

**COST OF GOVERNMENT COMMISSION  
M I N U T E S  
KALANA O MAUI, 9<sup>TH</sup> FLOOR, MAYOR'S LOUNGE  
THURSDAY, AUGUST 30, 2007**

**PRESENT:** Fred Schwettmann, Chair  
Sharron Courter, Vice-Chair  
Edward Zwick, Member  
Stephen Goldsmith, Member  
Rebecca Kikumoto, Member  
John Del Gatto, Member  
Robert Mason, Member

**EXCUSED:** Warren Suzuki, Member

**RESIGNED:** Keith Moniz, Member

**STAFF:** Stan Zitnik, Executive Assistant to the Mayor  
Pili Naho'oikaika, Boards and Commissions Secretary  
Adrienne Heely, Deputy Corporation Counsel  
Jeffrey Ueoka, Deputy Corporation Counsel

**I. CALL TO ORDER**

The meeting was called to order by Chair Schwettmann at 9:08 a.m.

**II. PUBLIC TESTIMONY**

Chair Schwettmann opened public testimony. He specified that Mr. Jerry Levey and Mr. Buck Joiner submitted their names for testimony. He clarified that each testifier would be allowed three minutes to present their testimony.

**A. JERRY LEVEY**

Mr. Levey stated that he had no new data.

Commissioner Goldsmith inquired with Mr. Levey if he had any specific questions relating to the meeting's agenda.

Mr. Levey responded that his interest is toward the salary areas of the Maui Visitors Bureau (MVB). He mentioned that he would like to achieve the names of the donors who are contributing money to MVB.

**B. BUCK JOINER**

Mr. Joiner recommended that Commissioner Suzuki be recused from the Cost of Government Commission. He indicated that Commissioner Suzuki is the Vice-President of Maui Land and Pine and therefore, his position shows conflict of interest with the Maui Visitors Bureau.

Mr. Joiner presented documentation on Kapalua charity events. He indicated that Commissioner Suzuki sits on the board of a charity that receives a portion of the \$500,000 that is given away by Kapalua.

Deputy Heely called a Point of Order in clarification to Chair Schwettmann. She reminded Chair Schwettmann that pursuant to Sunshine Law, public testimony shall be limited to only items listed on the agenda. Chair Schwettmann stated that Mr. Joiner's testimony is confined to the Maui Visitors Bureau issue.

Vice-Chair Courter asked Mr. Joiner to explain the relation between the Kapalua charity events and the Maui Visitors Bureau. Mr. Joiner explained that the Maui Visitors Bureau donated \$100,000 to the Kapalua golf tournament which in turn was donated to the Kapalua charity funds. He added that HTA donated \$225,000 to the Kapalua golf tournament, making the total \$325,000 of public money donated.

Vice-Chair Courter expressed her concern about the Kapalua charity hand-out that Mr. Joiner distributed. She indicated that she is the Treasurer of the Maui Memorial Medical Center Foundation which is listed as one of the charities on the hand-out therefore she is not certain if she would be considered disqualified as well.

Chair Schwettmann intervened. He stated that that topic should be discussed in Executive Session pursuant to H.R.S. § 92-5(4).

Commissioner Goldsmith inquired with Mr. Joiner if there were any specific questions relating to the meeting's agenda, that he would like to have answered. Mr. Joiner responded that he just wanted to present the information relating to the Kapalua charities. He added that he would like the Commission to continue their meeting and listen to Ms. Tegarden's presentation about the grant process and the Maui Visitors Bureau, to see what step the Commission can take from there. He expressed his concern for accountability, stating "What is the tax payer actually getting for the money that is put into this?" "Why is one private industry being supported and not other private industries?" "Why aren't there advertising for agriculture, or fishing?"

Deputy Heely called a point of order reminding Chair Schwettmann that pursuant to Sunshine Law; public testimony shall be only limited to items listed on the meeting agenda. Deputy Heely also stated that she is in no way precluding Mr. Joiner from submitting public testimony, and she is directing her comment to the Chair, pursuant to Roberts Rules of Order, Sunshine Law (out of fairness to those members of the public that would like to have responded, but never got notice, and established opinions from the Office of Information Practices).

