

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

February 15, 2011

Council Chamber, 8th Floor

CONVENE: 1:32 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member (In 1:51 p.m.)
Councilmember Michael P. Victorino, Member
Councilmember Mike White, Member

EXCUSED: Councilmember Robert Carroll, Member

STAFF: Scott Kaneshina, Legislative Analyst
Camille Sakamoto, Committee Secretary

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Jo-Ann T. Ridao, Director, Department of Housing and Human Concerns (Item Nos. 25 and 89)
Luz Domingo, Accountant, Office on Aging, Department of Housing and Human Concerns (Item No. 25)
Keith A. Regan, Director, Department of Management (Item No. 11)
David J. Ching, First Assistant, Department of Management (Item No. 11)
Adrianne N. Heely, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery for Item No. 11:

Alan M. Arakawa, Mayor
John Buck, Administrative Assistant, Office of the Mayor
Agnes Hayashi, Executive Assistant, Department of Management
Donald Medeiros, Executive Assistant, Department of Management
Jacob Verkerke, Information Systems Manager, Management Information Systems, Department of Management
Kalvin Kobayashi, Energy Program Coordinator, Department of Management
David Taylor, Acting Director, Department of Water Supply
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel (Item No. 11)

OTHERS: John Andersen, Executive Director, Na Hale O Maui (Item No. 89)
Ann M. Moe, Chair, Cost of Government Commission, 2010-2011 term (Item No. 11)

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Yarrow Flower, Vice Chair, Cost of Government Commission, 2010-2011 term
(Item No. 11)

Malcolm Findley, Member, Cost of Government Commission, 2009-2010 term

PRESS: *Akaku: Maui Community Television, Inc.*

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now in session. Today is February 15, 2011. Chair would like to recognize the Members that are present this afternoon. We do have Member Baisa.

COUNCILMEMBER BAISA: Good afternoon.

CHAIR PONTANILLA: Good afternoon. Member Couch.

COUNCILMEMBER COUCH: Good afternoon.

CHAIR PONTANILLA: Good afternoon. Member Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Good afternoon. Member Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. And Member White.

COUNCILMEMBER WHITE: Good afternoon.

CHAIR PONTANILLA: Good afternoon. And approaching her desk --

COUNCIL MEMBERS: . . .*(laughter)*. . .

CHAIR PONTANILLA: --is Member Cochran. Absent at this time...not "absent", but *excused* at this time are Members Carroll and Member Mateo. With us this afternoon from the Administration, we do have Adrienne Heely.

MS. HEELY: Aloha.

CHAIR PONTANILLA: Adrienne is the Deputy Corporation Counsel; Sandy Baz, the--

MR. BAZ: Aloha.

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CHAIR PONTANILLA: --Budget Director; and from Housing and Human Services [*sic*], the Director, Jo-Ann Ridao. Welcome back. Supporting the Committee, we do have Scott Kaneshina, our Legislative Analyst, and our Secretary this afternoon is Camille Sakamoto. Members, we do have some people who signed up for public...a person that signed up for public testimony at this time. But before the Chair receive public testimony, I would like to request that every one of us turn our pager, cell phones or pagers--if you still have 'em--to the silent mode or turn it off.

COUNCILMEMBER _____: Thank you.

COUNCIL MEMBERS: ...(*laughter*)...(*inaudible*)...

CHAIR PONTANILLA: Members, we do have three items on the agenda this afternoon. But before we go into those items, the Chair would like to notify that people that are providing public testimony this afternoon, that you have three minutes to provide your testimony. Chair will give you one minute to conclude; and if you can state your name, organization that you represent, the Chair would appreciate that. So at this time, Members, again, we have one person signed up for public testimony. Chair would like to call, Mr. Andersen.

...BEGIN PUBLIC TESTIMONY...

MR. ANDERSEN: Good afternoon, Chair Pontanilla and Committee Members. My name is John Andersen. I'm the Executive Director of Na Hale O Maui. And I am testifying on Item BF-89, the Status of Projects Funded Through the Affordable Housing Fund. I did present my testimony in writing. It is somewhat technical in nature, excuse me while I read it so I make sure that I get all the numbers correct. And I hope you have copies of that. Thank you for the opportunity to review County Communication No. 10-201, Status of Projects Funded Through the Affordable Housing Fund, and offer the following comments. The first Request for Proposal for the Affordable Housing Fund was published in November 2007. It required that projects chosen for funding be able to commence within 12 months and construction completed within 36 months of commitment of the funds. Na Hale O Maui did not submit a proposal in 2007 because we did not have a project at that time that would comply with the above requirements. However, to our knowledge, *none* of the selected projects *commenced* within 12 months, and the majority of the projects have still not commenced after more than *36 months* has passed. Na Hale O Maui did submit a proposal for our Maui County Neighborhood Stabilization Program in response to the *second* RFP, since that project was ready to commence in several *months*, not years. Our proposal was rejected in favor of the projects listed in the attached transmittal from Mayor Tavares to Council Chair Mateo, dated April 13, 2009. To our knowledge, the only projects selected that have *commenced* are the Habitat for Humanity projects; and several projects submitted by Lokahi Pacific have been withdrawn, freeing up \$3,216,000 for other projects. We have reviewed County Communication No. 10-201 and offer the following comments. Number 1, the Imi Ikena Apartments award had a proviso added by the County Council that site control through ownership must have occurred by April 2010. To our knowledge that condition has *not* been satisfied and the developer has been turned down twice by HHFDC for needed Tax Credit financing. The \$2,750,000 award should be canceled and the

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funds made available for projects ready to commence. Two, the Na Hale O Maui - Buyback award of \$300,000 was to be a *loan* to be used for interim financing for the buyback of existing deed-restricted affordable housing, to *preserve* them as affordable. The "Comments" section states "Pending ID of project", which is incorrect. The correct status report should be, quote, underlying agreement between Na Hale O Maui and the County is stuck in the office of Corporation Counsel since **2009**. Without an underlying agreement, we *cannot* participate in preserving these affordable units. Three, County Communication No. 10-201 omits reference to the Women Helping Women award of \$1 million made in 2008. To our knowledge, that project was withdrawn. Four, County Communication No. 10-201 omits reference to the County of Maui award --

MR. KANESHINA: Three minutes.

MR. ANDERSEN: --of \$860,039 for the Waiale Affordable Housing Project made in 2009. To our knowledge, that request was withdrawn by the Department of Housing and Human Concerns. And Number 5, under Recently Funded, Na Hale O Maui award was for **\$1.1** million and the status is "*awaiting* funding". The total of funds committed to projects listed above and in County Communication No. 10-201, Status of Projects Funded Through the Affordable Housing Fund, that have not complied with the RFP requirements of commencement within 12 months and completion within 36 months is \$7,826,191. Those funds should be recaptured and awarded to projects that can comply with the requirements of commencement within 12 months and completion within 36 months. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier at this time?
Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you, Chair. And thank you, John, for being here this afternoon. Can you explain Number 5 in your second page of your testimony where you say, under Recently Funded, the Na Hale O Maui award was for \$1,100,000 and the status is "Awaiting Funding"? What does that mean? Is the contract being drawn up or --

MR. ANDERSEN: The contract is--

COUNCILMEMBER BAISA: --what's going on?

MR. ANDERSEN: The contract is executed. We have not received funding yet. We're working on doing that right now. The, the dollar amount was incorrect in the communication that you received. The dollar amount was 1.1, not 1,050,000 as in your report. That was a result of combining a request for a line item and a project funding into *one* project funding and the elimination of a line item, you know, operational grant.

COUNCILMEMBER BAISA: So you...

MR. ANDERSEN: It was a project grant only.

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COUNCILMEMBER BAISA: So you have reason to believe that you'll get your funding soon?

MR. ANDERSEN: Oh, yes, yeah.

COUNCILMEMBER BAISA: Okay, I just wanted to be sure because --

MR. ANDERSON: Yep. No--

COUNCILMEMBER BAISA: --I know how things get hung up.

MR. ANDERSEN: It, it's moving along and we have acquired our first property that will, will use those funds, a house in Makawao that was built prior to 1978 which we were not able to use Federal funds for. So we're moving right ahead with that.

COUNCILMEMBER BAISA: Thank you.

CHAIR PONTANILLA: And thank you. And maybe you should explain the 1.1 in regards to purchasing homes that don't meet the requirements of the Federal government.

MR. ANDERSEN: Certainly. The NSP award, Neighborhood Stabilization Program award, from HUD for \$3 million that we received last year had many conditions. One of them being that we could not acquire housing built prior to the 1978 due to the presence of lead-based paint. When you use Federal funds to acquire, you must *abate* the lead-based paint. And Catch-22, the law was changed last year to require *certified* contractors to do the abatement, of which there are none certified on Maui. So the cost of bringing contractors from the mainland would be astronomical and just *not* feasible. So in essence we were prohibited from buying pre-1978 housing. The County funding does not *come* with that requirement. We must *disclose* the potential *existence* of lead-based paint per Federal law, but we don't have to *abate* it. And that's a 30 to \$50,000 job in, in most cases. So the County funding is allowing us to buy housing--like the one in Makawao which was built in 1975--that would not qualify for the Federal funding and does not require abatement and all of that. And many of our workforce neighborhoods were built prior to 1978. And there are *hundreds* of abandoned foreclosed homes in those neighborhoods that we need to address to make this market healthy again.

CHAIR PONTANILLA: Thank you, John. Members, any more questions for Mr. Andersen at this time? Seeing none, thank you again.

MR. ANDERSEN: Thank you.

CHAIR PONTANILLA: Mr. Andersen was the only one that signed up for public testimony prior to the meeting. Is there anyone out in the audience that wanna provide public testimony at this time? Seeing none coming forward, if there's no objections, the Chair would like to close public testimony.

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COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: Members, we do have three items on the agenda.

ITEM NO. 25: AMENDING FY 2011 BUDGET: DEPARTMENT OF HOUSING AND HUMAN CONCERNS (KUPUNA CARE PROGRAM GRANT)
(C.C. No. 10-49)

CHAIR PONTANILLA: The first item is BF-25, Amending Fiscal Year 2011 Budget: Department of Housing and Human Concerns (Kupuna Care Program Grant). The purpose of the proposed bill is to amend Appendix A to increase the Kupuna Care Program by \$383,000...\$383,497. At this time, the Chair would like to call on Ms. Ridao for comments.

MS. RIDAO: Yes, thank you, Chair. As a matter of information for the Committee Members, these funds are from Act 191, and that is the Rainy Day Funds that the Governor released, Governor Abercrombie released. We are...our portion for Maui County is \$383,497 and those funds are supplemental funds for us to cover direct services which include in-home services, chore services, personnel care...*personal care* ...*(laughter)*... home-delivered meals, transportation, and day care services if needed. A portion of those funds can be used for administration. The total amount, I believe, that the State approved was \$3.5 million and our share was the 383. I'd be happy to answer any questions that you may have.

CHAIR PONTANILLA: Thank you, Ms. Ridao. First question that I have is that do you have a time frame to utilize these funds or...?

MS. RIDAO: You know, I have the Executive Office Accountant here. I'm not sure if we have to use that in a specific time frame.

CHAIR PONTANILLA: Okay. Yeah, maybe if you can come forward? And, Ms. Ridao, can you identify the person?

MS. RIDAO: Yes, we have coming up to the podium here, her name is Luz Domingo. And she is the Accountant for the Executive Office on Aging.

CHAIR PONTANILLA: Luz, can you sit right over here where Mr. Baz was located?

MS. DOMINGO: Oh, okay.

MS. RIDAO: I didn't realize Sandy went back there.

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MS. DOMINGO: Good afternoon...Council Chairman Pontanilla, and good afternoon, Council Members. The 383,497...496.76 will be, can be utilized from the beginning of when this contract will be executed. We will receive a notice to proceed from the Executive Office on Aging. And that can be utilized until June 30, 2013.

CHAIR PONTANILLA: Thank you.

MS. DOMINGO: So we have three years to --

CHAIR PONTANILLA: To utilize the funds.

MS. DOMINGO: --to use...to utilize the funds.

CHAIR PONTANILLA: Okay, this is not a pass-through, yeah? In other words, come into the Department passing through to some organization?

MS. DOMINGO: It will be a pass-through to the...

CHAIR PONTANILLA: It will be a pass-through?

MS. DOMINGO: It will be a pass-through and the distribution will be, we will be using the same formula as what we used for the current State Kupuna Care funding. We have the allocation of the original 680,283 that we receive every year. But from the budget that they submit, gave to us starting Fiscal Year '12 and Fiscal Year '13, it went down a little bit to, it went to 679,530 for Fiscal Year '12 and 678,778 for Fiscal Year '13. So the 383,496 will be in addition to those allocation for Fiscal Year '12 and Fiscal Year '13.

