

Small Business Regulatory Review Board

MINUTES OF REGULAR MEETING & ANNUAL PLAN

July 18, 2007

No. 1 Capitol District Building – Conference Room 410

I. **CALL TO ORDER:** Chair Woods called the meeting to order at 10:28 a.m., with a quorum present.

MEMBERS PRESENT:

- Lynne Woods
- Sharon L. Pang
- Michael Yee
- Dorvin Leis
- Donald Dymond
- Richard Schnitzler
- Bruce Bucky
- Charles Au
- Peter Yukimura

ABSENT MEMBERS:

STAFF: DBEDT Office of the Attorney General
 Dori Palcovich
 Steven Bretschneider
 Ilene Deutsch

GUESTS:

Daniel Dinell, Executive Director, Hawaii Community Development Authority (HCDA)
 Reg White, Owner and Vice President, Paradise Cruise, Ltd. / Kewalo Ocean Activities (KOA) member
 Mike DeRego, President, Inter-island Sport Fishing, KOA member
 Gary Dill, Professional Fisherman, KOA member
 Frank Mento, Vice President of Kahala Catamarans, KOA member
 Brian Ho, Attorney
 Barbra Pleadwell, Owner, Hastings & Pleadwell
 Kayleen Polichetti, Account Executive, Hastings & Pleadwell

WORKING LUNCH AS THE MEETING PROGRESSED

II. **APPROVAL OF MINUTES:** Minutes of the June 20, 2007 Board meeting were approved as presented.

III. OLD BUSINESS

Follow-up on HAR Chapters 15-211, 15-212, 15-213, and 15-214, "Relating to Rules for Kewalo Basin" (DBEDT/HCDA) – Mr. Daniel Dinell, Executive Director of HCDA, explained that great progress has been made with the HCDA Board and KOA members, and distributed a summary of rule comments and revisions that were made since this Board last reviewed the proposed rules. He announced that the second public hearing is scheduled for August 1, 2007. In regards to whether or not the harbor should be restricted to commercial use only, Mr. Dinell explained that Kewalo Basin should be a mixed use harbor with a prioritization schedule. The fishing fleet will have slip priority, the commercial fleet will have the next slip priority and the recreational fleet will have the last slip priority. HCDA is anticipating repairing the slips and is expecting to have more slips available in the future. He also explained that the users of the harbor object to the proposed rule change that defines permit premium as a graduated amount which is between \$2,500 and \$75,000 and is based on the length of the vessel; he noted that this is the same as DLNR's definition. In addition to this issue, there is still disagreement on the two tier system, ground transportation permit fees, and the definition of the type of permits that reference "use" versus "revocable."

Mr. Frank Mento, member of KOA, explained that KOA agrees with some of HCDA's recommendations but does not stand by the theory that KOA agrees to disagree with some of the other recommendations, as remarked by Mr. Dinell. He distributed and discussed the Progress Report from KOA, dated July 18, 2007. He reiterated that unresolved concerns include the two tier rate schedule, the transfer premium/sale of

business premium, and the change use from commercial only to mixed use. Another concern is the provision for no reciprocity with other harbors because it will prevent continued commercial activity by the long liners and bottom fishers. He explained that some of the minor problems that are still unworkable and unacceptable by KOA include the liability requirement, the proposed metered parking at net shed, and the proposed booth rental fees. Additional issues include unresolved legal jurisdiction over Kewalo Harbor's management functions, that House Speaker Say and Representatives Brower and Ito have yet to receive a status quo from Governor Lingle, and that KOA requests continued dialogue until an agreement to all the unresolved issues prior to the scheduled public hearing.

Mr. Gary Dill, a professional fisherman and KOA member, expressed that there have been no meaningful changes to the proposed rules since this Board met last month, only minor changes. He explained that because the rules do not include reciprocity with other harbors, it causes an extreme increase in the cost of commercial activities. Mr. Mike DeRego, president of Inter-island Sport Fishing and KOA member, stated that the two-tier issue is a problem, largely because of the nebulous language in the rules. He has been a captain for thirty-five years and explained that Kewalo Basin is the most dangerous harbor to negotiate the south swell. In regards to the transfer fee, he explained that it is not fair that he will have to pay this fee when his nephews inherit his business, considering his family has spent the last fifty-seven years operating and nurturing their business in Kewalo Basin. Mr. Brian Ho, an attorney representing four companies operating out of Kewalo Basin including X-Treme Parasail, Diamond Head Parasail, Diamond Head Parasail & Water Sports, and Honolulu Screamer, explained that on June 27th three issues were discussed between KOA and HCDA, the language pertaining to the two tier rate schedule, the transfer premium, and whether the harbor would be commercial or mixed use, with no agreed upon resolution. He stated that the transfer fee is unacceptable and the mixed use issue will probably never be overcome.

After a series of questions and answers, Chair Woods explained that the issue at hand is whether to take these proposed rules to public hearing or not. An open discussion ensued with each board member voicing their opinions and perceptions. The overall agreement was that the rules must go to public hearing, but they encouraged more discussions amongst the parties in order to help resolve the remaining issues, and that there must be a give and take among all the parties. The members were concerned with the reciprocity issue, the two tiered system, that HCDA Board was not interested in pursuing additional discussions, that there was a clash of privatization versus government run ownership, and that there is no other place for the Kewalo Basin small businesses to go. After much discussion, Ms. Pang recommended that the proposed rules proceed to public hearing because it is part of the rule review process; the Board unanimously agreed. Mr. Dinell stated that he appreciated this Board's attention to the proposed rules and noted that the members' work is done with grace and diplomacy.

