

Approved as Amended

OPEN SESSION MEETING MINUTES

Board/Commission		Kauai County Cost Control Commission		Meeting Date	February 1, 2024
Location	Piikoi Building, Boards and Commissions Conference Room 4444 Rice Street, Suite 300, Līhu‘e, Hawai‘i 96766 Teams link: https://bit.ly/47M0Bv9 Meeting ID: 238 378 567 939 Passcode: Lr3Mji Audio: 1+469-848-0234, Phone Conference ID: 267 207 206#			Start of Meeting: 9:00 a.m.	End of Meeting: 11:06 a.m.
Present	Chair-Elect Andre Lister; Vice Chair-Elect Alice Luck; Commissioners: Paul Pancho and Stacy Waikoloa. Also, present Board & Commissions Office Staff: Support Clerk Mercedes Omo; Administrator Ellen Ching; Office of the County Attorney: Deputy County Attorney Chris Donahoe. Invited Guests: Kauai Police Department Assistant Police Chief Elliot Ke. Real Property Division Tax Manager Mike Hubbard.				
Excused					
Absent	Commissioner Tyler Rodighireo				

SUBJECT	DISCUSSION	ACTION
Meeting Called To Order	At 9:00 a.m., Vice Chair Lister called the Cost Control Commission's February 1, 2024, meeting to order.	
Roll Call to Ascertain Quorum	Staff ascertained a quorum was present.	
Election of Officers for Calendar Year 2024	Vice Chair Lister opened the nominations for chair. Commissioner Luck nominated Vice Chair Lister as the Chair for the Calendar Year 2024. Hearing no other nominations for chair, Vice Chair Lister accepted the nomination and then called for a motion. Chair-elect Lister opened the nominations for Vice Chair.	There was a motion by Commissioner Alice Luck to elect Vice Chair Andre Lister to the chairmanship for Calendar Year 2024. Commissioner Paul Pancho seconded the motion. Hearing no objections, Vice

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	<p>Commissioner Paul nominated Commissioner Alice Luck Lister as the new Vice Chair for Calendar Year 2024. Hearing no further nominations for vice chair, Commissioner Luck accepted the nomination. Chair-Elect Lister called for a motion.</p>	<p>Chair Lister was elected as the new Chair.</p> <p>There was a motion by Commissioner Paul Pancho to elect Commissioner Alice Luck as the new Vice-Chair for Calendar Year 2024. Commissioner Stacy Waikoloa seconded the motion. Hearing no objections, Commissioner Luck was elected as the new Vice Chair.</p>
<p>Approval of Agenda</p>	<p>Chair-elect Lister called for a motion to approve the agenda.</p>	<p>There was a motion by Commissioner Waikoloa to approve the agenda of the February 1, 2024 meeting. Commissioner Pancho seconded the motion. Hearing no objections, the agenda was approved.</p>
<p>Chair's Announcement</p>	<p>Next Monthly Meeting, Thursday, March 7, 2024, @ 9:00 a.m. in the Office of Boards and Commissions Conference Room, Suite 300.</p>	
<p>Public Testimony</p>	<p>Chair-elect Lister stated that oral testimony would be taken at any time during the meeting, and then asked if there were any registered testifiers online or in person who wished to speak, but no public testimony was offered.</p>	

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<p>Approval of Minutes</p>	<p>November 2, 2023, Open Session Meeting Minutes.</p>	<p>There was a motion by Commissioner Waikoloa to approve the minutes of the November 2, 2023 meeting as circulated. The motion was seconded by Vice Chair-elect Luck. Hearing no objections, the minutes were approved.</p>
<p>Business</p>	<p><u>Discussion and possible decision-making on recommendations to reduce the cost of county government while maintaining a reasonable level of public service under Section 28.04 of the Kaua'i County Charter Article XXVIII Cost Control Commission.</u></p> <p>(a) Assistant Procurement Officer Ernest Barreira to provide an overview of the county's contract procedures.</p> <p>Due to a budgetary meeting, Mr. Barreira was unable to attend the meeting and so item (a) was deferred to the Commission's March meeting.</p> <p>(b) Kauai Police Department Assistant Police Chief Elliott Ke to address the abandoned and derelict current towing contract.</p> <p>Chair-elect Lister welcomed Kauai Police Department Patrol Bureau Assistant Police Chief Ke to the meeting.</p> <p>Chair-elect Lister stated that at a previous meeting, the Commission requested information on the Police Department's abandoned and derelict vehicle contract. The Commission also wanted to know specifically, how the bidding process works, how the contract is negotiated, and the length of the contract.</p>	

