

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

April 6, 2001

**Committee
Report No.**

01-64

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on February 13, 2001, February 27, 2001, and March 15, 2001, makes reference to County Communication No. 01-30, from the Director of Finance, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE TO AMEND ORDINANCE NO. 2866, BILL NO. 48 (2000), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI".

The purpose of the proposed bill is to recognize \$700,000 for the Countywide Service Center (Service Center) in the Bond Ordinance.

Your Committee notes that the Service Center would allow for the relocation of the Real Property Tax Division (RPT) and the Division of Motor Vehicle and Licensing (DMVL), Department of Finance, to a proposed site in the Maui Mall.

Your Committee further notes that the Administration's request for funding for a Service Center was reviewed during the prior Council's Budget Committee's consideration of the Fiscal Year 2001 Budget. The proposed plan was for the Service Center to be centrally located with plenty of parking, where residents could renew their driver's and motor vehicle licenses, and pay their real property taxes, refuse, sewer and water bills. During its review of the request, the Committee raised concerns regarding the \$700,000 appropriation in Capital Improvement Project bond funds for leasehold improvements as well as the \$200,000 appropriation in the Department of Finance's operating budget for lease costs. After considerable discussion, the Committee decided to maintain the appropriations for the Service Center in the Budget Ordinance, but deleted the project from the Bond Authorization Ordinance. The Committee felt it was important that the Administration return to the Council to request authorization to issue the bonds after a site had been secured. The Committee also expressed a

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desire to see that consideration be given to locating the Service Center on County-owned property.

At its meeting of February 13, 2001, your Committee met with the Budget Director, the Director of Finance, and a Deputy Corporation Counsel.

Your Committee received testimony from three individuals. Jocelyn Perreira, Executive Director, Wailuku Main Street Association, Inc./Tri-Isle Main Street Resource Center, stated that it was important to keep governmental facilities in the community of Wailuku as an important anchor for the town and for its continued revitalization. She expressed concern about band-aid fixes as opposed to dealing with long-term solutions.

The RPT Administrator and the DMVL Manager expressed support and justification for the proposed relocation of the RPT and DMVL to the Maui Mall site. They provided your Committee with background information on the growth and crowded conditions in their respective divisions. The RPT Administrator explained that the RPT has grown from 12 employees in 1987 to 30 employees in 2001, with no change in the workspace allocation. The DMVL Manager informed your Committee that the DMVL employs 44 persons who are located in two separate areas at the War Memorial Complex, which results in inefficient operations. Both testifiers indicated that the relocation would enhance their operations. The additional space would allow for the implementation of the new RPT computer system, an increase in workflow efficiency, and additional storage.

Your Committee received the following documents at the meeting:

1. Written testimony from the RPT Administrator dated February 12, 2001.
2. Copy of the Lease Agreement between A&B Properties, Inc. and the County of Maui, dated January 8, 2001 (received from the Director of Finance);
3. Excerpt of Budget Committee Report No. 00-82, dated May 15, 2000 and County Communication No. 00-220, from the Director of

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Finance, providing a recap of the lease negotiated for the Service Center (received from Councilmember Nishiki); and

4. Memorandum dated October 3, 2000, from the Chair of the Budget Committee and the Budget Committee Summary Report as of December 22, 2000, which summarizes testimony on the Service Center received at the November 28, 2000 Budget Committee meeting (received from Committee staff).

The Director of Finance stated that the space issue is critical for these two divisions in order to increase operational efficiency. He further stated that correcting the space issue is the backbone to providing better service to the community and the outlying satellite offices. He noted that one of the Department's long-term visions is to use information technology and cross training of employees to enable the community to pay their County bills at one facility. Currently, in the Makawao area, an individual must go to three facilities to pay for refuse, obtain a driver's license or motor vehicle registration, and reserve a park or gym facility.