CHAIR PONTANILLA: Thank...

MS. DOMINGO: But...

CHAIR PONTANILLA: Oh, go ahead.

MS. DOMINGO: If...since we have some services that we, that are already asking for additional money to be used for this Fiscal Year '11, we might be able to allocate some of these monies to, to the services that need to cover the services that will be provided until the end of Fiscal Year '11.

CHAIR PONTANILLA: Thank you. So this includes Maui, Molokai and Lanai, all three islands in regards to the funding?

MS. DOMINGO: Yes, ...*(Inaudible)*...

CHAIR PONTANILLA: Okay, good, thank you. Members, any more questions? Member Victorino?

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COUNCILMEMBER VICTORINO: Thank you and my question basically is twofold. Number one, this money has no time frame...I mean, has a time frame, but over the next couple of years. And I'm, am I correct in hearing that?

MS. DOMINGO: Up to June 30, 2013.

COUNCILMEMBER VICTORINO: 2000...yeah.

MS. DOMINGO: So that would be two more fiscal years ...*(Inaudible)*...

COUNCILMEMBER VICTORINO: Two more fiscal years, yeah. And what is the rationale that they gave you for the reduction in the amount? Because we've been getting 680, right, 680,283 and now we're gonna get less the next two years. Is it part of the...because we getting this money and we can allocate it over the next two years or it's just that they're, they're needing to cut back some of, some of the money?

MS. DOMINGO: There is an intra-funding formula that --

COUNCILMEMBER VICTORINO: Uh-huh.

MS. DOMINGO: --was based on surveys, based on, on population, based on the utilization of service. And there's a base amount that the State is dividing between the counties, and based on the, the survey that they did and...which the statistics were provided to them, until now they were still using that, that formula. But beginning Fiscal Year '12, they will be a, they will be developing a new formula, the intra-funding formula, and they'll be conducting new surveys which will probably...throughout the, the fiscal year we will be receiving either additional or decrease in funding depending on the response of the survey, result of the surveys.

COUNCILMEMBER VICTORINO: So, so this survey dictates the amount of, that we receive from the State for this Kupuna Care?

MS. DOMINGO: Yes, Council Member.

COUNCILMEMBER VICTORINO: Okay.

MS. DOMINGO: There is a base for, there is a base amount which all the counties receive different...the same amount; and in addition to that it depends, because these are Federal pass-through grants too that they will. . provide to us. So the intra-funding formula is based on those surveys. And the amount that is not covered by the base formula, that is the one that is divided among the counties, based on that formula.

COUNCILMEMBER VICTORINO: And if...would you know what the *base* amount is? I mean I understand the formula, but what every county gets, what is the *base* formula?

NOTE: Pause.

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MS. DOMINGO: . . . For the allocation for Fiscal Year '12. . .the Maui County...oh, these are, these are all the...these are all based...the, the amount that they gave here is all on base amount. The 679,530, these are all based on base amount. The Maui County is getting 679; Kauai is getting 544,395; and Honolulu is getting 2,843,431; and Hawaii County is getting 786,948.

COUNCILMEMBER VICTORINO: Okay, no, because you said every county gets the same *base* amount and then the formula dictated the amount we actually received. And now you're saying, no, everybody gets different amounts. So that's...I mean I, I don't wanna get into...and maybe what I'll do is--with your permission, Mr. Chair--I would like to request how that formula is. And not only the formula, but if there is --

MS. DOMINGO: Yeah.

COUNCILMEMBER VICTORINO: --a true base amount, what is the base amount every county receives?

MS. DOMINGO: Okay.

COUNCILMEMBER VICTORINO: And then, what the formula adds to that point because, you know, when you saying an island like Hawaii which population is nearly the same as ours, you know, base population, they're not that much different between us and the County of Hawaii, yet they get, you know, 700 something thousand versus our 6--just curiosity more than anything else, Mr. Chair.

MS. DOMINGO: Yes, uh-huh.

COUNCILMEMBER VICTORINO: So I thank you. I just, you know...I think we, we...I'd like those questions answered, Mr. Chair.

MS. DOMINGO: Yeah, and we can give you the, the, the figures. We can submit the figures later.

COUNCILMEMBER VICTORINO: Yeah, please. Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, just a question of clarification for you, please.

CHAIR PONTANILLA: Sure, go ahead.

VICE-CHAIR HOKAMA: As you asked earlier, this is a pass-through grant, so this is coming from the State of Hawaii, these additional funds or the Federal government, Chairman?

CHAIR PONTANILLA: From the Federal government to the State to County of Maui.

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VICE-CHAIR HOKAMA: To us. Okay, and that is why it is able to go multiple *County* fiscal years?

CHAIR PONTANILLA: Yeah.

VICE-CHAIR HOKAMA: And it's a expense, being expensed out? Thank you very much, Mr. Chair.

CHAIR PONTANILLA: Thank you. Any more question? Member Baisa?

COUNCILMEMBER BAISA: Chair, I just wanted to share with my colleagues. I attended my first Council on Aging meeting as your representative. And I learned something in regards to Kupuna Care money. You know, this money is really important money because what is...what we're seeing is a trend that more and more people are wanting in-home or out-of-institutional care services. And I was surprised to find out that we actually have long-term care beds available both at Hale Makua and at the hospital. And we...talked about it and said, well, what is this? 'Cause, you know, for years we heard that you couldn't get a long-term care bed. But we feel that it's because of two things. One is the economy. People cannot afford to put their loved ones in a long-term care situation. And also because lot of people are not working and so they have the ability to stay, stay home and take care of the person that needs care. So that makes this *kind* of funding extremely important because what this does is support the long-term care in the *home* so that people can go in and help--like she said, with chore services and personal care and meals and all of those things to help people live independently. So I, for one, am very excited about the additional money. And Kupuna Care is a really important program for seniors.

CHAIR PONTANILLA: Thank you, Member Baisa.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Yeah, I, I, I, you know...I...you know, you just made a point of clarification and, and I, I'm gonna. .ask you and ask the Department--I was said, it was said right at the beginning of this. This was monies released from the emergency Rainy Day Fund --

MS. DOMINGO: Yeah.

COUNCILMEMBER VICTORINO: --of the State? Is that correct?

MS. DOMINGO: Yes, Council Member.

COUNCILMEMBER VICTORINO: Okay. And you said, Mr. Chair, this is money is...which is a pass-through. But these monies, if you're not talking...this 300 something thousand, is not pass-through money. It is actually coming from the State Rainy Day Fund.

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CHAIR PONTANILLA: It basically came from the Federal government *first* to the State. And the State releases the money to the counties.

COUNCILMEMBER VICTORINO: Even through the Rainy Day Fund? 'Cause I thought the Rainy Day Fund is money that *we* put aside.

CHAIR PONTANILLA: Yeah, I, I don't know how, I don't know how the State --

COUNCILMEMBER VICTORINO: Okay, I just clarifying this, yeah, okay.

CHAIR PONTANILLA: --allocates the monies to...you know, it could be the Rainy Day Fund. It could be something else. But when we receive money from the Federal government, it's basically a pass-through to the State...*from* the State to, to the County of Maui.

COUNCILMEMBER VICTORINO: I understand that. But again it was stated right on the beginning that this was from the Rainy Day Fund, which is not a pass-through fund.

CHAIR PONTANILLA: Yeah. Maybe some clarification on Rainy Day Fund--because, you know, when you say "Rainy Day Fund", you know, it's not a proper title for that.

COUNCILMEMBER VICTORINO: Okay, I just...and again, I, I don't wanna pick on little issues and maybe we can get clarification later. But again just the differences. I understand the pass-through money. And I thought we're not allowed to put aside pass-through money as far as other than, what do you call, the direct service expense. Expenses that are utilized, the percentage by that particular fund. But Rainy Day Fund or saving the money on the side is not generally allowed by, by the Federal government. But if I'm wrong, I apologize.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

CHAIR PONTANILLA: And maybe the Department can provide us some clarification?

MS. RIDAO: If I may, Mr. Chair?

CHAIR PONTANILLA: Sure.

MS. RIDAO: Thank you. The *official* Act that this money is coming from is Act 191 and it's a supplemental funding. And, you know, I don't have the details, but I'm assuming it's from the Federal government. But it was, it was encumbered through Act 191.

CHAIR PONTANILLA: . . . Okay.

MS. RIDAO: And for Mr. Victorino's information, we did find that base number.

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COUNCILMEMBER VICTORINO: Uh-huh.

MS. RIDAO: The base amount for each area agency is \$208,317.20.

COUNCILMEMBER VICTORINO: So that, that's the exact amount each county is allocated, the four counties?

MS. RIDAO: It's, yes.

COUNCILMEMBER VICTORINO: And then the formula works from there and based on population and other criteria?

MS. RIDAO: Yes.

MS. DOMINGO: Yes.

COUNCILMEMBER VICTORINO: Okay, thank you very much. Thank for that clarification. Thank you, Mr. Chair.

CHAIR PONTANILLA: Any more questions, Members? The Chair would like to recognize the presence of Member Mateo.

COUNCILMEMBER MATEO: Thank you, Mr. Chair.

CHAIR PONTANILLA: Member Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. I'm well aware that our kupuna population is one of the fastest growing population; and of course any extra funding to assist and, and create a, you know, top living quality of life for our kupuna is, I'm for it, always. Just curious, though, the monies goes to non-profit organizations in regards to the care given or is it strictly County? I just was curious where it's kinda divvied up to and, and to who?

CHAIR PONTANILLA: Department?

MS. RIDAO: Thank you...Chair. The funds are to...are given to Maui Adult Day Care Center for adult day care, Mental Health Kokua for case management. Maui County Kaunoa Senior Services gets monies for assisted transportation and home-delivered meals. Hale Mahaolu receives funding for personal care. And Maui Economic Opportunity receives funding for chore services and homemaker services.

COUNCILMEMBER COCHRAN: Oh, wonderful. Thank you very much.

MS. RIDAO: You're welcome.

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CHAIR PONTANILLA: Thank you. Members, any more questions? If not, the Chair would like to make his recommendation.

COUNCILMEMBER BAISA: Recommendation?

COUNCILMEMBER VICTORINO: Recommendation?

CHAIR PONTANILLA: The Chair's recommendation is to pass on first reading, a Bill for an Ordinance Amending Appendix A of the Fiscal Year 2011 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Departments of...Department of Housing and Human Concerns; and the filing of County Communication No. 11-49.

VICE-CHAIR HOKAMA: So moved, Chair.

COUNCILMEMBER COUCH: Second--

COUNCILMEMBER VICTORINO: Mister--

COUNCILMEMBER COUCH: Sorry.

COUNCILMEMBER VICTORINO: Chair, I second the motion.

UNIDENTIFIED SPEAKER: . . .*(Laughter)*. . .

CHAIR PONTANILLA: It's been moved by Member Hokama, second by Member Victorino. Members, any more discussion? All in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

COUNCILMEMBER COCHRAN: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none, motion is carried. Eight "ayes"; one "excused", Member Carroll.

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VOTE: **AYES:** **Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Cochran, Couch, Mateo, Victorino, and White.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Carroll.**

MOTION CARRIED.

ACTION: **Recommending FIRST READING of revised bill and FILING of communication.**

CHAIR PONTANILLA: Thank you, Luz, for being here this afternoon. You're one of the few that don't panic. . . .*(Laughter)*. . .

MS. RIDAO: Yeah.

ALL: . . .*(laughter)*. . .

CHAIR PONTANILLA: So great.

ALL: . . .*(Laughter)*. . .

COUNCILMEMBER COCHRAN: . . .*(inaudible)*. . .

ITEM NO. 89: STATUS OF PROJECTS FUNDED THROUGH THE AFFORDABLE HOUSING FUND (C.C. No. 10-201)

CHAIR PONTANILLA: Okay, Members, the next item is BF-89, Status of Projects Funded Through the Affordable Housing Fund. The Committee is in receipt of a listing of affordable housing projects funded by the Affordable Housing Fund. At this time, the Chair would like to recognize Ms. Ridao to provide us with some comments.

MS. RIDAO: Uh--

CHAIR PONTANILLA: Members, on, on this item here—excuse me, Ms. Ridao—Chair's intention is to defer this matter because from now throughout the year, throughout this term the Chair's intention is to bring back this matter to review on a periodically basis. So, Ms. Ridao?

