 19, ARTICLES 1, 7 AND 8 OF THE HAWAI'I COUNTY CODE 1983 (1995 EDITION), RELATING TO REAL PROPERTY TAX DEFINITIONS; NON-DEDICATED AGRICULTURAL USE ASSESSMENT AND AGRICULTURAL USE DEDICATION From Mayor Harry Kim, dated January 22, 2003, transmitting the above bill.

This Bill amends Chapter 19, Articles 1 (Administration), 7 (Tax Maps, Valuations) and 8 (currently Reserved) of the Hawai'i County Code 1983 (1995 Edition), relating to Real Property Tax Definitions; Non-Dedicated Agricultural Use Assessment and Agricultural Use Dedication. Generally, amendments proposed in this bill include, but are not limited to, the following:

- (1) Adds agricultural-related definitions to clarify terminology.
- (2) Clarifies the category of *non-dedicated agricultural use assessments*; requires property to be in certain County zoning districts; changes the assessment of those properties from assigned productivity values to a percentage of market value (25%, 50% and 75% beginning July 1, 2004, 2005 and 2006, respectively); and changes the tax rollback period.
- (3) Clarifies the category of *agricultural use dedication* by requiring new dedications be for 10 years and the dedicated property be used for commercial purposes (gross revenues of \$2,000/year); grandfathers 20-year agricultural dedications; requires property to be in certain County zoning districts; changes breach conditions; adds breach exceptions; and changes rollback period.

(Note: Comm. 118.1 continues on the next page.)

- Comm. 118.1: From Finance Director William Takaba, dated February 18, 2003, transmitting Bill 49, Draft 2, amending Bill 49 as follows: 1) Rewords Section 19____: Commercial Agricultural Use Dedication(b) by eliminating the petition requirement for landowners with existing 20-year dedications to continue with the remainder of the dedication; and 2), also in Section 19____, Subsection (c)(4), Commercial Agricultural Use Dedication, changes the assessment of a homesite from "a comparably sized homesite" to "a comparable homesite."
- Comm. 118.2: Copy of email to Councilman Curtis Tyler from Larry K. Baird of Kona Farmers Alliance, dated February 17, 2003, stating their organization is opposed to Bill 49, for reasons, as stated.
- Comm. 118.3: Worksheet from Joel La Pinta, discussing several real property situations, showing how the current and new appraisal methods would affect the value.
- Comm. 118.4: Copy of Finance Director William Takaba's presentation shown at the February 18, 2003 Finance Committee Workshop on Bill 49.
- Comm. 118.5: From Legislative Auditor Constance R. Kiriu, dated April 24, 2003, stating that after the February 18, 2003 Finance Committee workshop on Bill 49, her office attempted to summarize and categorize the issues discussed by council members and members of the public. Attaches Finance Director William Takaba's response to those issues, dated April 14, 2003.
- Comm. 118.6: From Finance Director William Takaba, dated August 2, 2004, transmitting Bill 49, Draft 3. Provides a brief review of the background of Bill 49, including it's purpose and goals, and actions taken to reach out to the community and incorporate their concerns. Draft 3 modifies the dedication period to allow farmers/ranchers who lease their land to dedicate it for the period of their lease if that period is at least five years; and sets the property value for those who do not choose to dedicate their land at twice the dedicated productivity values.
- Comm. 118.7: From Cynthia Thomas, dated August 3, 2004.
- Comm. 118.8: From Bob Shioji, Hamakua County Farm Bureau.
- Comm. 118.9: From John R. Souza, dated August 3, 2004
- Comm. 118.10: From Dean Uchida, Executive Director of the Land Use Research Foundation, dated August 3, 2004.
- Comm. 118.11: From Richard and Virginia Alderson, dated July 31, 2004.

(Note: Comm. 118.12 continues on the next page.)

- Comm. 118.12: From Richard Alderson, dated August 2, 2004.
- Comm. 118.13: From Ed Johnston, Alia Point Farm and Nursery, dated August 3, 2004.
- Comm. 118.14: From Alan Winters, President of Hawai'i Cattlemen's Association, dated July 25, 2004.
- Comm. 118.15: From Brent Norris, dated August 3, 2004.
- Comm. 118.16: From Robert E. Cooper, President and CEO of W.H. Shipman, Ltd., dated August 2, 2004.
- Comm. 118.17: From Lynn Nakkim, dated August 3, 2004.
- Comm. 118.18: From Alexandra Bernstein, dated August 20, 2004.
- Comm. 118.19: Copy of letter to Finance Director William Takaba from James S. Greenwell, dated July 1, 2002.
- Comm. 118.20: From Dean Uchida, Executive Director of the Land Use Research Foundation, dated August 24, 2004.
- Comm. 118.21: From John B. Ray, President of Hawai'i Leeward Planning Conference, dated August 23, 2004.
- Comm. 118.22: From Representative Dwight Takamine, dated August 13, 2004.
- Comm. 118.23: From Legislative Auditor Constance R. Kiriu, entitled "Foundation for Real Property Taxes in Hawai'i County."
- Comm. 118.24: From Finance Director William Takaba, entitled "Major Proposals in Bill No. 49."
- Comm. 118.25: From Finance Director William Takaba, showing examples of taxation under the proposed changes in Bill 49, using the Kau and Kona areas.
- Comm. 118.26: From Thomas E. Burton, dated September 27, 2004.
- Comm. 118.27: From John Smith, dated September 23, 2004.
- Comm. 118.28: Document entitled "Summary of Changes - Bill 49 (2004), CD1, FD2, versus CD1, FD1," and a copy of the City and County of Honolulu's Bill 49 pertaining to agricultural land taxation on Oahu.

(Note: Comm. 118.29 continues on the next page.)

- Comm. 118.29: From Dean Uchida, Executive Director of the Land Use Research Foundation, dated September 30, 2004.
- Comm. 118.30: From Dean Uchida, Executive Director of the Land Use Research Foundation, dated September 29, 2004.
- Comm. 118.31: From Councilmember Bob Jacobson, dated October 4, 2004, transmitting minutes of the community meeting held in Ocean View on September 21, 2004.
- Comm. 118.32: From Councilman Fred Holschuh, dated October 4, 2004, transmitting minutes of the community meeting held in Pepe'ekeo on September 6, 2004.
- Comm. 118.33: From Chuck Moss, dated September 30, 2004.
- Comm. 118.34: From Finance Director William Takaba, dated October 7, 2004, requesting amendments to Bill 49, Draft 3.

STATEMENTS FROM THE PUBLIC/ADJOURNMENT

The meeting place is accessible for persons with physical disabilities. Persons who need special accommodations to attend this meeting should call 961-8245 by **October 15, 2004**. Persons using TDDs may call 961-8521.

(Copies of this agenda and the communications are posted and filed at the County Clerk's Office, 25 Aupuni St., Hilo; the Office of the Mayor, 75-5706 Kuakini Highway, Suite 103, Kailua-Kona; and the Kona Councilmembers' Office, 77-6399 Nalani St., Suite 104, Kailua-Kona. For further information, please call 961-8245. Those wishing to testify, please register with the County Clerk's staff prior to the convening of the meeting. If possible, submit fifteen (15) written copies of the testimony to staff prior to the convening of the meeting.)

VIEWING OF MEETINGS ON GOVERNMENT ACCESS TELEVISION - Channel 52 (Hilo/Kona)
Planning Committee meeting - Tuesdays, October 26 & November 2, 2004, at 8:30 p.m.; Finance Committee meeting - Thursdays, October 28 & November 4, 2004, at 8:30 p.m.; and both Committee meetings - Sunday, November 7, 2004, at 10:30 a.m.