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	<p>Vice Chair-elect Luck noted that the contract the Commission received says that it's an open-ended contract.</p> <p>According to AC Ke, an open-ended work contract has the same clauses but specifies how the agreement may be terminated—usually by giving prior notice or in the event of a problem. There is also no defined expiration date.</p> <p>AC Ke talked about the procurement process and how KPD (Kauai Police Department) changed its towing contract approximately a year ago. This was because there was not a single contract, there were two contracts: one for the removal of abandoned vehicles, and one for the removal of derelict vehicles. He believes that it was set up that way because there was one primary contract.</p> <p>The Police Department had two different procedures; one of which was for abandoned vehicles but by the time an officer got to where the abandoned vehicle was located, the classification changed from abandoned to derelict vehicle, and because there were two different contracts, they would have to close out the first procedure and start on the second procedure to remove the derelict vehicle.</p> <p>Additionally, AC Ke discussed the Department's study, which led to a solution whereby both services are now covered by a single towing contract, allowing the vendor if they meet the criteria to remove both abandoned and derelict automobiles. When there were two contracts, the towing company would go out to the location of the abandoned vehicle. If it didn't meet the criteria they would leave and charge the Department a gone-on-arrival fee and KPD would have to start the derelict vehicle process, which meant that the period the vehicle had to be extended and so KPD wanted to shorten that.</p>	

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	<p>AC Ke explained that they looked at the specifications and spoke to some of the towing companies to get an idea of how to make the process more efficient. As a result, KPD updated some of its specifications on what they charge for a vehicle.</p> <p>After engaging with the purchasing division, they developed what they believed to be appropriate specifications to submit in the invitation to bid. As a result, they received responses for different bids and they selected the tow firm that met all of the requirements to get the towing contract. If he's right, June 29th is when the contract was signed. Since the contract's execution, the towing company has fulfilled all of the requirements and expectations stated in the contract, as well as providing KPD with excellent service.</p> <p>Chair-elect Lister noted that he heard Commissioner Luck mention earlier that the contract was open-ended. He asked AC Ke if he could provide a little more detail on that.</p> <p>AC Ke explained that because the procedure was still relatively new, KPD wanted to make sure they had other options in case they decided they didn't like the contract's terms and didn't want to be locked into a multi-term agreement. As a result, KPD drafted the contract as a one-year agreement with extensions included. If things went well, they could prolong it; if the towing firm concurs, they could do so for another year or up to five years.</p> <p>Vice Chair Lister questioned whether there was potential for renegotiation and whether the current terms would remain in place if the contract was renewed. Given that inflation is a significant component, it is critical to maintain competitiveness because costs will rise in the future. AC Ke replied that if the towing company didn't agree to the extension, KPD</p>	

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	<p>would have to go out for a rebid because what may be good for the first year, may not be good for the second year.</p> <p>Chair-elect Lister asked if, at that point, the contract would be terminated by both parties to which AC Ke replied yes.</p> <p>Vice Chair-elect Luck asked who sets the towing fees to which AC Ke replied that the specifications are included in the invitation for bid.</p> <p>Vice Chair-elect Luck inquired as to whether KPD has a dedicated person who performs checks and balances on what they consider to be a fair cost per car, such as a low bidding procedure.</p> <p>According to AC Ke, internal estimates of the costs for the different geographical tow zones were developed by examining past agreements as well as other active contracts within the county and KPD. As a result, they came up with what they felt were reasonable cost estimates for the different tow zones. Geographically there are 5 tow zones with different classifications of vehicles such as abandoned vehicles, derelict vehicles, and vehicles that are considered gone on arrival tow.</p> <p>When the Department went out to certify their funding for the bid, they were within the \$5000 range based on the low bid that came in. Being that some of the bids that came in were quite high they lucked out.</p> <p>Chair-elect Lister stated that staying within the \$5000 range covers the total value of the contract and the total number of vehicles per cost, per zone, for the year to which AC Ke replied yes.</p>	