The Director of Finance informed your Committee that it is important for the County to do a better job in tracking revenues and consolidating payments. For example, he noted that the current systems do not allow for a central customer information file that would preclude an individual from doing business if the individual has not corrected violations on their property, such as fire hazards. He stated that it is important that government expand and improve its services through the use of new technologies rather than increasing staff. The Director concluded that the Service Center is a step in this direction.

Your Committee deferred the matter pending further discussion.

By memorandum dated February 14, 2001, your Committee Chair requested that Committee members submit, in writing, questions or concerns regarding the Service Center for transmittal to the Administration.

By letter dated February 16, 2001, your Committee Chair transmitted a list of questions regarding the Service Center to the Director of Finance.

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By letter dated February 21, 2001, your Committee Chair transmitted an additional list of questions regarding the Service Center to the Director of Finance.

By memorandum dated February 21, 2001, your Committee Chair provided a copy of the prior Council's Budget Committee minutes of its November 28, 2000 meeting, relating to the Service Center.

By letter dated February 23, 2001, the Director of Finance provided responses to the questions submitted by letter dated February 16, 2001.

By memorandum dated February 26, 2001, Councilmember Arakawa transmitted copies of correspondence dated March 14, 2000, April 17, 2000, and May 4, 1999, between the County and Scott A. Crockford, Vice President, Retail Property, Maui Land & Pineapple Company, Inc., regarding a satellite County office at Kaahumanu Center.

By memorandum dated February 26, 2001, Councilmember Arakawa transmitted a copy of a letter dated June 14, 1999, from Andrew R. Bunn, Esq. to the Managing Director, transmitting a draft lease for a satellite County office at Kaahumanu Center.

By letter dated February 27, 2001, the Director of Finance provided a partial response to questions submitted by letter dated February 21, 2001.

At its meeting of February 27, 2001, your Committee met with the Budget Director, the Director of Finance, and a Deputy Corporation Counsel.

The Director of Finance indicated that the Service Center was never intended to be a satellite office. Rather, the purpose of the Service Center was to consolidate information technology and work processes to better serve the community's needs. He stated that the Administration may look at kiosks in the future to serve as satellite offices for smaller areas. However, the systems and process improvements in the central office of the DMVL and the RPT need to occur first. According to the Director, some issues facing the DMVL are the archaic processes, manual card records, and long inefficient lines.

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The Director informed your Committee that various locations were reviewed prior to selecting the Maui Mall site. He stated that the Kaahumanu Center space was not feasible because it was intended as a satellite center, and would not increase operational efficiency or alleviate the overcrowded conditions at the War Memorial Complex. The Director noted that the most significant variables when considering a lease versus a purchase option are timing and cost. He stated that purchasing property and constructing a building could take three to four years with many unknown costs, while the ability to lease a facility is available now. The Maui Mall site was the largest facility available. The Director also stated that prior to executing the lease, an update of the proposed lease was sent to the prior Council's Budget Committee through County Communication No. 00-220.

Your Committee deferred the matter pending further discussion.

By memorandum dated March 8, 2001, the Council Chair transmitted a letter dated March 6, 2001 from Norbert Buelsing, Executive Vice President, A&B Properties, Inc., responding to statements made in the February 28th *Maui News* on the County's lease of space at the Maui Mall site.

Your Committee is in receipt of a copy of a letter dated March 12, 2001, from Councilmember Arakawa to the Director of Finance, requesting information regarding the Service Center.

Your Committee is in receipt of a copy of a letter dated March 13, 2001, from the Director of Finance to Councilmember Carroll, providing a response to questions from Councilmember Carroll regarding the Service Center.

By letter dated March 13, 2001, the Director of Finance provided additional response to the questions submitted by letter dated February 21, 2001.

Your Committee is in receipt of a copy of a letter dated March 14, 2001, from the Director of Finance to Councilmember Arakawa, providing a response to questions from Councilmember Arakawa regarding the Service Center.

At its meeting of March 15, 2001, your Committee met with the Mayor, the Budget Director, the Director of Finance, and a Deputy Corporation Counsel.