Mr. Joiner continued with his testimony.

Chair Schwettmann closed Public Testimony.

Chair Schwettmann called Executive Session. Commissioner Goldsmith moved and Commissioner Zwick seconded the motion to open Executive Session. The motion was unanimously carried.

Deputy Ueoka dictated the Rules of Practice and Procedure for the Cost of Government Commission. Section 01-201-13 Disclosure of conflict.

A commission member shall promptly make full disclosure to the commission of any conflict of interests that exists concerning any matter that may be affected by an action of the Commission. When a member is deemed by the board of ethics to have a conflict of interests, that member shall be disqualified from voting in all actions relating to that matter.

Commissioner Goldsmith moved and Commissioner Mason seconded the motion to seek opinion from the Board of Ethics relating to any conflict of interests concerning members of the Cost of Government Commission. The motion was unanimously carried.

Vice-Chair Courter moved and Commissioner Goldsmith seconded the motion to close Executive Session. The motion was unanimously carried.

### **III. MEETING MINUTES**

Approve the minutes of the June 21, 2007 and July 19, 2007 meetings.

Commissioner Zwick moved and Commissioner Kikumoto seconded the motion to approve the minutes of the June 21, 2007 meeting as amended. The motion was unanimously carried.

Vice-Chair Courter moved and Commissioner Goldsmith seconded the motion to approve the minutes of the July 19, 2007 meeting. The motion was unanimously carried.

### **IV. PLANNING FOR 2007-2008**

Chair Schwettmann summarized the discussion from the last meeting relating to each of the Commissioners concerns.

He clarified the top three items:

1. Operational Management Skills/Processes
2. Energy Conservation and Renewable Sources
3. Grants Process, particularly the Maui Visitors Bureau

Chair Schwettmann asked the thoughts of Commissioners Del Gatto and Mason with regards to the list, being that they were not present at the last meeting.

Commissioner Del Gatto showed concern with the items listed under the first category. He indicated that he felt the items were out of context.

Commissioner Mason indicated that he would like to add the Biennial

Budget to the list.

**V. PRESENTATION BY THE OFFICE OF ECONOMIC DEVELOPMENT COORDINATOR**

Ms. Tegarden provided a presentation on the general grant process and the grant process concerning the Maui Visitors Bureau.

Ms. Tegarden stated that the mission of the Office of Economic Development (OED) is to promote and nurture sustainable economic development within Maui County, consistent with the community's needs and priorities.

Ms. Tegarden supplied answers to the questions asked by the Commission in their letter dated August 10, 2007. She indicated that OED has a budget of \$10.8 million dollars in grant funds to nurture sustainable economic development within Maui County. She explained that of the \$10.8 million, approximately \$9.8 million is for specified line items as voted upon, by Council. She further explained that the remaining \$400,000 of the OED budget falls into grants and disbursements for general areas.

Ms. Tegarden explained the grant process. She stated that an application must be completed, and the organization must follow the application guidelines, then it's determined if their proposal fits within the mission statement. She clarified that if the grant proposal follows the mission statement, and the correct paper work is done to specification, the applicant will be considered for a grant based on monies available.

Ms. Tegarden explained how the use of money is audited. She stated that the grantee needs to maintain fiscal records and submit quarterly reports and an annual report, and that the report needs to show that they are following the goals and objectives that they have set up and were approved for. She further explained that OED looks for clear, realistic, attainable and measurable outcomes, and monitors the grantee and their project, to make sure that the goals are accomplished.