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	<p>Vice Chair-elect Luck commented that next year they would have to revisit the contract with a new budget to which AC Ke replied that yes, and stated that in May of this year, they will be meeting with the vendor to try to figure out the new costs and if the vendor will agree to extend for another year.</p> <p>Commissioner Waikoloa questioned AC Ke about whether he was tracking last year's data to see how much the previous pricing cost compared to the new pricing. AC Ke replied that based on what he's seen and heard it seems that they are on track with the amount of vehicles towed and expenses.</p> <p>Commissioner Waikoloa commented that she was glad that they were able to lessen the time a vehicle has to stay on the roadside.</p> <p>AC Ke commented that the longer a vehicle stays on the roadside things tend to go missing from the vehicle which can be very costly because the towing fees differ, and complaints from the public will start to pour in.</p> <p>Vice Chair-elect Luck stated that the process seemed a bit complicated. She asked how many days a car has to stay out there before they can legally tow it to which AC Ke replied 24 hours for abandoned vehicles but derelict vehicles can be processed and towed the same day.</p> <p>Vice Chair-elect Luck asked what type of performance metrics they look at in terms of the tow company's performance to which AC Ke replied that based on his staff's input the tow company has and is continuing to meet all of the requirements outlined in the contract.</p>	

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	<p>Chair-elect Lister asked if there's a significant difference between removing an abandoned vehicle versus removing a derelict vehicle to which AC Ke replied yes, there is a significant difference in the cost and the type of equipment that is needed. Removing a derelict vehicle is more costly because major parts of the vehicle like the tires and tire frames are missing and specific equipment is needed to tow the vehicle. When it comes to removing abandoned vehicles it's much easier because none of the major parts are missing and the vehicle can be towed without the use of any additional equipment.</p> <p>Chair-elect Lister asked what would happen after processing all of the paperwork, the owner of the vehicle took it upon themselves to remove their vehicle and asked if the county would be charged for tow that didn't happen to which AC Ke replied that if the Department ordered the tow, then the county would be liable but at lower cost.</p> <p>Vice Chair-elect Luck stated that without protection built into the contract the tow company could come back to try to recover the cost of gas due to inflation.</p> <p>AC Ke stated that during the term of the contract, everything is pretty much set. Near the end of the contract, discussions would start to take place to address fuel and maintenance costs that have gone up. At that point, they would go out for a bid again then it would depend on the responses they receive. What he will say though, is that it doesn't only apply to the current towing company it applies to all of the other tow companies the Department has used in the past and has a good working relationship with. The Department has been very fortunate that the costs, since he's been involved, have not gone up significantly, and he hopes that it will stay that way.</p> <p>Vice Chair-elect Luck asked if it is a standard practice for the county to accept the lowest bid to which AC Ke replied that is a question for Assistant Procurement Officer Ernest Barreira, and to clarify it's not only the lowest bid a vendor must meet the specifications in the contract.</p>	

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	<p>Commissioner Waikoloa recalled learning about specific scenarios in which cars on cliffs or over their sides will incur higher costs, regardless of whether they are abandoned or derelict automobiles. She inquired as to how the Department's predicted pricing is determined.</p> <p>AC Ke retorted that those costs—also known as an out-of-scope or difficult tow, especially if the car is on a beach—are not covered by the agreement. They would collaborate with the towing firm to determine the boundaries of their authority to address the situation and then the Department would have to ask for additional quotes. Often, the vendor would present a low bid because their scope is right at the scene. If it was another vendor, they would charge the Department a higher fee to come out and tow the vehicle.</p> <p>Vice Chair-elect Luck recalled at the last meeting it was mentioned that the vehicle's VIN was in a place where it could be easily scratched out. She asked if the VIN was located in other parts of a vehicle not easily accessible to which AC Ke replied in some vehicles, but not all.</p> <p>Chair-elect Lister asked AC Ke if he felt the zones were effective to which AC Ke replied yes because the way that it is structured is in line with the patrol beats and it also falls in line with KPD's records tracking system.</p> <p>Chair-elect Lister stated that because the towing company has to maintain insurance, he assumes that those costs are built into their fees and there's nothing the county needs to do to which AC Ke replied that the county sets the requirements and the towing company has to meet those requirements and he assumes that they are adding it into their fees.</p>	