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Your Committee received a copy of a PowerPoint Presentation entitled "County Wide SERVICE Center" from the Director of Finance.

The Director of Finance's PowerPoint overview included the following objectives:

1. Clarify the concept of a Service Center (and relationship to the Administration's goals);
2. Provide context to the discussion on current state of affairs at the most utilized County services (Motor Vehicles and Licensing, Real Property Tax, and Miscellaneous Billings and Collections); and
3. Identify why Maui Mall is the best location for the Service Center at this time.

During the presentation, the Director of Finance reviewed the existing Divisions' workflow for DMVL and RPT, and the planned consolidated central workflow, which would provide for cross training and improved services. Your Committee was shown photographs of the current workspace and lines of people waiting for service, which demonstrated the overcrowded facilities.

Paul Young, President, SMS Solutions Modeling, provided your Committee with the process that his company used to evaluate the DMVL. He presented results of surveys, which showed that the DMVL ranked lowest among the County's divisions for customer satisfaction. Mr. Young stated that the planned workflow improvement came from employee teams established to review their work functions and a review of industry best practices.

Peter Wohl, Business Consulting Practices, Arthur Andersen, LLP, provided your Committee with the benefits of increased space for the RPT. He stated that the new RPT system infrastructure would provide for more rapid realization of system/redesign benefits through increased operational efficiency, better communication among different functional units, increased employee morale and increased levels of customer service.

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Mr. Wohl also informed your Committee that his group recommended that the County have a central billings and collections function. The benefits of a centralized function will increase operational efficiency, create tighter controls, ensure a more timely collection of payments and increase customer service.

Craig Murayama, AIA, Principal, 2020 Design Group, Inc. informed your Committee that his group was requested to assess the feasibility of the Maui Mall site for the Service Center. He presented a computer-simulated view of the Maui Mall site and preliminary layout of the Service Center.

The Director of Finance provided your Committee with the pros and cons of a lease for an existing building at the Maui Mall, a new building at the Wailuku Municipal Parking Lot or on Waiko Road and a buy-and-build option. Timelines for each option were also reviewed. The Maui Mall site required the shortest time to be ready for occupancy.

During the extensive discussion that ensued, your Committee raised concerns about the relocation of County services to the Maui Mall site. Although the Maui Mall site is viewed as a temporary location, some members voiced concern that it would become a permanent facility. The need for this facility was recognized as a short-term, quick fix solution, due to the overcrowded conditions. However, your Committee raised several issues regarding the selection of a site for relocating DMVL and RPT, the County's cost for the site, concerns that the site be located on County-owned property instead of leased property and the Administration's long-term plans.

The Mayor informed your Committee that it was the Administration's intention for the Service Center to be a temporary facility with a five-year lease and an option to renew for another five years. The lease will allow the County to address the immediate concerns of overcrowding, determine what the public would like to see and evaluate the effectiveness of the Service Center at the Maui Mall site.

One member noted that, in hindsight, the lease should not have been executed until these issues were settled, due to the provision in the Fiscal Year 2001 Budget. Your Committee acknowledged that the Administration had the authority to execute the lease; however, discussion should have taken place prior

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to the execution because of the Council's hesitancy when the Service Center concept was first initiated.

After extensive discussion, your Committee voted to recommend passage of the proposed bill on first reading and filing of the communication.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2001), attached hereto, entitled "A BILL FOR AN ORDINANCE TO AMEND ORDINANCE NO. 2866, BILL NO. 48 (2000), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI" PASS FIRST READING and BE ORDERED TO PRINT; and
2. That County Communication No. 01-30 be FILED.

Adoption of this report is respectfully requested.

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G. RIKI HOKAMA Chair

PATRICK S. KAWANO Member

ALAN M. ARAKAWA Member

MICHAEL J. MOLINA Member

ROBERT CARROLL Member

WAYNE K. NISHIKI Member

JO ANNE JOHNSON Member

CHARMAINE TAVARES Member

DAIN P. KANE Member