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MS. RIDAO: Thank you, Chair. Based on Communication 10-201. . .attached for your review is a status report. And. . .that report is. . .dated August 27, 2010. That report is. . .pretty current. What I would like to do is kinda update you on. . .the Family Life Center monies have been encumbered now. They are in the process of purchasing that. . .that building. The ARC of Maui, Molokai Hale Maunaloa, that project is proceeding. They have been fortunate to receive a designation of HUD 811 funding; and what that means is that the project will receive project base rental assistance for its tenants. And Mr. Andersen clarified for you the Na Hale project. Habitat for Humanity's Kahawai project, that project is in the process of applying for its building permits, so we're very excited about that. That's a 16-unit condominium project, just at the beginning of Happy Valley on. . .Kahawai Street. And that would be ownership affordable units. And then the Na Hale O Maui, as corrected, is 1.1 million and that monies have been encumbered. We are in the process of releasing those funds. So otherwise, the report is. . .accurate as submitted. As Councilmember Pontanilla indicated, we will probably have for you more updates as, as this agenda item continues to be discussed.

CHAIR PONTANILLA: Thank you. And, and Ms. Ridao, you know, Mr. Andersen provided us with some information in regards to some of the projects. And I know some of the projects' monies had already been withdrawn. And there's others that we still need to look at and probably, you know, looking at the list, some of the projects gonna be requesting that also monies be refunded. Not "refunded", but those projects be put on the side and not taken away.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: So as far as the funding for those projects, we'll remove the funding.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Thank you. I'll go with Member Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Just a question for the Administration. The Na Hale O Maui buyback award, the testifier said it's stuck in Corp. Counsel. Is that. . .is "pending ID of project" the nice way of saying that?

MS. RIDAO: You know, I, I need to double check with Corp. Counsel as what the holdup is there. I'm not sure.

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: Okay, thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, just a quick follow-up on your earlier direction for the Committee. When you mentioned projects that. . .I believe it is your intent for, to be placed back into the pot of, of total funds for future Council and department consideration, is those projects as provided comment by Mr. Andersen that you're looking at?

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CHAIR PONTANILLA: Yeah, one of the projects that Mr. Andersen had noted is one of the projects, yeah.

VICE-CHAIR HOKAMA: Okay. If I may ask the Corporation Counsel a question, please?

CHAIR PONTANILLA: Sure.

VICE-CHAIR HOKAMA: Counselor Heely, so in a project such as was brought up earlier in comment about Imi Ikena's 2.75 million, are there already automatic return or termination clauses in the agreement that the County and that party signed since...regarding the 12-month startup and the 36-month completion--that if they don't fulfill those specific conditions, that the money then is not available for, beyond that date of the effective agreement signing, automatic?

CHAIR PONTANILLA: Corporation Counsel?

MS. HEELY: Mahalo, Chair, and good afternoon. As I heard the testifier testify, he said that it was as a result of the Request for Proposal, so I'm not certain what the exact Request for Proposal terminology or terms and conditions were required, if it required. . .forfeiting the monies if you don't complete the project within 36 months. So I can't be sure, but I, I do know that there are general terms and conditions in County contracts that allow for termination clauses, so.

VICE-CHAIR HOKAMA: Okay, well, thank you for that. If I may ask if Director Ridao has any comments, Chairman, please?

CHAIR PONTANILLA: Thank you. Director?

VICE-CHAIR HOKAMA: Director, do you have any comments you can share with the Committee this afternoon? If, if you can. If you cannot, that's, that's okay.

MS. RIDAO: You know, Budget Director Baz and I were . . .*(laughter)*. . . discussing this this afternoon. And I would be more comfortable if *he* tried to explain that to you.

COUNCIL MEMBERS. . .*(Laughter)*. . .

CHAIR PONTANILLA: Mr. Baz?

MS. RIDAO: . . .*(Inaudible)*. . .

VICE-CHAIR HOKAMA: Okay, Mr. Baz, I guess you're on the hot seat.

ALL: . . .*(Laughter)*. . .

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MR. BAZ: Mr. Chair, and good afternoon, everybody. From our understanding of the way that the Affordable Housing Fund is . . . appropriated, projects that are listed in Section 1, Item No. 2, Special Purpose Revenues of the Budget Ordinance are basically appropriated. They're funds that are then available in this list of projects that are, that are here. What happens is that the Administration then has the authority to go and encumber those funds via contract or, or, you know, grant to these non-profits, or whoever it's going to. Once the funds have been *encumbered*, they can be removed from the list, meaning that they're, you know, we've already authorized, that we've already executed contracts and, and they can be removed from the list. The...if the...and then we're looking at the Charter just...

VICE-CHAIR HOKAMA: Mr. Baz, when, when you use the term "remove from the list", for this Committee's understanding what does that really mean, please?

MR. BAZ: Taken off of the Affordable Housing Fund Section 1, Item 2 Special Purpose Revenues where it is authorized by budget ordinance, by ordinance.

VICE-CHAIR HOKAMA: So removed from list means they no longer have access to those funds?

MR. BAZ: "Removed" means it's no longer on this list, correct. This, this list of funds... or excuse me, this list of, of possible expenditures of the fund is what's authorized by Council to the Administration. We then either execute a contract to somehow encumber the funds. If we *don't* encumber the funds by the end of the fiscal year, then the new fiscal year will start and whatever you guys...whatever the Council approves as the Affordable Housing Fund section in the ordinance becomes the new, you know, allowed expenditures from this fund. So, I'll give you an example. And so in Fiscal Year '10 there might have been projects that were on that list. When the Administration proposed Fiscal Year's '11 Budget, some of those projects were no longer on that list. Those projects were either...they...there's two reasons why they could not be on the list. One is that they were withdrawn, meaning that they're not gonna get any funding.

VICE-CHAIR HOKAMA: Right.

MR. BAZ: One, the other one is that they already *got* their funding so they don't need to be, continue to be authorized. So as we go through this and as the Council amends this ordinance, then it becomes where those projects become authorized or not. And there's, again, those two reasons why they could be off of that list.

VICE-CHAIR HOKAMA: Okay.

MR. BAZ: Did that make sense?

VICE-CHAIR HOKAMA: Oh, kinda...but --

MR. BAZ: Okay.

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VICE-CHAIR HOKAMA: --you know, we'll work it out, Mr. Baz. We'll work it out. But, so, Chairman, if...one follow-up then. You know, when we have Project Completed, I, I guess, "N" means no. But is there something that is like halfway done or three-fourths done or almost completely done?

MR. BAZ: Yeah, Mr. Chair, the...Director Ridao has a list that has more updated here.

CHAIR PONTANILLA: Ms. Ridao?

VICE-CHAIR HOKAMA: Chairman, if you would allow that, please?

MS. RIDAO: Okay. I, I don't want to *further* confuse you, but I'm gonna give you a report where some of these projects are actually *not* on the list 'cause the funds have been encumbered and used. For instance, Hale Mahaolu-Ehiku in Kihei has been completed. Uh . . .

. . . The Mokuhaul Apartments is currently in closing. They're in escrow for closing. Hale Maunaloa Affordable Housing, as I said earlier, they are in the process of doing all of their entitlements and doing all of the HUD requirements for their 811 designation, which means they can get tenant, tenant-based...or project-based rental assistance. So that's well on its way. The Na Hale O Maui, 300,000, we gotta work on that one. Habitat for Humanity's Kahawai Project, that project will be going for their building permit any day now. The Na Hale O Maui acquisition and rehab of foreclosed homes, that contract has been signed and completed and is in Finance for disbursement of funds. So I believe Na Hale is working with Finance to get those funds disbursed. The Family Life Center, that again has to do with the 1.2. They needed additional funds for the closing and that is in escrow. And then the Lokahi Pacific improvements for Kenolio subdivision, that project is moving along nicely. They have completed all of the site work and off-site work and will be moving towards actual construction of the home this year.

VICE-CHAIR HOKAMA: Okay. Thank you for that, Director. Chairman, if I could ask your consideration to have those projects that is not listed on the August 27, 2010 listing be part, part of the Committee's record, please, written record.

CHAIR PONTANILLA: Yeah, we can do that.

VICE-CHAIR HOKAMA: Thank you so much.

CHAIR PONTANILLA: Thank you. Fast question, Ms. Ridao. That Waiale Affordable Housing Project-County of Maui, I, I, know some time back we approved the subdivision for A&B to do Light Industrial in Puunene. Do you know the status as far as the 50 acres that was donated...supposed to have been donated to the County--the status of that donation?

MS. RIDAO: . . .Uh. . .I do know, Chair, that. . .no the, the actual donation of the land has not transpired. I do know that they...A&B was having some problems with the archaeological survey, but it is my understanding that the Burial Council has accepted their burial treatment plan

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and so now they can move toward finalizing their, their site plan, I guess, you know, as to what they wanna do. There's gonna be some changes because the burial plan encompassed, encompasses a 30-acre parcel that will be donated specifically for all burials in the Waiale Project District. So because of that, they are going to have to--and I'm, I'm sure they're in this process right now--of readjusting their general plan for the area.

CHAIR PONTANILLA: So it *might* involve the 50 acres?

MS. RIDAO: Oh, I'm sure it *will* involve the...

CHAIR PONTANILLA: Okay.

MS. RIDAO: We, we're working...we still have been talking about those 50 acres, so that is in the project.

CHAIR PONTANILLA: Okay.

MS. RIDAO: Yeah.

CHAIR PONTANILLA: I, I hope we don't lose sight of that.

MS. RIDAO: Well, I, I meet with Grant Chun on a very regular basis, and that has not come up that they are going to...they're thinking of taking it out, so.

CHAIR PONTANILLA: Okay, fine, because we have \$860,000 tied for the master planning of that affordable housing project. Members, and, and that's 50 acres that were donated by A&B to the County of Maui to provide affordable housing in regards to their project in Puunene. Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And, and, and to tack on to what you're saying also--not only the affordable housing, but the community center and a park facility also is all a part of that 50 acres. Is that correct?

CHAIR PONTANILLA: That's correct.

COUNCILMEMBER VICTORINO: Yeah, so, you know, we don't wanna lose sight of all of those which, from what I've been told, A&B right now is coming in for, you know, the start of their commercial property down there, their building permits. I was talking to an architect who's been involved with that so that's going to be coming up very soon. Anyhow, what I wanted to ask Ms. Ridao, if I may, on...Imi Ikena Apartments, we have been told that they have gone in several times for Federal and tax credits and they're unable to, to come up with them. When will you be deciding whether you will keep this project or do it... 'cause, you know, you had...we had talked about this a number of times last year and earlier this year and you said you'd be coming with some recommendations. So when do you feel that you'd be coming up with a

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recommendation in regards to this particular project? Now, I'm not referring to the others at this time.

MS. RIDAO: Okay, my...thank you for that question, Councilmember Victorino. Imi Ikena went in for rental housing trust fund tax credits last year. They were denied. However, because all of the tax credits went to Oahu County . . .(*chuckles*) . . . it...I mean we always seem to be on the short end of things. Anyway, all of the tax credits was designated for Oahu. The developer asked me if he could be given the opportunity to do a second round request. And my response to him was that I would agree to that, however, if he's denied a second time that we would be pulling his funding from the County.

COUNCILMEMBER VICTORINO: So my question is, has he put in a second request?

MS. RIDAO: Yes. He's in that process right now.

COUNCILMEMBER VICTORINO: And how long before we would find out whether he can...will he qualify or not?

MS. RIDAO: I believe...I'm, I'm not sure the *exact timing* of when, but I believe it's around summer that he'll hear. He'll submit around spring, say, say the deadline is March 1st.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. RIDAO: And then I think they take about three months to make a decision.

COUNCILMEMBER VICTORINO: And Mr. Hokama had asked earlier as far as there was provisions in, in the contract to Corporation Counsel about, you know, getting started within 12 months and then getting completed within 36 months. Do you know if that exists in the contract?

MS. RIDAO: We have not signed a contract with Imi Ikena.

COUNCILMEMBER VICTORINO: So we have nothing but a verbal agreement with this organization at this point in time?

MS. RIDAO: No, and I think Council...I'm, I'm sorry Budget Director has an update for you, maybe clarification.

COUNCILMEMBER VICTORINO: Yes, if I may, Mr...

CHAIR PONTANILLA: Mr. Baz.

COUNCILMEMBER VICTORINO: Mr. Baz . . .(*Inaudible*) . . .

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MR. BAZ: Okay, thank you, Mr. Chair. And, Mr...Victorino, from our understanding there is *no* appropriated funds available for this Imi Ikena project. They were...there was funds available in FY '10.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. BAZ: When FY '11 Budget ordinance was introduced from the prior Administration, that project was removed. And so there is no current funding available for that project. If that project did want funding from the County's Affordable Housing Fund, we would have to come back to you with a Budget Amendment.

COUNCILMEMBER VICTORINO: So why is it *here* on our, our *list*? If you just said what you just said, and if I understand what you just said, then they shouldn't even *be* here.

MR. BAZ: Correct.