Ms. Tegarden explained that the Maui Visitors Bureau should be funded by OED, because the economy of Maui County depends on the help of the visitor industry. She indicated that the mission of MVB is to keep Maui at the top of mind of all travelers. Ms. Tegarden specified statistics. She indicated that the visitor industry brings in over \$22 million in transient accommodation tax to Maui County. She clarified that it is used as a source of revenue for Maui County as well as for capital improvement projects. Ms. Tegarden explained that the visitor industry is estimated to bring in \$83 million in real property tax this year, and that this is approximately 40% of the overall real property tax revenues for the County. She stated that in 2006, the visitor's spent over \$3.6 billion in Maui County, and that according to the 2005 County Data Book, there are 65,000 non-agriculture jobs in Maui County, and 35,000 or 53% of those jobs are of visitor industry. She explained that that doesn't include retail,

restaurant or service industry jobs.

Ms. Tegarden stated that about 80% of Maui County's economy is reliant upon the visitor industry, and that is why OED continues to support the work of the MVB.

Ms Tegarden explained another source of funding for MVB. She stated that the sources are the Hawaii Tourism Authority (HTA) and the Hawaii Visitors and Convention Bureau (HVCB), and she explained that the money spent from those organizations, funds marketing.

Ms. Tegarden indicated that she did not know about MVB salaries. She clarified that the County grants do not pay their salaries.

She commented that there aren't any conflicts of interest with the Maui Visitors Bureau Board of Directors because MVB targets the marketing aspect, and not any specific hotel, car rental company or airline.

Vice-Chair Courter inquired about the monitoring of the grantees. Ms. Tegarden responded that there are specialists within each area of OED who monitor grantees quarterly reports. Ms. Tegarden specified that there are times that grant funding is suspended, due to lack of meeting goals and objectives that were set forth, as well as not using the money in the way that they stated they would.

Commissioner Goldsmith inquired there was a way to monitor more effectively with how money is spent when it's disbursed in the grant process? He added are their reports audited? Ms. Tegarden responded that if it is certain that the grantee is turning in their reports that should do the job. She clarified that there is an independent auditor that does the end of the year reports.

Commissioner Goldsmith asked what amount does MVB receive from the County? Ms. Tegarden responded \$3.8 million. She stated that the total budget is \$6 million from the County for the year.

## **VI. DISCUSS COMMUNICATION FROM THE DIRECTOR OF FINANCE**

Letter from the Director of Finance with response to the Commission's August 7, 2007 inquiry of Finance Department Auditor Lloyd Ginoza, and the FY07-08 Audit Plan.

Director Young summarized the communication letter given to the Commission relating to the inquiry of Auditor Lloyd Ginoza, and the FY07-08 Audit Plan. Director Young clarified that Mr. Ginoza is the only person with the title of Auditor.

Commissioner Goldsmith inquired with Director Young if having a larger budget would allow the Finance Department to hire more people. Director Young responded that there is a need to hire more staff.

Vice-Chair Courter inquired with Director Young about the Audit Project,

308. She questioned if it's been resolved?

Director Young responded that the understanding of the project was either addressed, or is being addressed.

**VII. UPDATE ON MEETINGS WITH MAYOR TAVARES AND MANAGING DIRECTOR MORRISON**

Chair Schwettmann and Vice-Chair Courter will present updates relating to their discussion with Mayor Tavares and Managing Director Morrison.

Chair Schwettmann and Vice-Chair Courter presented to the Commissioners a written summary relating to their meeting with Mayor Tavares and Managing Director Morrison.

**VIII. DETERMINATION OF THE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Friday, September 20, 2007 at 9:00 a.m. in the Mayor's Lounge.

Commissioner Del Gatto presented a project that he learned about while visiting the city of Buffalo, called City Stat, which is a city performance audit system. He expressed that the system may be helpful to the County of Maui. He indicated that he would e-mail the information to Ms. Nahooikaika to have it forwarded to the rest of the Commissioners.

Commissioner Zwick proposed to schedule a planning session prior to the September 20, 2007 meeting. The Commission agreed. The next meeting is scheduled for September 14, 2007 at 9:00 a.m. in the Mayor's Lounge.

**IX. ADJOURNMENT**

The meeting adjourned at 11:39 a.m.