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	<p>Vice Chair-elect Lister asked if driving a tow truck requires a certain type of license to which AC Ke replied it depends on the type of tow truck it is. Some require a CDL license and he believes that their vendor trucks require a CDL license.</p> <p>Chair-elect Lister asked about his experience dealing with contracts there is a better system for lessening costs and what could be done differently to which AC Ke replied that the Department right now is conducting an internal assessment of the whole process. The purpose of the assessment is to try to figure out ways to shorten the process, and how to do things better and more efficiently. A lot of it is administrative delays so they need to tighten things up and see if they can do things better. Besides that, he doesn't have any suggestions.</p> <p>Vice Chair-elect Luck stated that she could not recall the number of vehicles, but did the numbers increase to which AC Ke replied that there was a period when the Department carried a vacancy for a permanent abandoned vehicle coordinator. When the person left the Department had to fill that gap with administrative staff to pick up the load. All of the scheduling came to a stop so they had to train some of their staff to know the system. As for the numbers, they had some catching up to do so the numbers were a little off from year to year, but he believes that they have finally caught up and it looks like it's getting back to where it was before the gap. The good news is they hired someone internally to fill the position and he thinks she started today.</p> <p>He added, saying he had brought some numbers. Cost-wise, for the current fiscal year, they paid \$36,125.00 to remove 153 abandoned vehicles, and \$40,571 to remove 163 derelict vehicles. Considering that there were 240 abandoned cars in 2021–2022, it appears that they are in line. To date this year, they have been able to recoup \$4950.00. To give the Commissioners an idea, they would notify the owner and, if they can locate</p>	

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	<p>the registered owner, they would provide them with a list of the towing charges that KPD can collect. There is also a storage fee and those fees go to Puhi Medals.</p> <p>Chair-elect Lister asked AC Ke what could be done to increase the recovery fees.</p> <p>In response to Chair-elect Lister's question about ways to raise recovery fees, AC Ke stated that the largest obstacle is not limited to a county level but rather exists throughout the entire state. Without this information, they wouldn't know who to charge.</p> <p>Vice Chair-elect Luck wondered if there were signage opportunities for informing the public about the consequences of abandoning their vehicles on the side of the road. In response to her inquiry, AC Ke agreed although it would still lead back to the vehicle registration process that is in place. The best practice is for the seller and the buyer to meet at the DMV to do the paper transfer with a notary present.</p> <p>Chair-elect Lister stated that having a notarization process involving both parties at the DMV could help the situation.</p> <p>AC Ke stated that he thinks revisiting the process is a good way to figure out how to make the process work efficiently.</p> <p>Vice Chair-elect Luck – the county cannot make notarization mandatory because private car sales have to follow a certain procedure and it would be unconstitutional. AC Ke stated that some states do make it mandatory where the seller and the buyer would have to be a part of the vehicle registration process. If she looks around, she could find some guidance, but he thinks it is a legislative process.</p> <p>There being no further questions or comments from the Commissioners, Assistant Police Chief Ke left the meeting at 9:45 a.m.</p>	

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	<p><u>C. Representative from the Department of Finance and Real Property Assessment Division to address the number of appeals that were filed, how many appeals were filed valuation v. exemption, and the number of resident investors that are residents of Kauai v. off-island for the past 5 fiscal years (FY 17-18, 18-19, 10-20, 20-21, and FY 21-22.)</u></p> <p>Chair-elect Lister welcomed Real Property Tax Manager Mike Hubbard to the meeting.</p> <p>Mr. Hubbard passed out information on data reflecting the number of appeals that were filed, the number of appeals that were filed valuation v. exemption, and the number of resident investors v. off-island for the past 5 fiscal years.</p> <p>Mr. Hubbard pointed to the five handouts that showed the assessments from the previous five fiscal years in response to the first query concerning the number of appeals that were filed. He clarified that the center column shows the various reasons why people petition for an appeal, and the third column shows the number of appeals filed for each specific cause.</p> <p>Vice Chair-elect Luck stated that information only underscores the complexity of the scope the staff at the real property assessment division have to consider to ensure everyone is treated fairly and in line with the exemptions.</p> <p>Vice Chair-elect Luck asked how many attorneys are assigned to the real property assessment division to which Mr. Hubbard replied that one county attorney is assigned to fiancé and one attorney is assigned to the Board of Review. He added that the attorney assigned to the Board of Review is there to advise the board members and to make sure the board decisions comply with the tax codes.</p>	