. . . If you...Ordinance No. 3797 is the latest iteration of this Affordable Housing Fund, available projects list. And like I mentioned before, unless they had an executed contract...they have to be on this list to be able to be available for funding. They didn't have an executed contract, then they're not on this list, so they're not eligible for funding.

COUNCILMEMBER VICTORINO: So...

MR. BAZ: I'm not sure quite why in August you were given a report that shows...has them on that list, but.

CHAIR PONTANILLA: Let me clarify.

COUNCILMEMBER VICTORINO: Yes, if I may, please.

CHAIR PONTANILLA: The report that we have is...the report that was given, given to us August 2010, so this, this is the report that's in the binder. And what you just mentioned, that the, the budget ordinance that does not show the project that Mr. Victorino is talking about.

MR. BAZ: Correct. The ordinance, the original ordinance for FY '11, yeah, Ordinance No. 3751, which was the, the main budget ordinance, didn't include this project as of July 1st of 2010. So again I'm not quite sure *why* you were given this list in August that had them still on it. But the, the funding was not available from July 1st.

COUNCILMEMBER VICTORINO: See, and that's almost two months and I, I don't...yeah. Well, and then, Mr. Chair, then my question is what else is on this list that may not or should not be here? You know, I mean if you're showing me something and you've shown all of us an item that's not even supposed to be there--you know, and again no offense to Ms. Ridao or anybody

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else, this was done nearly two months later. I mean you obviously should've *known* that this is a report on a status for this fiscal year.

MR. BAZ: Ms. Ridao was going over a, a list that...she wasn't privy to County Community prior to its submittal. So she has a current list, which Mr. Hokama's already asked to be, to be presented into record. And so we're gonna be presenting that into record for this Committee.

COUNCILMEMBER VICTORINO: Understood, Mr. Baz, but then she never mentioned nothing about this not being on the list, on that *current* one. I, I'm sorry if I'm being a stick in the mud but you give me something, you tell me this is what's current or *pretty* current, and then all of a sudden you tell me something totally different, which is very, you know, in my mind, not proper. Either it is or isn't and it shouldn't be here if it isn't, okay? So I, that's my, so that's my whole point.

MR. BAZ: Sure.

COUNCILMEMBER VICTORINO: You know, you know, you guys...and no offense to you, Sandy or anybody else, but I get a little discouraged when I find reports that, you know, I'm looking at and saying, oh, what is this and how is it, and you say, oh, it's not even there. That's not, that's not a really good idea on what I, the way I think we should be doing it. But, anyhow, hopefully we'll get these corrected in the near future and we won't have this problem.

CHAIR PONTANILLA: Mr. Victorino --

COUNCILMEMBER VICTORINO: Yes, Mr. Chair?

CHAIR PONTANILLA: --I, I'll be working with the Department because...in the Fiscal Year 2010 Budget, it, it, it's included. In the Fiscal Year *2011* Budget, it's not there. So, you know, I'll, I'll work with the Department to--and this is the reason why the Chairman is deferring this item.

COUNCILMEMBER VICTORINO: Okay, thank you.

CHAIR PONTANILLA: So that we can get updated information as we move forward in the next two years in regards to this Affordable Housing Fund. And, and we all know that the Affordable Housing Fund was just to do that--provide the means of providing affordable homes for our community over here. But again in the Fiscal Year 2010 it was included, 2011 it's not in the budget ordinance at this time.

COUNCILMEMBER VICTORINO: Yeah, thank you, Chair.

CHAIR PONTANILLA: Okay. Member White?

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COUNCILMEMBER WHITE: Thank you, Mr. Chair. I'd like to ask a couple of questions about the buy-back of deed-restricted affordable housing. Roughly how many, how many sales of deed-restricted units have there been in the last 12 months?

MS. RIDAO: . . . Hmmm...I would say we probably get calls at about...between one and two a month.

COUNCILMEMBER WHITE: And how many have we been able to act on?

MS. RIDAO: We have only acted on two units. And in, in a way that has proven to be quite a challenge. Those are the Villas at Kenolio. And although we purchased them at a very attractive...attractive price, we've been having a problem selling them. All of the other units have been pretty much single-family dwellings. Waikapu Gardens, which is the Jesse Spencer project, Mr. Spencer will repurchase those units and sell them to the people on his list, which is a real help to the County because at least we know those are being kept in affordable. Other units, it's been difficult. When my staff analyzes the, the price we're gonna purchase it at, sometimes it's more than actually the value --

COUNCILMEMBER WHITE: Yeah, that was my next question, how is--

MS. RIDAO: --at this time, yeah.

COUNCILMEMBER WHITE: What, what is the difference between the, the average sale price on the open market versus the, the buy-backs you've been able to . . . *(inaudible)*. . .

MS. RIDAO: Some of our buy-backs have been coming in at the high 300,000s.

COUNCILMEMBER WHITE: Uh-huh.

MS. RIDAO: And after they analyze, after my staff analyzes--and if you want a detailed explanation, I'm sure I can get them here. But normally when he, and after he analyzes it, he will come with a recommendation that we *not* repurchase because of the high resale. 'Cause once we buy it back and we gotta resell it, to recover our costs it's gonna be over \$400,000.

COUNCILMEMBER WHITE: And do you have an idea what the average price is for that same unit? Is it in the high 3s, mid 3s, or low 3s, or?

MS. RIDAO: Um. . .I, I couldn't give you...no, I couldn't give you that right now, yeah.

COUNCILMEMBER WHITE: Okay, but you have the flexibility now to proceed with those buy-backs with, with funds you have available or?

MS. RIDAO: No, we would have to Council for that. *Any* purchase of real property needs to come through Council.

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COUNCILMEMBER WHITE: Okay. I guess the, the reason I'm asking is if...my recollection is you have a set period within which you have to take action, is that correct?

MS. RIDAO: Yes, and...

COUNCILMEMBER WHITE: How long is that period?

MS. RIDAO: It's, it's...I think it's up to about 90 days. So...

COUNCILMEMBER WHITE: Does that give you adequate time to come back to Council?

MS. RIDAO: We would...yeah, we have done it. We, we've done it with Villas at Kenolio.

COUNCILMEMBER WHITE: Okay.

MS. RIDAO: Yeah.

COUNCILMEMBER WHITE: Okay, thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Member Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. One thing on the status report, Lokahi Pacific-Waiehu Mauka?

MS. RIDAO: Uh-huh.

COUNCILMEMBER COUCH: They actually expended some funds and then we withdrew the project? Do we get those funds back or is that gone?

MS. RIDAO: That money has...no, it's pretty much gone. Yeah.

COUNCILMEMBER COUCH: Do we look into that at the next time we wanna award an organization something?

MS. RIDAO: Oh, yeah.

COUNCILMEMBER COUCH: Okay.

MS. RIDAO: For sure.

COUNCILMEMBER COUCH: 'Cause that's, that's a lot of money just to go away.

MS. RIDAO: Yes.

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CHAIR PONTANILLA: Mr. Couch, we understand that.

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: And we had some long discussions last, last term --

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: --in regards to utilizing that funds that you so mentioned. Members --

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: --any more questions for the Director? Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. Maybe out of the, out of curiosity at this point because the Affordable Housing Fund constantly get, get tapped, and in terms of an actual number that actually makes a difference at this particular point in time, it's very small. It...is the Department aware of a *total* amount of monies from this Fund that had been *awarded* to date and what we've gotten for our monies?

MS. RIDAO: No, but I could...I'm sorry, Councilmember Mateo. I, I couldn't give you that off the top of my head, but I'm sure I could go and, and get those numbers for you --

COUNCILMEMBER MATEO: Thank you.

MS. RIDAO: --as to what is expended and how many units. I believe one of the reports asked how many unit are associated with the award.

COUNCILMEMBER MATEO: Okay, thank you.

MS. RIDAO: But we could easily do that.

COUNCILMEMBER MATEO: Yeah, thank you, if that can be done? And also, Ms. Ridao, when, when these funds are awarded, because you deal primarily with, with the multiple applicants, are there timetables that you require on them to actually deliver the product?

MS. RIDAO: That has not been a sticking point for me. The 36 months seems reasonable to me. As a prior developer, non-profit developer, it takes at least three years to start construction. And so that seemed like a reasonable timeframe for me.

COUNCILMEMBER MATEO: Okay.

MS. RIDAO: For people to get started on their projects.

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COUNCILMEMBER MATEO: Okay, 'cause, 'cause usually, you know, Ms. Ridao, I think, I think from the time when you were a non-profit organization or the, the director of one to today, times have gotten very different and requirements have changed considerably. And sometimes when we see the individuals coming before us, we get all the commitments, we get all the fluff. You know, they get all their funding, all their ducks have been lined up and all they need is the County's portion. And then we allocate it out and three years, four years later we still waiting for the actual duck to appear and we don't get it. All we get is the feathers. So I think the time has come for us to, you know, if you wanna line up your ducks--

COUNCIL MEMBERS: . . .*(laughter)*. . .

COUNCILMEMBER MATEO: --let's see a duck at the end so that, you know, we don't end up with lists like this, Mr. Chairman, that is inconsequential because they're either not coming or they're yet to come not in my lifetime. Thank you.

CHAIR PONTANILLA: Thank you. And I think Ms. Ridao kinda explained it real clearly, you know, being a non-profit provider in affordable housing it takes three years, then it's gonna take three years. And because of the new added requirements, maybe . . .*(laughter)*. . . three years is not enough, I don't know. We also tax our developer in regards to, you know, how long does it take to have the project going. And some of 'em say, you know, five, ten years. But, you know, once we give entitlements or, or monies, then we gotta set some timeframes so that, you know, people that come testify for affordable housing and the like, jobs, that they're not left hanging, you know, during that period. So, you know, I, I, I feel for, you know, people wanting affordable homes. I feel for the people that **looking** for jobs--that there needs to be some commitment when it's gonna be done. And I hear you loud and clear, Mr. Mateo. Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you, Chair. Very interesting discussion this afternoon and kinda disheartening 'cause, you know, I know with the best of intentions we set aside this money trying to create affordable housing for people that need it. And it's been a real challenge for everyone. And, you know, I kinda understand and appreciate. Before I left MEO five years, or almost six years now ago, we started working on rehabbing those apartments in Vineyard Street, and I think, Sandy, you finished it last year, or this year?

UNIDENTIFIED SPEAKER: . . .*(Inaudible)*. . .

COUNCILMEMBER BAISA: So, you know, it takes a...and we were just **rehabbing**. So it **does** take a really long time. But my question, Chair, is **procedurally**--now we're sitting on a pile of money, a nice fat little pile . . .*(laughter)*. . . little fat pile of money that could produce some ducks. What's the process? When will this money get given to somebody to, to do something? Is it during the next budget process?

CHAIR PONTANILLA: Well, there's a process that we go through. And maybe Ms. Ridao is able to provide us that information because I, I know the first round that we had, we had gone through a

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process in approving some of the projects that were being considered at the time. So, Ms. Ridao?

MS. RIDAO: I, I think we go out...I RFP it, if I remember right, April or May. So it'll go out as a Request for Proposal and I'm anticipating that this time around, we probably will be receiving more requests for funding from for-profit developers as well as non-profit developers. It, it is a difficult decision because we try to tell developers that we need project-ready...we need projects to be ready to go in the ground. Well, the hardest money to get is predevelopment money. The hardest money to come by is monies to do all of your plans, all of your specs, all of your...if you have to do entitlements. And so project-ready or in-the-ground...projects that are ready to go in the ground are hard to come by. So I'm hoping that by getting inquiries now from for-profit developers, we'll see more of those.

COUNCILMEMBER BAISA: So, Ms. Ridao, we expect that this request, or the projects that are gonna be recommended will be ready in the budget process by, before we're pau?

MS. RIDAO: I'm sorry, can you repeat that question? I'm sorry.

COUNCILMEMBER BAISA: Okay. We're gonna start working on the budget on March 25 or shortly thereafter and we have to be all finished in order to get into the new fiscal year. We have a deadline.

MS. RIDAO: Right.

COUNCILMEMBER BAISA: Will the projects that we will approve be ready to be approved during that budget process or is that gonna come later?

MS. RIDAO: It's going to come later.

COUNCILMEMBER BAISA: So we'll just have a fund there for allocation?

CHAIR PONTANILLA: Exactly. Yeah.

MS. RIDAO: Yeah.

COUNCILMEMBER BAISA: Okay. I, I think it's important. But of course I think it's also very urgent that we do something. I'm not proud of our record.