IV. ELECTION OF 2007–2008 SBRRB OFFICERS – Mr. Schnitzler nominated and recommended Ms. Woods as Chairperson; the Board unanimously agreed. Mr. Leis nominated and recommended Ms. Pang as First Vice Chairperson; the Board unanimously agreed. Mr. Schnitzler nominated and recommended Mr. Yee as Second Vice Chairperson; the Board unanimously agreed.

V. ANNUAL PLAN – Chair Woods requested that each member provide their individual goal for this Board for fiscal year 2008. Upon much discussion, the six most important goals encompassed communication, more strength, more receptive department heads, a powerbase, legislative support, and the implementation of a regulatory alert system. In supporting these goals, the following projects and timelines were established.

- Speakers Bureau – this project will begin in September 2007 with the following members committed to speaking to various small business venues, Lynne Woods, Michael Yee, Bruce Bucky, Charles Au, Peter Yukimura, and Sharon Pang
- Regulatory Alert Project – Lynne Woods and DBEDT staff member Dori Palcovich will research the implementation of this project and periodic updates to the members
- Legislative Project – this project will begin in November 2007; meetings will be scheduled with the legislators
- Department Meetings/201-M Project – this project will begin within two weeks; letters to agency directors will introduce the respective board members as discussion leaders and contact information to schedule a meeting

VI. ASSIGNMENT OF DISCUSSION LEADERS - The following discussion leader assignments were discussed and approved. Chair Woods will be responsible for Public Utilities Commission, Office of the Governor and back-up discussion leader for the Departments of Labor & Industrial Relations and Commerce and Consumer

Affairs. Vice Chair Pang will be responsible for Department of Health (Medical Division), Department of Human Services and Department of Commerce and Consumer Affairs. Second Vice Chair Yee will be responsible for Department of Health (Environmental Division) and back-up discussion leader for Department of Land and Natural Resources. Mr. Leis will be responsible for Department of Accounting & General Services, University of Hawaii, and Office of the Lieutenant Governor. Mr. Dymond will be responsible for Department of Attorney General, Department of Budget & Finance, and back-up discussion leader for Public Utilities Commission. Mr. Au will be responsible for Department of Taxation, Department of Hawaiian Home Lands, and Department of Education. Mr. Schnitzler will be responsible for Department of Agriculture, and Department of Business, Economic Development & Tourism, and back-up discussion leader for Department of Land & Natural Resources. Mr. Bucky will be responsible for Department of Human Resources and Department of Transportation. Mr. Yukimura will be responsible for Department of Defense. The remaining departments will be assigned to new board meetings.

VII. REPORT FROM HASTINGS & PLEADWELL

- A.** Discuss and review of final survey results from Ward Research, Inc. – Ms. Kayleen Polichetti, Account Executive at Hastings & Pleadwell, explained that the Ward Research survey was very valuable, provided an overview of the thoughts of small business owners and was pleased that 305 people took the time to answer the survey questions. Taxes were the most common issue reported by small business with twenty-five percent claiming this was critical. A third of the businesses reported being negatively affected by state or county rules and regulations in the past few years. Currently, small businesses are receiving information about government rules and regulations through the newspaper and direct mail, but prefer to learn about rules and regulations through direct mail and email. Seventy-one percent of the business owners do not know or know little about the Department of Business, Economic Development and Tourism (DBEDT). In conclusion, Ms. Polichetti stated that there is a great opportunity for this Board to educate the small business community about its services and its success stories. There is great interest among the business community to stay informed about rules and regulations, and a fair amount interest in participating in the process through meetings.
- B.** Discuss and update of Small Business Bill of Rights brochure - Mr. Bretschneider explained that he made a few stylistic and formatting changes to the brochure, and once he receives Director Liu's approval, the final version will be downloaded onto DBEDT's website.
- C.** Discuss and review Communication Plan – Ms. Pleadwell explained that getting the word out about this Board through speaker circuits, word-of-mouth and earned media strategies are especially important for reaching the small business community, which will give the small business community reasons to take advantage of this Board's services. Ward's research showed that communication through email and direct mail, which is a relatively low expense compared to a big paid media plan, will be tied into the Board's annual strategic communication plan.

VIII. ANNOUNCEMENTS – Chair Woods announced that member George Handgis resigned from this Board because a business owned by one of the members on this Board is in the process of a legal action against him, and explained to Chair Woods that it is a conflict of interest for him to sit on this Board. Chair Woods accepted Mr. Handgis' resignation, which was sent to the Governor's office.

Chair Woods announced that the Federal Small Business Administration's Office of the Advocacy drafted a press release about the Governor signing Senate Bill 188, "Relating to the Small Business Regulatory Flexibility Act." The press release was well done; DBEDT will send it out to local newspapers for distribution.

IX. NEXT MEETING – Wednesday, August 15, 2007, No 1 Capitol Building, 250 South Hotel Street, Conference Room 410.

X. ADJOURNMENT – Chair Woods adjourned the meeting at 2:52 p.m.