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	<p>Vice Chair-elect Luck noted that the Board of Review is the body that makes the determinations on appeals to which Mr. Hubbard replied yes and that the attorney assigned to the real property assessment division is there to address legal questions and to give their staff guidance on the ordinance.</p> <p>According to Mr. Hubbard, should real property assessment division determine that the assessment exceeded 115% of fair market value (which is grounds for appeal) and if the property for some reason qualified for an exemption for which the application was submitted and all conditions were satisfied, real property assessment division will exempt the taxpayer. That's not usually the case, though, since people often discover after the fact that they could have requested an exemption and would like to do so. Those applications would go to the Board of Review, where they typically don't have a good conclusion because they were not filed by the deadline.</p> <p>After reading the two attachments, Vice Chair-elect Luck questioned whether the public understands the business of the government, the communications that come from the government, and if it was possible for the real property assessment division to do it in plain language.</p> <p>Commissioner Waikoloa asked if there was a way to simplify attachments further.</p> <p>Vice Chair-elect Luck commented that she thinks that the county attorney would have to approve the language first before the mailer can be sent out to the public. According to Mr. Hubbard, he doesn't believe the lawyers will look over the attachments, and they hit the mark when it came to their point. Reaching out to every single property owner makes it extremely difficult to emphasize some of the features and points of a very complex tax legislation. The real property assessment division, as a suggestion, could</p>	

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	<p>consider creating a simple and direct mailer for those who wish to submit for an income exemption or who might forget to apply for a home exemption.</p> <p>But because it happens only once a year, they would have to get all of the information out that is required by the code in the mailer and he hopes that someone is going to read it. Again, to their point, the real property assessment notice attachments are very wordy and they are going to try to capture as much of the information as possible, and this was the one time of the year that he could get the mailer out to the public because that is what the code requires his office to do. They've procured the ability to provide those attachments in the assessment notices but again, it's difficult to try to play favorites as to what message they can provide instead of trying to cast the net wide and hoping that they can catch as many people as possible.</p> <p>Commissioner Waikoloa asked relative to the new classifications and the new exemption amongst the increase, does he expects fewer appeals or if he's just estimating.</p> <p>Mr. Hubbard replied that they kind of know the future because of the past year's stats. For this year they're almost done with most of the appeals and are close to 1000, which historically, is a lot of appeals. He has 3 or 4 timeshares, hotels, as well as other bulk type of properties that will make up half of those appeals. He feels that they are going to get back to what the typical average is or slightly higher if they have 400 individual appeals and the rest constitute bulk. As exemptions go up people are starting to find out about exemptions that can be provided for them, which is always helpful.</p> <p>Chair-elect Lister asked if condos and hotels could be handled as one class whereas, whatever the real property assessment division determines for one unit is the same for the rest of the units. Mr. Hubbard replied that is how they are handling it now.</p>	

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	<p>Chair-elect Lister stated that at the last meeting, he (Hubbard) mentioned that his division lost its AG dedication specialist, did they find someone to fill the position? Mr. Hubbard replied that the person is doing their new-hire orientation and will start work today.</p> <p>Mr. Hubbard stated that the county recently procured a new website vendor and has a special procurement to work on the database which is linked to kauai.gov. The website offers features like how-to Informational videos, important filing dates, a stay-inform module, and new press releases. the real property assessment division is working on expanding its website to include a frequently asked questions module. The website can be updated as needed.</p> <p>Chair-elect Lister asked when someone files an appeal the real property assessment division does something special to inform the person that this is the reason for their appeal, and the context to that is if there's something similar that only addresses the reason for which they have appealed.</p> <p>Mr. Hubbard stated that currently, they do not offer that type of service, they do a more generalization approach. He explained that the main context is the taxpayers have the burden and responsibility to prove the county wrong. Their job is to defend the county and preserve the county's certified tax rollout and taxes that have been budgeted. The appellants need to prove that the county was wrong – that's the commonality for all appeals, and that is fairly evident in the attachment that they mail out.</p> <p>Vice Chair-elect Lister asked what the success rate is for appeals to which Mr. Hubbard replied that it depends on the category. Again, there are a lot of appeals that get settled which is good for the taxpayers and the county. He offered to get the Commissioners statistics on the appeals success rate.</p>	

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	<p>Chair-elect Lister noted that because the information has no bearing on any cost savings measures, he doesn't want to take up any more of his time.</p> <p>Boards and Commissions Administrator Ellen Ching noted that the Board of Review is responsible for publishing an Annual Report. In general, the public's perception is that when filing an appeal the county always wins. She will say though it depends on how one categorizes a win. As Mr. Hubbard stated earlier, if there is an agreement between the county and the taxpayer, the county sees it as a win for the taxpayer because, otherwise, they will say that they don't owe a hundred dollars and the county would say yes, you do. She doesn't have the most recent stats but she did review the past three to five years and the percentage favored of the taxpayer on appeals.</p> <p>Vice Chair-elect Luck asked if the HUD numbers are used to determine low income, to which Mr. Hubard replied yes. Vice Chair-elect Luck stated that with 50% of the median household income it would be difficult for them to determine for themselves where they would go.</p> <p>Mr. Hubbard replied that it would go through the application process preferably in April when people are doing or are done with their tax returns. A family of four is the county's median household income and they will calculate the exact number as soon as they have a copy of their tax returns. Another way is they could come in person and fill out an application and his office would file it, and when it's time, the application is already in the system, all they have to do is present their tax returns.</p> <p>Chair-elect Lister asked relative to the tax relief program what the deadlines are. Mr. Hubbard replied that the deadline for AG dedication/ historical exemption is July 31st of each year and the deadline for regular exemptions is September 30th of each year.</p>	