CHAIR PONTANILLA: Thank you, Ms. Baisa. And I can tell you that, that, you know, we do have Mr. Andersen over here that represent Na Hale O Maui and when you talk about creating affordable housing, I...although it's not *many*, it's a continuing thing that is being provided to our community, affordable homes. So, you know, my hat's off to, to that organization, they continue to do that for this community. Again, not big numbers, you know, lucky they do ten a year. But ten is better than nothing. Member White, followed by Member Hokama.

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COUNCILMEMBER WHITE: Thank you, Mr. Chair. A question for you, Director. What is the current balance of the Affordable Housing Fund, if you were to look at the numbers on this list that are not expected to be expended?

MS. RIDAO: The number is around 17 million, I believe.

COUNCILMEMBER WHITE: Okay. The, the, the next question that comes to my mind, following up on Councilwoman Baisa's comment, you mentioned that some of the hardest money is the planning money. Would it make sense for the *County* to undertake some of those planning efforts and use this fund as some of that *upfront* money so that we, we take on the responsibility of getting projects closer to ready and much more, much more *dependable* decisions or much less risky decisions instead of waiting for others to, to try to find that money themselves and take on a little more risk?

MS. RIDAO: Our Budget Director here is chomping at the bits . . . *(inaudible)* . . .

COUNCILMEMBER WHITE: I can see him jumping around.

ALL: . . . *(Laughter)* . . .

MR. BAZ: Thank you, Mr. Chair and Mr. White. The Administration, current Administration, has been working on that exact idea. Not just...started off with just County buildings, you know, County...doing vertical projects, you know, building buildings and things. And also the...Mayor Arakawa has a desire to assist non-profits with that predevelopment as well. He understands that that is a big issue and if you are...there are some that are experts in building buildings, but there are others that are not. And so if the County can assist with those items with experts in...in building buildings, then we will have a better product and hopefully lower costs, more efficiency as well. So you will see that in the proposed budget, an item regarding that.

COUNCILMEMBER WHITE: So how much of our...how much of that \$17 million is gonna be allocated? You don't have to be exact 'cause I know you don't...

MR. BAZ: Zero.

. . . Yeah, we're not going to be using the Affordable Housing Fund for that.

COUNCILMEMBER WHITE: Oh, okay. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I was very happy to hear the responses 'cause that was a tough question. And I think Ms. Ridao . . . *(laughter)* . . . can tell you, you know, the difficulty, even if it's a County-sponsored project. And so my, my only...maybe not a question but a short

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comment to share with the Committee, Mr. Chairman, is that even on Lanai with our *County* affordable housing project, you know, we spent...you know, we've allocated a million dollars to get through planning and we have yet, in five years, reached the State Land Use Commission to get reclassification.

UNIDENTIFIED SPEAKER: Wow.

VICE-CHAIR HOKAMA: Five years. This is a County project. And, and so I would be hesitant at this time for the *County* to take the responsibility of a private developer to do the initial planning because that is where *a lot* of time...gee, I don't even know what word to use this afternoon. I hate to use the word "wasted", but you know, we've been patient on Lanai. You mentioned your own district's project, the 50 acres for Kahului, Mr. Chairman. I think one of the things, too, I would ask the Committee to take into consideration is these two *County* projects that the County is responsible for and is the lead is gonna require a lot of funding in...down the road. And even before we build the house, Mr. Chairman, people like me are gonna be asking for monies from the Fund to help infrastructure requirements. And that in Phase I of any housing project is gonna be expensive.

UNIDENTIFIED SPEAKER: Uh-huh.

VICE-CHAIR HOKAMA: And maybe \$17 million at this point in time seems a lot of money, but once we do the roads, we put in the sewer, we bring in the power, we bring in the water lines, that \$17 million can disappear in a flash, in a flash. So I would ask this Committee to be at least cognizant of its own County requirement needs. But I think in my experience and working with Ms. Ridao, I think the best thing the Council can do is to help the Administration find ways of expediting and giving decisions--whether it's an approval or disapproval, expediting decision making I think it's the biggest money saver and expeditious way of moving projects forward--by giving people an answer one way or another so they, they can...anybody can move forward once they get that decision made. So if the answer is no, fine, they, they'll move on. But to linger in departments for months to years helps nobody, Mr. Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Well said--

COUNCILMEMBER VICTORINO: ...*(laughter)*...

CHAIR PONTANILLA: Well said. ...*(Laughter)*... I've been waiting for, I don't know, three, four years now.

UNIDENTIFIED SPEAKER: ...*(laughter)*...

MS. RIDAO: Yes. Mr. Chair, if I may?

CHAIR PONTANILLA: Ms. Ridao?

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MS. RIDAO: I just wanted to...for this Committee to know that, you know, I look at the big picture and you need a **broad** range of programs and funding to create affordable housing. And my plug this afternoon is for the First-Time Home Buyers Program. We...there was an appropriation of \$200,000 in 2010, and we were able to, to provide 13 homes to first-time homebuyers. And this year we are going to be able to do another 13 homes. So when you're looking at your budget deliberations, please keep those things in mind--that it takes a lot of different programs to create affordable housing. So thank you for that.

CHAIR PONTANILLA: Thank you. Members, any more questions for Ms. Ridao? Member Cochran?

COUNCILMEMBER COCHRAN: Yeah, I was just curious. I got a County buy-back home in Lahaina, Aulike Street, in that area, Aulike. You guys know where that is? I mean back...Wahikuli Terrace, that was County, right?

MS. RIDAO: Yes.

COUNCILMEMBER COCHRAN: I mean things of...this magnitude and these projects came up, I mean, pretty quickly, very affordably. I just haven't seen anything of that nature happen ever since and this is *decades* ago. So I'm just...I know this is all trying to work towards that again, but why was it such an easy thing back then and now we're just having the hardest, hardest time ever. I mean the numbers are zeros in this chart, and that really...zero units provided. I just don't understand. Being new to the ...*(laughter)*... body here, I just sorta...I don't know if anybody has...if we knew the solution and answer to that, I guess we would have affordable housing right now but we don't. So--

CHAIR PONTANILLA: You got it.

COUNCILMEMBER COCHRAN: --this is why we're here discussing this. And also, I'm happy to see John Andersen, Na Hale O Maui, trying to utilize and make use of the foreclosures that we...that are occurring here. We have the number *one*, you know, highest percentage value of foreclosed homes in the *State*. And I, and I really don't see much discussion in our body addressing that, and so I'd like to somehow, I don't know, further, further, you know, discuss it and see what we can do about that issue of foreclosure which I look at in the sense, that's less property tax in our funds. You know, the numbers back, I think, early of last year was looking at 22-plus million dollars or whatever. I know those numbers are astonishingly higher by today's standards. So I think it's worthwhile that we look into something of that nature just to get these back on line. People are living 'em, people are, are putting in to the property tax system. So, I don't know, I guess that's just a comment and sort of problem ...*(laughter)*...

CHAIR PONTANILLA: Thank you, thank you. And I think Mr. Victorino has already started one of the process in trying to get water for affordable...100 percent affordable housing projects. That's a step forward. Just to let you know, again just a comment, we tried to help an organization to purchase some of those foreclosed apartments and because of the, the people living in the complex just didn't want to see, you know, the type of people that, you know,

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needed this help in their complex. It, it, it, it was a battle. And, you know, you have the two sides, yeah, that you always gotta work with in trying to create affordable housing. Member Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. You know, I'm trying to look at the goal, and I know the goal here is to provide affordable housing. And it sounds like we have two shining stars. One is the Na Hale project, and the other is as Ms. Ridao mentioned, the First-Time Home Buyers. I don't know the financial restrictions and I know there are people that do. Is there any possibility that we could take some of this \$17 million and by some kind of ordinance use it for those programs rather than waiting and waiting and waiting for something to happen? It would seem we'd get some bang for the buck. You know, for me ten homes is better than no homes. And if we multiplied that 200,000 to a million, I mean we're giving away 3 million for projects that don't happen. Let's . . . *(laughter)*. . . you know...use some of our money and get some results because, you know, that money should be used to help our people and not sit in our bank account. But I don't know the answer.

CHAIR PONTANILLA: Thank you. And, Members, when you look at the project list--this is my last comment I'm gonna make --

ALL: . . . *(laughter)*. . .

CHAIR PONTANILLA: --when you look at this project list, we try to help the lowest of the lowest income level.

COUNCILMEMBER BAISA: Yes.

CHAIR PONTANILLA: And, and when they don't happen, you know, we all get concerned because as we move forward, you know, more and more people are coming homeless. So we need to be on top of this. So hopefully the next meeting that we have in regards to this particular item, you know, hopefully we get some good news from the Department.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Since, you know, since, you know, we had these comment session, I'll throw my two cents comment and we can move on. Historically, and anyone who sits in this room, is old enough to know the history. This County was one of the first counties to really make affordable housing a priority. And we did that. But we saw the residual effect when this market went nuts in the beginning of this decade, in the beginning of this millennium. So we became gun shy. Let's be honest, we became gun shy. There's no bullcocky about it, okay? We can say what we want but the fact of the matter is. . . we go and build a house for 200,000, sell it and ten years later they sell it for 600,000. The taxpayers out there are not happy. I hear it everyday. So get out of the, the, the sand, everybody, and get real, okay? That's my comment

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because if we do something then we put restrictions on it and now the banks and financial...institutions like Fannie Mae and all that won't let people money because we have these buy-back agreements. So we damned if we do and damned if we don't. That's the fact of the matter. And, Mr. Chair, you've been here long time. Mr. Hokama has been here long time. I've been here a relatively short time. And, Mr. Mateo, you too, have had more years combined sum total than you put all the rest of us and throw 'em and mash it up. But still I live here, I see it. I've seen the residual and we...the public is *not* going to allow that to happen again. Yes, I want people to own houses. Yes, I want. And we have the highest foreclosure in the, in the nation right now...in the State. Why? Because we had a lot of people, a lot of financial institutions that let people believe they could do it, lied, cheated, whatever you wanna use. You can use whatever words you want. The fact of the matter, these people were left hanging, lot of investors, too. I've been looking at properties and a lot of 'em were investment properties. I feel for those that were. And I have family members who bought homes to live and raise their families and now are being foreclosed on. So I understand the problem. It's not something I dreamed up on. I live it right now in my own family. So I can tell you right now, Mr. Chair. We can do a lot of things, but we got to do it right. What is "right", is really the question and how do we do it right? 'Cause the taxpayer out there doesn't want us to make things, build homes, and then have it sold on their back. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. I'm gonna close--

COUNCIL MEMBERS: ...*(laughter)*...

CHAIR PONTANILLA: --this particular item right now. We can go on forever.

COUNCILMEMBER VICTORINO: Chair, I get one more comments.

COUNCIL MEMBERS: ...*(laughter)*...

COUNCILMEMBER VICTORINO: Sorry, yeah.

CHAIR PONTANILLA: We do have Cost of Government, been sitting here patiently. So, Ms. Ridao, thank you very much and I think. . .you got some homework to do in regards to ...*(laughter)*. . . providing this Committee some information. And I'll be working with you, also, in regards to the listing. So, Members, if there's no objection, the Chair would like to defer this item.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC)

ACTION: DEFER pending further discussion.

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CHAIR PONTANILLA: Members, we're gonna take a five-minute break. . .maybe three minutes--

COUNCILMEMBER VICTORINO: . . .*(laughter)*. . .

CHAIR PONTANILLA: --just to, you know, do whatever you guys wanna do. So we'll reconvene at 2:50. This meeting is in recess. . . .*(gavel)*. . .

RECESS: 2:48 p.m.

RECONVENE: 2:53 p.m.

CHAIR PONTANILLA: . . .*(gavel)*. . . The Budget and Finance Committee meeting is now reconvened.

ITEM NO. 11: COST OF GOVERNMENT COMMISSION REPORTS (C.C. No. 10-52)

CHAIR PONTANILLA: Members, we do have our last item this afternoon, BF-11, Cost of Government Commission Report. The Committee is in receipt of a report entitled, County of Maui, Cost of Government Commission, Annual Report, April 1, 2009 through March 31, 2010. Available to the Committee this afternoon, we do have Ann Moe, Yarrow Flower, and Malcolm Findley of the Cost of Government Commission. They will provide us with an overview; and as soon as the overview is completed, we may ask questions of them in regards to the report itself. Members, if you look at the report some, some of the items in this report we have already addressed and we still have lots more to address. So at this time ,the Chair is gonna call on Ann. Go ahead.

MS. MOE: Thank you, Chair.

CHAIR PONTANILLA: Ann, can you talk directly into the mic, please? Thank you.

MS. MOE: Yes, is that better?

COUNCILMEMBER VICTORINO: Yes.