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	<p>Vice-Chair-elect Luck asked what the safe room provision is. Mr. Hubbard explained that a safe room is an independent slab, with solid walls, and an independent ceiling. It is used in case of a hurricane. The exemption for a safe room is \$47,000 of the value and based on his calculation equals to hundred dollars a year.</p> <p>To address the second question of how many appeals were filed for valuation v. exemption. Mr. Hubbard referred to an Excel worksheet that he sent to Ms. Ching to share with the Commissioners. He noted that he sent the Excel sheet to Ms. Ching to save on paper. He then explained that the worksheet reflect the names of the owners and their addresses for the residential investor tax class for the years that were requested by the Commission.</p> <p>Vice Chair-elect Luck noted that the names of the residential investors are not necessary.</p> <p>Mr. Hubbard stated that he was unsure about how the question was designed for him to answer because a Kauai resident could have had a second home that hadn't been rented out and was appropriately classified as a residential investor. This is similar to someone from the mainland or Honolulu who has a second home that was not being used as a long-term rental and was also appropriately classified as a residential investor.</p> <p>Mr. Hubbard stated that he hasn't kept track of any residential investors because the ordinance that created the residential investor class doesn't want to tax mainland people differently from Kauai residents, and questions why the Commission needed to look at who the Kauai residents were in the residential investor tax class.</p> <p>The County Council drafted an ordinance to change the definition, shorten the waiting period, and make things simpler for his office to service those who were duped by the residential investor class and were unaware of the paperwork they needed to provide to his office to ensure everyone was in the appropriate class even after the deadline existed.</p>	

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	<p>He asked if the Commission wanted to go through the Excel worksheet and make assumptions on the Zip codes as to whether the people on the list were Kauai residents or if the Commission wanted to assume that everyone in Honolulu was not a Kauai resident or wanted to assume that everyone in California was not a Kauai resident it could him help answer the question because he is not going make those assumptions for the Commission.</p> <p>Chair-elect Lister asked from the county’s standpoint, the people who live in their homes on Kauai may own a second home and you have people who live elsewhere who own a home on Kauai that is not being lived is being taxed as a residential investor. Mr. Hubbard replied yes, and noted the residential investor class no longer exists.</p> <p>Chair-elect Lister asked what that residential investor tax class changed to. Mr. Hubbard replied that it was changed to non-owner-occupied residential. Chair-elect Lister asked what the reason was for the change, to which Mr. Hubbard replied that the change was made at the legislative level, and his office has to follow those changes.</p> <p>Mr. Hubbard explained that in 2023 his office had a chaotic year for the 2022/ 2023 assessments, and the ramifications of that were confusion and anxiety. However, it was decided that things were going to get better by getting rid of that tax class altogether.</p> <p>Before the residential investor tax class existed, every homeowner was classified as residential and had a second home, but since that, it has been updated to non-owner occupied residential. The point of that was the assessment notices that they sent to the people is when they see non-owner occupied residential, they don’t assume they are in</p>	

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	<p>the correct tax class if they are a homeowner and live on the property because they should be owner-occupied.</p> <p>Chair-elect Lister asked if the people are taxed the same to which Mr. Hubbard replied that the County Council and the Administration can tier every single tax class. The tiering structure brings progressivity to the class code and will allow higher-value properties to be taxed at a higher tax rate. It's only incremental on the value, so if the tier threshold was a million or 3 million everyone is taxed at the same tax rate.</p> <p>Vice-Chair-elect Luck encouraged his office to put in plain/simple language and provide examples because time is money and fewer calls made to his office would allow his staff to address the more pertinent issues.</p> <p>Going back to the agenda, Commissioner Pancho pointed out that the answers Mr. Hubbard just provided to the second question, the Commission didn't ask for that. Looking back at the previous meeting minutes, the motion he made was to get information on a breakdown of outstanding tax balances per tax class. The question was not about residents versus people off-island.</p> <p>Administrator Ching apologized for the oversight and will be sure it is placed on the next agenda.</p> <p>Mr. Hubbard mentioned that the handling of outstanding tax balances is a separate process from the appeals process. Relative to any unpaid taxes, real property has been successful in collecting balances by threatening foreclosure and by offering a payment plan. He added that there are properties that are languishing in the book because there is</p>	

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	<p>no way of knowing who the owner is and it would be cost-prohibitive for them to procure services to go after those properties.</p> <p>Vice Chair-elect Luck asked how many properties there are to which Mr. Hubbard replied that there are less than 20 properties that are still in foreclosure. There are about a hundred properties that are in some form of delinquency, whether it's a missed payment or a missed partial payment.</p> <p>Vice Chair-elect Luck asked if the county could purchase land that is under foreclosure to address the need for affordable housing and what would the cost-benefit be in terms of value. Mr. Hubbard replied that he doesn't know if the county can purchase foreclosures in a non-judicial sense. In judicial foreclosure the county could do a credit and could end up with the property; however, some properties may not be suitable for affordable housing.</p> <p>Back to the agenda, Commissioner Pancho regarding the outstanding balances, asked about what the percentage/recovery rate of those balances was, being that there are high-value amounts per year.</p> <p>Mr. Hubard replied that he would have to break it down by, maybe, the outstanding balances per fiscal year to try to get what they collected in the fiscal year 2018-2019 since the billing dates.</p> <p>There being no further questions or comments from the Commissioners, Real Property Tax Manager Mike Hubbard left the meeting at 10:35 a.m.</p>	
<p>CCC 2024-2</p>	<p><u>Discussion and possible decision-making on the Cost Control Commission's 2023 Annual Report.</u></p> <p>Ms. Ching stated that the 2023 Annual Report was based on conversations the</p>	

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	<p>Commission had over the last couple of months. She noted that she sent the draft to the Commissioners and did not receive any feedback so the Report the Commission has before them is the final draft Report. She asked Chair Lister if he could call for a motion to approve the Report as amended because she needs to send the Report to the Mayor and the County Council.</p> <p>Additionally, Ms. Ching explained that because she didn't know any of the details of what the processes were she contacted the staff at the Real Property Assessment and the Real Property Collections to go over with them exactly what the processes were because for the Cost Control Commission to make a recommendation, there needs to be some understanding of what those processes are and justification for the recommendations.</p> <p>Looking at the Report, Vice Chair-elect Luck stated that in addition to the two recommendations she wondered if the Report could capture the other conversations the Commission had that did not result in a recommendation.</p> <p>At 10:40 a.m., the internet connection was lost. The Commissioners were advised to hold off from discussion until staff could reestablish the connection to the internet. Chair-elect Lister called for a recess.</p> <p>At 10:50 a.m., the internet was reestablished and Chair-elect Lister called the meeting back to order.</p> <p>Ms. Ching explained to the Commissioners about the process for transmitting the 2023 Annual Cost Control Commission Report to the Mayor and the County Council.</p> <p>Vice Chair-elect Luck noted that the Report should also include the Cost Control</p>	

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	<p>Commission’s recommendation to the Charter Review Commission. Ms. Ching explained that because it’s not a cost-saving recommendation to either the mayor or council, it was not included in the Report. Chair-elect Lister concurred.</p> <p>Commissioner Waikoloa recalled a discussion on a saving measure to eliminate the mailouts and target electronic messaging for the group that pays electronically.</p> <p>Chair-elect Lister agreed that electronic messaging does make a lot of sense. He asked what the differentiation was in terms of a legal requirement for receiving bill notices by mail or electronically.</p> <p>Deputy County Attorney Chris Donahoe replied that for real property tax purposes being delivered to a legal tax-related address electronically, may or may not happen because email verifications must be properly established. In his experience, there have been challenges with emails because a person may say they didn’t get the notice via their email address because it was sent to an email address that had nothing to do with the real property matters or has been sent to an old email address that they no longer use.</p> <p>Chair-elect Lister stated that if the county wanted to pursue it, it would give taxpayers the option of going paperless which in his mind is a cost-saving measure. Vice Chair-elect Luck stated that it could include other departments not just the real property assessment division.</p> <p>Commissioner Waikoloa recalled that the Commission touched on the issue briefly late last year so it wouldn’t be included in the 2023 Annual Report.</p> <p>Ms. Ching pointed out that the issue is much bigger than taxes. It affects a wide array of</p>	