MS. MOE: Okay, good. Thank you, Chair, and good afternoon, Council Members. We are absolutely delighted to be here. And the reason we're delighted to be here is we work our...hearts out all year long and the worst thing that can happen to us is nobody really cares, you know. So we're really pleased to be there. Let me tell you a little bit about who's in front of you and who is not. We're talking about the 2009-2010 report today. And our chair at that point in time was Craig Anderson. Craig, as many of you know, is the General Manager for the Westin Properties in the Kaanapali area. We talked to him and he, unfortunately, has a commitment. He would've loved to have been here. Fortunately, Malcolm and Yarrow and I were on the Commission last year as well, so we have a fairly decent memory. In fact, Yarrow, who is the current vice-chair, was the chair of the Management Committee, that you read the report in your materials. And

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Malcolm is kind of our, our secret weapon today. We're lucky to have him because 48 hours he was fishing in the Amazon River, but he's here today. And the reason he's a secret...weapon is he had a lot to do with the detail that you found in the Fleet Management, Maintenance and Fuel Efficiency portion of the energy report, and was the...Subcommittee Chair for the, for the, for the Energy Subcommittee. I thought what we could do is just run through some comments that were in the Executive Summary of the 2009-2010 report and then take your questions. We would be happy to follow up with any additional information that you require. I believe that some member of our Commission has met personally with each one of you in the last few weeks to discuss our more current report as well as discuss some things from last year. So hopefully it won't all be new. Is that okay with the Council Members and the Chair?

CHAIR PONTANILLA: Go ahead, Ann.

MS. MOE: You know, we always start out the, the report referring to some general impressions that we have, and some of the key ones from the report in 2009 included our support for the Fiscal Implementation Team, or FIT, as it got to be known in County world. We...when talking with people around the County, we were really impressed by the fact that you had to get your ducks really in order before you went to the FIT to get approval for expenditures that were in the category that were getting extra scrutiny. Seemed to be a very effective tool in dampening any kind of frivolous expenses. I'm happy to report that the new Administration has moved away from FIT and has moved to TIPS...TEPS, T-E-P-S, which stands for Travel, Equipment, and Personal Services. So there's still scrutiny at that level for expenditures that are being proposed that are, perhaps, discretionary. We also had some strong feelings and this is, this will turn out to be the third time we brought this up. In our 2008 and 2009 report, we recommended that the County consider hiring a process auditor. You would actually be amazed, I think, at the number of times when we're doing our research work we would be talking with somebody inside the County and we would realize that their processes that they, that they carried out diligently were highly inefficient. Or that were processes that were used in one department in the County that worked really well and appeared to be best practices. There would be another department in the County that simply...they were not aware of that and the benefits they could bring. So, you know, this is a world where one person, the right person in one position could have a lot of impact on the County overall. To...to speak about the, about the, in general, about the subcommittees, and again, Yarrow was the chair of the subcommittee on the Department of Management. The Department of Management is already, under the new Administration, under some change. But one of the things that Yarrow and her team really nailed, nailed down was that having an organizational structure for these activities that survived from administration to administration, environment to environment is not in the best interest of the County. And so one of the key recommendations that were offered up by that subcommittee was the fact that we ought to get a Charter amendment that allowed the County's organizational structure for those entities to evolve as needs in the County evolved. This is particularly timely because, as you well know, the Charter Commission is gonna go to work very soon. And if we don't address this, another ten years of evolution will change and unfortunately the County is likely to have to race along behind it. The Energy Subcommittee, what most people zero in on in the Energy Subcommittee is a very, very strong and well thought out recommendations relative to fleet

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management and to fleet maintenance and fuel efficiency. And so it's not surprising that's where the attention goes because the recommendations are very, very specific. And we feel very comfortable that the numbers are, while they're quite large, are actually probably very reasonable in terms of setting expectations. And Malcolm can answer any questions you have about that. Just scares me to think that he remembers all this stuff. But there are other things about energy in the County that really deserve some close looks. One is the whole issue of electricity expenses. There's always that uncertainty with prices of oil and what MECO is gonna do, but even in the best of times there's little across the County kind of control for electrical expenses. Yet there's quite a bit of opportunity for savings there. As is there for using cost efficient vehicles and other sources of energy. So we have really supported those. We have brought those up I think in the last three meetings...three, three reports, so going back to 2008. The Personnel Cost Management issue really focused on overtime. There was \$11 million in the Fiscal Year 2009 in overtime. And interestingly enough more than three-quarters of it was concentrated in Police, Fire, and Environmental Management. We did a really, I think, extensive review of what each of those departments did to control advertising...overtime and--my marketing mind slipped in there for a minute--to control overtime. And what we found out was it really was the Police Department that had the most effective way of both approving overtime but also actively managing it. So we actually did what you would call an operational audit. I remember we went through something like six inches deep of materials to look at all their recordkeeping, how they...how they reconciled overtime pay with pay records and...time cards and everything else. And we came away with the fact that they really seemed to have a very, very good handle on that. So we ended up recommending that the other departments actually use that as a best practice and implement it in their respective departments. The other major recommendation we had that has some real money tied to it, about \$2 million, is the Police and Fire have what you would find to be I think an enormous resignation rate for people who have been...selected, trained and have served on the force between one year and five years. And there's been a lot of attempts to try to address that. The, the Chief of Police and the Fire Chief both belong to national organizations and they're exploring those issues with their counterparts around the country. But the...and the reasons for it appear to be not specific things, but cultural things. People get into the Police Department and then when they find out the job, what the job's like they really don't like the job, you know, that kind of thing. Or they don't, they don't feel comfortable with the more military-like structure that is typical of police departments and fire departments around the country. We had recommended that they do some real digging to see if they could find some best practices in terms of increasing retention, and if they could do that, it has a meaningful amount of money to the bottom line. We'd like to acknowledge the people that worked with us. We had great members who were involved in our effort during the course of the year. We had very good staff, good staff on a, on a, on a commission like this is really valuable. We had nine members through much of the year, not all year, but through much of the year. And, and our guess is that on average, on average they spent 10 to 15 percent of a full-time job, and for those who are really engaged like Malcolm and Yarrow, it could be 25 percent of a full-time job. So we are just, we are very, very grateful to the staff help that we get. We welcome your questions on any of the topics that you'd like to explore.

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CHAIR PONTANILLA: Thank you. So, Members, I'm gonna start off with Member Baisa and just go right down the line. Member Baisa, any questions?

COUNCILMEMBER BAISA: First of all, lots of kudos, thank you very much for the large amount of donated time. We really appreciate it. We couldn't run the County without our volunteers, thank you. It appears that this report is very intensive and gives us a lot of information. I'm kinda interested...somewhere in here I saw some fabulous...figure. Was it 24 million that we could save if we managed our fleet better, Malcolm?

MR. FINDLEY: That is a two-year maximum estimate for the vehicle fleet which covers both...basically there's, there's a plan that was developed called the Comprehensive Vehicle Cost Control and Reduction Plan. Now the perspective at the time--the report was written a year ago--was that the County was in extremely dire straits budget-wise. There was a whole question as to whether TAT money was gonna be received. So, but in the, in the preparation or in the narrative relating to the plan the emphasis was on flexibility that the plan could be calibrated and adjusted up and down depending upon how dire the County's budget circumstances were and are. Now the first aspect of developing that plan is to try to figure out how to reduce cost while not unduly, adversely affecting County operations, because the County fleet of some almost 1,300 vehicles is an integral part of all of the day to day County activities. But there are a number of aspects of the composition of that fleet that raise serious questions. And that has to do with the, the age of the vehicles, the mileages put on the vehicles but most importantly how the vehicles are counted, how they're kept track of. The...there's a key principle in management in my experience which is rather simple and basic. If it's measured, it can be controlled. But you can't take a number like 1,250 vehicles and if you don't maintain records about the status of those vehicles, what the make and mileage was, what the year, what...how many...what types of vehicles there are. If they're not, if they're not kept in some central location where you can order computer runs and say give me an indication of all vehicles that are over 10 years old or over 15 years old rather, or have more than 100,000 or 150,000 or whatever the mileage threshold do you wanna push. And again they're established principles. We're not the only one in the country that has a vehicle fleet. I mean people have been managing vehicles both in the government and otherwise for years. So anyway, this is getting to be a very long question, but the bottom line is the, the 24 million over two years is predicated on freezing purchases.

COUNCILMEMBER BAISA: Okay.

MR. FINDLEY: Reducing other vehicles and reallocating vehicles. For example, let's say you have a car sitting that's only putting 2, 3,000 miles a year on in some department. Who's, who's, who's aware of that and what's to be done about it? Why go out and buy another one? Who's making decisions on what kind of vehicles should be purchased? Then there's a whole other component which has to do with the most expensive vehicles, those between 100,000 and a million. And the, the plan proposes to freeze the purchase of these vehicles because the fire engines cost a million dollars. And so if you can delay that aspect of it, delay the purchase, at the same time you freeze the purchase of new vehicles coming in...until you can kind of fully evaluate and

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reallocate. Eventually you can bring these costs down, in my view. And that was the view of the report. But I'm not saying it's an easy or uncomplicated process.

COUNCILMEMBER BAISA: Thank you very much for that answer. But it certainly seems like something that would be worth looking into. You know, if the payback can be 24 million and you have to spend some to do it, it, it doesn't matter because the payback would be so good, the cost benefit of doing it. Anyway, thank you very much. Chair, I'll defer to the next person.

MR. FINDLEY: Thank you.

CHAIR PONTANILLA: Member Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you...Cost of Government Commission, for your time and energy put into this. On the Executive Summary, amend the County Charter creating additional departments, does it go into detail somewhere here in regards to that? Is that for you, Yarrow?

MS. FLOWER: Thank you, it does. Is what we did is we actually included a exhibit which is directly from the Charter for City of Honolulu. And they have a reorganizational clause that allows the Mayor to propose a reorganization and then the Council would approve. And something like that would streamline any kind of reorganizational process and not require a charter. It would allow the County to keep up with current situations, economic situations, et cetera.

COUNCILMEMBER COCHRAN: And is there...

MS. FLOWER: I can give you that, I can give you the...it's Exhibit D. I know there's quite a few exhibits.

COUNCILMEMBER COCHRAN: Oh, okay, thanks. And then was there a portion that you folks were looking to delete departments or any type of board or commission? Or was there some deletion?

MS. FLOWER: Our...

COUNCILMEMBER COCHRAN: Oh, that's it? Oh, sorry, I think I'm confusing this report with this --

MS. MOE: Yeah.

COUNCILMEMBER COCHRAN: --the new updated report.

MS. MOE: Right.

COUNCILMEMBER COCHRAN: I think that's where my head's at right now.

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MS. MOE: Yes, the 2010-2011 has a lengthy recommendations relative to changing and eliminating some boards and commissions.

COUNCILMEMBER COCHRAN: Okay. And when are we gonna have the opportunity to discuss all of that?

CHAIR PONTANILLA: Good question. . . .*(Laughter)*. . .

COUNCILMEMBER COCHRAN: Okay.

CHAIR PONTANILLA: Probably after budget.

COUNCILMEMBER COCHRAN: After budget, okay, all right. Thank you, that's all.

CHAIR PONTANILLA: . . .*(Laughter)*. . . Member Couch?

COUNCILMEMBER COUCH: Thank you. Mr. Chair, you had mentioned that you had...have already addressed some of these issues? So that we don't --

CHAIR PONTANILLA: Oh, okay.

COUNCILMEMBER COUCH: --...readdress them. Can you let me know what, what you have?

CHAIR PONTANILLA: Okay, on Number 4, the Committee recommended that, oh, you know, the following for...consideration. A is one in regards to residential property valuation...or if the residential property valuation decline in Fiscal Year 2011, Commission supports an increase in the residential rates to maintain current property tax collection from the residential sector. But...the Chairman had introduced an ordinance last year in regards to reducing the Homeowners Exemption. So that is currently in the master agenda. This Chair will bring it forth after the budget deliberations. The other one is C. The Maui Bus has been a huge success and ridership is at all-time high. The Commission believes that the current fare of \$1 could be raised, if not doubled, to provide additional funding. We've already passed an ordinance to increase the fare from \$1 to \$2. So those are the two that the Chair...when I said that, you know, we already either completed one and, and, you know, working on the other. So those are the two items.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR PONTANILLA: Okay. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you very much. Thank you for the details of the, of the report. It's, it's something a person like me can appreciate so I thank all of the hard work you, all of you put in. I'm also assuming that one...in your recommendation regarding the Charter to adjust the departments besides additional, you would also look at reducing departments as

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another flexibility that should be considered by the Council or the people in, in future Charter revisions.

MS. FLOWER: The recommendation in the context of the report was specifically to address the Department of Management and our recommendation was to, to create a new department that would contain the technology services, MIS and GIS. However, having a Charter language change would benefit all departments and it would allow for reorganization and deletion and addition of departments.

VICE-CHAIR HOKAMA: Right, okay, 'cause I, I believe Mayor Harris of Honolulu reduced or consolidated couple of departments to create some efficiencies during his tenure at the City and County. The one that I...interests me and, and the detail that you went through is, for me is impressive, is the...on the area of the Energy Subcommittee and the fleet. Did you have some problems getting that, the number of total vehicles by department? 'Cause Council always has a hard time during budget --

UNIDENTIFIED SPEAKER: ...*(laughter)*...

MR. FINDLEY: Uh-huh.

VICE-CHAIR HOKAMA: --since no one wants to see, tell us more or less how many vehicles we actually have.

MR. FINDLEY: ...*(sigh)*... I, I, I don't like to use the word --

VICE-CHAIR HOKAMA: I, I don't... *(Inaudible)*...

MR. FINDLEY: --"problem". I prefer "challenge". Isn't that the proper euphemism these days for a, a difficult challenge? But in any rate, Council Member, I, I, I wanted...before I...try to answer your question, first I know that when you and I met. . .two years ago when I was the chair of the Audit Subcommittee and we had sort of a meeting of the minds about the value of operational audits, the component on the vehicle fleet was structured more or less along the guidelines of a process or operational audit. And our methodology was basically to ask a lot of questions, gather a lot of information, and then format it in terms of findings and recommendations. And also, and I say most importantly in many respects, have a depth of exhibits so if somebody says I think we can save 10 million or \$20 million, the obvious answer is gonna be, oh yeah, well, show us. And therefore, we tried to compile--and they're 20 different separate exhibits that would sustain and support the findings and, most importantly, the recommendations. In terms of the difficulty, yes, the, the...let me start with the most positive experience we had, which was the MPD. They really have their reporting system and their...accountability... accounting for their vehicle fleet up-to-date, current and otherwise as could be, is a model for others. Now there's reasons, perhaps, that they're more...in better shape, partly because of the nature of their work. They can't afford to have vehicles that are down and all the rest of it, that, that 24/7 and all, and that kind of thing. The key component of this, which is mentioned in some detail in the report, has to

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do with the Finance Department. And the Finance Department's reporting system, which for whatever reason, and I'm sure there are some valid reasons. . .that the list that we obtained from them was severely out-of-date. The information was inaccurate. The model years weren't reported on half the vehicles, which is a problem in terms of trying to figure out what year...whether the vehicles are too aged, they're beyond the aging standards that are normally required. And, and also, of course, mileage is a problem. Now the department, the DWP [*sic*] has a better system, but they are really challenged because their operations are so dispersed and also they don't have the staff to enter the...as, as the vehicles are brought in for servicing, they don't have the staff to enter the data into the system. So to me that is, is, is a sad and unfortunate waste because, again, if it's to be measured, if these people in charge were trying to reach some sort of a plan or decision on whether vehicles should be surplus, purchased, reallocated or whatever, is not...cannot obtain current and valid information. And, by the way, the initial response was, go visit and talk to every department. . .and, and take what they tell you. Well, for one thing as volunteers and so forth and so forth, our time constraints were considerable because it's a one-year program with the Commission and everything else. So we're, we're pretty frank in the report about how that present system needs to be changed. . .which is an important element. There's one other thing I'd like to mention, Mr. Chairman.

CHAIR PONTANILLA: Go ahead.

MR. FINDLEY: And that is, it was very disturbing to me, as someone who worked in government for many years, that you have an annual report going to the Council, it's about that thick, it's compiled with an outside auditor, has an enormous amount of data in it, and yet one of the most high visibility, high visibility to the public and most valuable assets of this County has to do with the vehicle fleet. And you can look through that report virtually all day and you'll never find a mention of it. And I recommended that that report be revised--specifically it is recommended in the, in the Commission's report, I guess I should say--to incorporate considerable detail as to how many vehicles different departments have and, and, you know, what their usage is and so forth and the costs are. So that's just an aside. But if the information does not rise to the top, then the chances of getting some sort of corrective action taken on it are minimal.

VICE-CHAIR HOKAMA: Uh-huh.

MR. FINDLEY: I don't know if I answered your question or not . . .(*laughter*) . . .

VICE-CHAIR HOKAMA: You did very well.

MR. FINDLEY: I rambled on a bit, but anyway...

VICE-CHAIR HOKAMA: No, no, and that, and that's fine, Commissioner, 'cause I know all of you put in a lot of time in so I'm more than happy to have you be able to respond as thoroughly as you need to, to inform this Committee of your workings, Commissioners. Did, did you find differences--and again we, you know, we understand why Police and maybe Fire, they do certain things better than others--but did you find major differences of how we operate because of our

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unique multiple islands how that there, there...were there differences how the department function on Lanai versus Molokai versus Maui in this areas, Commissioners?

MR. FINDLEY: I don't think we refined it to that degree. In fact, when I got the report from, from...in fact, you'll, you'll find it as the first or second exhibit in your...in the Commission's report. It's a pile of paper, you know, three-quarters of an inch thick. And as you flip the pages, page after page after page, I mean it, it took me awhile. How am I gonna even begin to get a handle of this information and try to come to some kind of...what sort of conclusions can I reach about it when it was seemingly so incomplete and then later I found out portions of it were so outdated. And so a lot of our findings and recommendations are what I would call extrapolations or the best estimates. And former Managing Director Morrison indicated when she spoke with the press on this issue that she wanted to take a good hard look at the numbers. I invite everyone to take a good hard look at the numbers 'cause as far I'm concerned our estimates are...to me, that some sort of a number was warranted if we were to come up with a dollar amount. But they are at best a guess estimate, a guesstimate as almost, best estimate we could come up with. They need to be refined, that's my point. And that takes times and staff work to accomplish.

VICE-CHAIR HOKAMA: Uh-huh. And, and one, one last follow, follow-up, Chair, on this and --

CHAIR PONTANILLA: Okay.

VICE-CHAIR HOKAMA: --I'm happy to relinquish the floor. So, Commissioners, when you mention some of the outdatedness of the information provided you, then can I make a correct assumption that that we may not have been then also fulfilling our requirements by State statute regarding each department's requirement to sign and certify their, their physical inventory?

MR. FINDLEY: Yeah, I'm not aware of that requirement. We did not delve into that aspect of things. However, the reason I state that with such certainty is--and the numbers...it's been a year now so numbers are getting a little hazy--but the Police Department, I was particularly interested in ,in, in Ford Crown Victoria police cars which are very expensive and extremely low mileage...vehicles. And so the number that we got from the Finance Department was, let's say, there were 240 of them. And the number that the Police Department--when I, after I met with the Chief and his staff, all of whom were very professional I thought and very responsive--was approximately 75 to 80 vehicles less, yet about a 20 to 25 percent disparity as far as those police vehicles were concerned, those...cruisers. And that was disturbing to me 'cause those will cost about 40 grand a piece or more.

VICE-CHAIR HOKAMA: Uh-huh. So was part of the explanation either through accidents that, you know, the, the vehicle are no longer useable or they were cannibalized because the model was so unique that they use it for, for parts for another cruiser to be able to be maintained on the road? Were they able to explain that, that great percentage of differences?

MR. FINDLEY: Well, the, the Police Department, again, time, time was of an essence because the Energy Subcommittee not only dealt with the fleet but dealt with issues of the, the electricity

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expense which is very...other significant area. And then Power Purchase Agreements which...we also strongly supported. But getting back to your point, I, I was satisfied with the Police Department's ability to come up with on a timely basis correct information. Everybody's off by a little bit. But it didn't square with a lot of other information that I...I received and...the information I received from Finance. And there are reasons why but nevertheless, it's disturbing. So I, I guess beyond that I can't refine it anymore at this point in time.

VICE-CHAIR HOKAMA: Well, thank you very much for your response, Commissioners.

MR. FINDLEY: Thank you.

VICE-CHAIR HOKAMA: Chairman, thank you.

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And I think when it comes to vehicles I do agree that without an...accurate tracking system, you leave it just hanging out there with no real numbers. And 1,268 vehicles is an awful lot of vehicles for a County of this size. But I...let's, let's not go any further than that one. Go ahead.

MR. FINDLEY: If I could interrupt you just one second.

COUNCILMEMBER VICTORINO: Sure, sure.

MR. FINDLEY: The thing that seems to have caught the attention of the press about six or seven months ago was that if you take out the large vehicles which are roughly 120, let's say.

COUNCILMEMBER VICTORINO: Right.

MR. FINDLEY: Then you basically got...and you're dealing with this whole mix of SUVs, pickups and everything else but basically you're still talking about one vehicle for every two employees in a, in a very rough sense. And the presumption was--even the Managing Director acknowledged, well, that sounds a little high, maybe we better look into it kind of thing--but it struck me as a little high because you don't have to look very far in this island to be passed by a County vehicle. Doing good work, hopefully. . . .*(Chuckles)*. . .

COUNCILMEMBER VICTORINO: Well, yeah, that's, that's our hope, yeah. But what I was interested in, is you had an extensive report as far as our electrical expenses which is this County's probably biggest one-shot expense overall versus, and payroll probably be the largest but . . .*(inaudible)*. . .

MR. FINDLEY: Roughly \$26 million a year.

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COUNCILMEMBER VICTORINO: Well, you guys, yeah, you know, and, and we're looking at even increases up...it says here, you know, that, you know, all of these different numbers that you were throwing out from different departments, right? And you have the various departments like Water, Reclamation, Wastewater and all that, yeah? But my, my, my, my curiosity was, you know, you set annual goals to reduce expenses starting with the, you know, the, the County's now...approximately spends \$26 million annually in electricity costs, right? And it...with reasonable savings and reasonable methodologies we could save...here it says 3 million, 9.7, another 2.5. I mean, you, you put in all these different requirements or ideas here.

MR. FINDLEY: Correct.

COUNCILMEMBER VICTORINO: Which I, I hope the new Administration really takes to heart because I think the old Administration never, in my mind, did what I thought what, what needed to be done in this area. And we've never made changes even in the smallest sense of changes. For example, I was at the community college and a lot of their buildings now have a...urinals that are water free. You know, I talking small stuff but they all add up. The electricity, you know, they use different types of incandescent light bulb, the newer versions, not the old. And a lot of those buildings are fairly old too but they've retrofitted 'em. So what is your feeling as far as making a big attempt to retrofit the buildings, especially the buildings we own, not the ones we rent, to make sure that we can get better cost efficiency off of electricity? 'Cause the price of oil is not gonna go down.

MR. FINDLEY: Let me come at your question--which I think is an excellent one--in a, sort of a...from, from...come at it from another angle.

COUNCILMEMBER VICTORINO: Sure, go ahead.

MR. FINDLEY: To me one of the most...I, I, I'm a...my methodology as a chair was to ask a lot of questions. And one of the parties we asked questions of concerned MECO. And it was particularly current at that moment because they had a pending rate increase of almost 10 percent that they were requesting the PUC to grant.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. FINDLEY: Which would have been a significant burden at the same time...everything else was transpiring. We asked for information about MECO's billing and also what the total scope of the...Maui County is MECO's largest customer by far, you know. What was the, what was the scope of it? What, what were the nature of these bills? And they provided--and it's, I don't...the exhibit number is there--a list of...a number of hundreds of invoice numbers. And the variation among these is tremendous. But the whole...several hundred monthly invoices come in from MECO, some of them are like for a dollar and others are like for 2 million. I mean it's just massive differences. My suggestion is in terms of, of how you go about achieving more energy efficiency and the kinds of things you're referring to, the County has two positions, an Energy Commissioner and an Energy Specialist or...they're similar titles. In any event, one is in the

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Mayor's Office, one is in the Managing Director's Office. One is career, one is not. At any rate, those individuals that that...the Sub-commissioner's report said go in, take this data that came in from MECO and start doing an in-depth analysis of it. And, and there's even specific guidelines as to how you do that. Look for anomalies, look for deviations, look for things that don't make sense. Follow the numbers and see what you can come up with as to how to save the County money. And that...it was more methodology than it was the different...how specifically what you do.

COUNCILMEMBER VICTORINO: You're referring to the how-to, right?

MR. FINDLEY: Yes.

COUNCILMEMBER VICTORINO: Okay, and, and I saw that later on you did put about the PPAs, you know, the Power Purchase Agreements and all the other stuff. I thought was, it was, was very interesting. The last thing I wanted to ask was your...you had examples of other departments here versus our departments and the scope of duties. And I'm gonna go with just Environmental Management because that one caught my eye. You had from the Hawaii County, Department of Environmental Management and ours. What...why did you pick theirs versus and use that as a comparison? Or just because that you just wanted it to be here as a comparison?

MR. FINDLEY: Yeah, I, I, I, it's...*(laughs)*...