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	<p>other county pay-for-good notices that the county sends out therefore she would recommend that the Commission investigate the matter and include it in the 2024 Cost Control Commission Annual Report. Secondly, the Commission may want to consider that Covid pushed the county to go digital, and with the core of senior citizens who would rather pay their bills in person obviously would not feel comfortable paying their bills online. But there will come a time when everything is done electronically, is that time now, maybe, or maybe not, nonetheless, she feels that the Commission should start the conversation now.</p> <p>Deputy County Attorney Donahoe pointed out that all recommendations should come with justification.</p> <p>Chair-elect Lister stated that the Commission needs to investigate how it is going to save the county money and what are the costs to do it which led him to the question of whether the Charter Review Commission elects to adopt the Cost Control Commission's request.</p> <p>Ms. Ching stated that she would ask the different departments how many of them send out paper notices, what are those paper notices and how many times a year they have to send the notices out by mail.</p> <p>There being no further discussion, Chair-elect Lister called for a motion to accept or amend the 2023 Annual Report.</p>	<p><u>Motion</u> There was a motion by Vice Chair-elect Luck to adopt the 2023 Annual Cost Control Commission Report with the amendment to the change chair's signature line from Chair Rodighireo to Chair Andre Lister. The motion was seconded by Commissioner Waikoloa. Hearing no objections, the motion carried unanimously.</p>
<p>CCC 2024-3</p>	<p><u>Update on the Cost Control Commission's Charter amendment proposal.</u></p> <p>Ms. Ching confirmed that the Charter Review Commission is in the process of formatting the wording of the ballot questions, the purpose, and the background. The document is in a Ramseyer format that shows the difference between the existing codified content and</p>	

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	<p>the proposed codified content. As for the Cost Control Commission’s proposed amendment, the CRC is working to refine the language, and come June will have the final language on what will appear on the election ballot.</p> <p>Chair-elect Lister asked should the Commission’s proposed amendment make it on the ballot what election year they are looking at. Ms. Ching replied that it will appear in the November 2024 election ballot. Chair-elect Lister if the proposal is approved by Kauai voters when would the amendment become effective is to which Ms. Ching replied that once the County Clerk certifies the election results and sends it to her, that will be the effective date.</p> <p>Deputy County Attorney Donahoe stated that it would become effective on the date the Office of Boards and Commission receives the certified results from the county clerk.</p> <p>Ms. Ching pointed out that the recommendation to waive the ACH fees will increase costs because the county would have to come up with the money upfront, but she wrote it in such a way that although it will cost the county money, in the long run, the county will be saving in staff time and from having to hire additional positions.</p> <p>Chair-elect Lister stated that he attended a Charter Review Commission meeting and thinks that the Commission’s proposal was well received and the Commissioners were able to understand what the Cost Control Commission was asking for. He also learned that change can only be adopted by the Kauai voters and if the voters don't want it or they don’t understand it, they will leave the ballot question blank.</p> <p>Ms. Ching stated that if the Commission wanted to publish a letter in the Garden Island Newspaper in support of the amendment the Commission could put it on the agenda for discussion and decision-making, preferably in October, a month before the election.</p> <p>Ms. Ching clarified that as individuals they may talk to their friends about the proposal but</p>	

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	<p>not in the capacity of a Cost Control Commissioner unless the Commission designates a Commissioner to be a spokesperson on the matter.</p> <p>Mr. Donahoe advised the Commissioners if they get approached by someone from the public asking their thoughts on the amendment say it's a great question for the agenda.</p>	
Executive Session	<p>Under HRS§ 92-7(a), the Commission may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held under HRS § 92-4 and shall be limited to those items described in HRS §92-5(a).</p>	<p>No executive session.</p>
Adjournment	<p>There being no further business, Chair-elect Lister called for a motion to adjourn the meeting.</p>	<p>There was a motion by Vice Chair-elect Luck to adjourn the meeting. Commissioner Pancho seconded the motion. Hearing no objections, at 11:06 a.m., the meeting was adjourned.</p>

Submitted by: _____
Mercedes Omo, Staff Support Clerk,

Reviewed and Approved by: _____
Andre Lister, Chair-elect

() Approved as circulated on

(x) **Approved as amended on March 7, 2024. See the minutes of the March 7, 2024 meeting.**