COUNCILMEMBER VICTORINO: That's okay. You lost the mic, no problem.

MS. MOE: We talked to the people in Environmental Management and it was very much about overtime.

COUNCILMEMBER VICTORINO: Right.

MS. MOE: That, that was what we were doing. But in each one of our reports, you will find that we did comparisons with other jurisdictions.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. MOE: They were, generally speaking, across Honolulu and the other neighbor islands because we learned a lot from that about what they did do, what they didn't do. And, and frankly, we got some feedback on what they thought how we were doing.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. MOE: So that was the reason it came up with Environmental Management. You are right, the structures and a couple of the counties are very, very different than we had when we were doing our work.

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COUNCILMEMBER VICTORINO: Okay, thank you, Mr. Chair. I'll allow other Members to ask questions.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. I, I wish that he could see the blush on your face when the question came up about the challenge that you had in getting the information from the, from the various departments on the autos. You turned beet red. . . .*(Laughter)*. . .

MS. MOE: Well, I can't keep a secret.

COUNCILMEMBER WHITE: Well, I just wanna thank you all for putting the time and effort in. And I guess one of my questions following up on your comments about the Big Island and Kauai. I noticed that Oahu with about six times the population that we have has only about 40 percent...or no, about 80 percent more cars than we have, or vehicles. And how did the, the other two neighbor islands compare?

MR. FINDLEY: Council Member, there is some confusion. And it's reported, it's in the report but you...there's a letter, a letter from the Managing Director of the City and County of Honolulu that responds to a number of questions that we raised. What you have...the, the disparity in vehicles relative to population has in, in some...in my...it's my conclusion, some considerable measure to do with the way their police force operates.

COUNCILMEMBER WHITE: Correct.

MR. FINDLEY: Is that they have...allow patrol officers to use private vehicles for patrol purposes, and indeed they have like 600 of these things, you know. And, and I talked to the Chief here about it and he does not necessarily like that model or thinks it's appropriate for Maui and, and I can understand why there are differences in opinion on that. So the other thing I would say about the City and County of Honolulu is that one of the things that we are very fortunate to have was an in-depth audit. Performed--that was issued in September--performed by Mr. Tanaka who was the, the County Auditor who's now apparently retired. But just as, as a footnote, he and his...he was paid I believe I saw as he was retiring, they were trying to fill the job, \$125,000 a year. So that audit we then used as sort of a...to, to backstop and also to compare and contrast with what we were finding. And one of the comments in our report was that if an audit to that level of detail and professionalism performed in Maui County, the chances are pretty good that many of the adverse findings that were found in Honolulu would also be found here. Now we did not have the scope to be able to do what Mr. Tanaka did over a year or two with his professionalism as a CPA and in-depth staff and all the rest of it. But we did the best we could with what we had.

COUNCILMEMBER WHITE: Do you draw any comparisons between our vehicle levels and those on Kauai and the Big Island?

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MR. FINDLEY: No, I did not. Frankly, we ran out of time and just sheer ability to process the paper we already had. We did not.

COUNCILMEMBER WHITE: Are you aware of any actions taken by the previous Administration following their receipt of your report to address the recommendations regarding the management of the fleet, reduction of the fleet, and freezing of vehicle purchases?

MR. FINDLEY: Only to the degree--again I was off the Commission as of March so I was not interacting as much as I might otherwise have--but I think that the newspaper article, it was a front page article, inefficiencies in the County fleet and so forth, that the Managing Director Sherri Morrison said that she had reviewed and they had reviewed the document, that they were impressed with it. They thought it would be helpful. I'm paraphrasing here. But that they would delay until next fiscal year, the next budgetary cycle, looking into the validity or accuracy or, or ability to implement the various recommendations regarding the fleet until the next budget cycle. In other words, they were postponing doing any kind of implementation process.

UNIDENTIFIED SPEAKER: Yes?

MS. MOE: I, I think it's worth, I think it's worth it for you to know that Agnes Hayashi, who was the Deputy Director of the Department of Finance under the last Administration and is now an Executive Assistant, is tasked with addressing that portion of the report. And she, in fact, is coming to speak to the Cost of Government Commission at our next meeting on March 10th. It's very early in the process. She's been very busy working on the budget as well. But we're hoping to get a sense about what aspects about it she wants to pursue and where she sees the priorities. So the good news is there may well be something happening this year.

COUNCILMEMBER WHITE: If I could ask the Managing Director or, or the Finance Director...or Budget Director...

CHAIR PONTANILLA: Mike --

COUNCILMEMBER WHITE: Oh, I'm sorry.

CHAIR PONTANILLA: --let's complete over here, and --

COUNCILMEMBER WHITE: Oh, okay, okay.

CHAIR PONTANILLA: --they're next.

COUNCILMEMBER WHITE: That's all I have.

CHAIR PONTANILLA: I have the same thought in my mind.

COUNCILMEMBER WHITE: Okay...*(laughter)*...

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ALL: . . .(Laughter). . .

COUNCILMEMBER WHITE: Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. And I was just interested in...I thought it was interesting to see your comments relative to the need to communicate both the...especially with the departments. The focus of that essential need and your reference to efficiencies is a real important component in recognizing the need so, you know, it's not something that I'm surprised in seeing. I just...when you actually see it in print it adds a little more definition to the urgency. But my question really would be, because you're all here on Maui island and there are two sister islands that exist, Lanai and Molokai, and my interest would be in how you, you would see either how we rank, how we rate in terms of being able to be more efficient based on technologies and office space, based on equipment, based on vehicles. Was there any opportunity to look at that aspect?

MS. MOE: Compared to the other counties or compared to...

COUNCILMEMBER MATEO: Maui island, because Maui...you, you know, reality check. One size does not fit all.

MS. MOE: Yes.

COUNCILMEMBER MATEO: There is Molokai.

MS. MOE: Yes.

COUNCILMEMBER MATEO: There is Lanai.

MS. MOE: Yes.

COUNCILMEMBER MATEO: And our abilities to, to get updated equipment, technologies, fleet size, just everyday working equipment is not necessarily the same.

MS. MOE: Right.

COUNCILMEMBER MATEO: So your, your report is based on Maui County.

MS. MOE: It is.

COUNCILMEMBER MATEO: Did you have the ability to take a look at our limitations on the two sister islands?

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MS. MOE: When we, when we did look at other, other counties and the, and the islands, Maui County, Lanai and Molokai, we learned a lot about the significant differences. A lot of the things that we learned in the three, three aspects that we were covering for this report is the big impact that geography has. And to a great degree that has something to do with the way areas are managed because clearly if you are slightly more or...essentially more isolated you have to have more independence. But we didn't focus on that for an area of study.

COUNCILMEMBER MATEO: Okay, but in an area of study when you did take a look, say, for example, the, the MD's office that also has the departments under their jurisdiction or their control and then you have Lanai and Molokai that do not have that kind of positions. In fact, we just have working supervisors. And, and yet once upon a time we did have, for example, a County supervisor that was responsible for the overall operation of County delivery of services. That position no longer exists so when you look at parity for the neighbor islands, how? How do we actually control the delivery of services when a ranking position does not exist?

MS. FLOWER: Well, I think that that's a very good question. I would agree that the scope of this report didn't include that. We do see the differences when we compare the counties to each other and know that we do have those unique geographical challenges, or advantages depending. But I think that that's something...it's another example of our need to be able to reorganize in a more efficient manner to be able to address needs as they come up as opposed to having to go through extensive Charter revisions or what be the solution to, to address those issues.

COUNCILMEMBER MATEO: Okay, no, thank you.

MS. FLOWER: But, yeah, this report did not cover that.

COUNCILMEMBER MATEO: Yeah. No, and that's, you know, that's just, you know, fine because the, the report, you know, generally is, is really well done in terms of, you know, a rude wake up call for us, you know. But there is another component that as a commission that reviews Maui County. Maui *County* is not Maui island. It has two sisters, Molokai and Lanai, that is deserving of the same considerations because when you look at parity and how we provide the delivery of services these two components must be part of that equation in addressing a resolve. And that's, I think, perhaps the next phase for the Commission's considerations, yeah. Thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions? Member Couch?

COUNCILMEMBER COUCH: Thank you. I noticed you, you mentioned in here a bunch of potential savings and things to do. You implement this, establish that, and, and what not. Did you look into any costs on what it would cost versus the savings?

MR. FINDLEY: I assume you're referring to the Energy Subcommittee report?

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COUNCILMEMBER COUCH: Correct, sorry.

MR. FINDLEY: What it would cost to implement, to achieve the savings? Is that--

COUNCILMEMBER COUCH: Correct.

MR. FINDLEY: That, that's a valid question and the answer is probably not. Let's just take one aspect of it that seems to always slip through the cracks in my view on the vehicle fleet issue. And that is, not over-utilized vehicles but underutilized vehicles. That basically is not being dealt with at all. Now let's just say you had a car that's--pick any number you want--it's only putting on 2,000 miles a year on it. It's just sitting there, relatively new. On the...across the street is a department that's, you know, putting 10,000...putting three or four times that number of mileage. So in, in a perfect world you would want to reallocate that vehicle. However, that's gonna set off a domino effect in terms of the workload of that particular agency. So then you be...get...then as you play the, play out the consequences of shifting vehicles around, well maybe we ought to leave it there and just get 'em a new one or something like that. There's a lot of detail that, that would have to be incorporated into the process of...reaching the final decisions about what to do with the number of vehicles. Now I could talk for some length about the, the flawed system and a way of not having more centralized authority in managing the fleet. If you delegate the County departments pretty much virtual discretion as to if there's money available you get to buy a car, and if there's not, you don't. They are, are going to always...most people are, are that are department heads and, and senior supervisors are going to manage their department to reflect their own best interests in terms of how they view getting their job done which often revolves around having the...adequate number of vehicles and new vehicles and all the rest of it. So what they're doing is they're competing for resources with other, other departments. Somebody needs to be an arbitrator of that. And if it's left more or less open as to who, who can wheel and deal, or whatever term you wanna use, and there's no FIT or something equivalent to put a lid on this. And by the way as much as I thought the FIT was a major step forward, as far as I'm concerned had defects. And one of the major defects, which I didn't point out in the report, was as far...if I understand their operations fully, but you can read it in the former Budget Director's response to a series of questions that were raised. That they basically as long as the money was there, you got the vehicle. And I said, well, what about the type of vehicle and what about, you know, the...you know, how fuel efficient it was and any other aspect of the purchase? That wasn't in the mix. Well, maybe it should be, if you're controlling costs. Maybe it should be as to whether you should even have the vehicle. Maybe we ought to trade you with a...trade that vehicle for another one that's not being used. So in any event, I'm, I'm going beyond the question that you asked in a way, but there are, there are costs in whatever you do.

COUNCILMEMBER COUCH: Okay, thank you. One, one other quick question. On Number II here, General Comments, II, 2, Number 2 on, in Number II, II-2, Grants to Non-profit Organizations. The Commission believes that this area may currently be under review and that some efforts have been made to consolidate like organizations to reduce duplication efforts and overhead costs. Has that been followed up on with your Commission? Have you looked into that more?

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MS. MOE: No, we have not. And it's not an area of study for our 2010-2011 budget. As you know, there was a substantial cut in the grants budget last year. But I think the group if we were, if they were all here would say that there's still some opportunity left. Really, whether it's worth our jumping in in 2011-2012 really will be motivated in part by the budget you come up with.

COUNCILMEMBER COUCH: Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, I'd like to ask the commissioners regarding the process auditor comments, please. I've been an advocate of a council or legislative auditor for I would say maybe six, eight years already. Is there some way specifically you feel this process auditor should be because we, you know, we already have an...or we *had* an internal auditing Department of Finance. I don't know if that position is still there and filled but, you know, we had some internal controls within the Administration. Is this recommendation or, or point for consideration specifically where the, the Commission had thought it should be placed?

MR. FINDLEY: As the chair of the Audit Subcommittee when you and I spoke and in terms of the subsequent analysis of that issue, I had the opportunity to talk to the State Auditor, Marian Higa. And she made to me what I consider a very resounding point that I was unaware of. And that is that Maui County is the only county in the State that does not have an auditor, County auditor. There's a report that came out. I, I, of course, I don't have the article but it, it has to do with assessments on, on County land. This is a front page *Maui News* article dealing with monies that weren't being collected, millions of dollars in monies over a period of years. And if you read the audit report that I prepared, my view of a process auditor is you don't necessarily wait until the smoke is billowing out of the building and then it's on fire and everything. You, you go around and you turn over rocks and you look at what's going on within the different departments proactively to see where there may be weaknesses in the processes that are occurring such as why aren't we collecting all this money that's been sitting out there for years to the point that's beyond the statute of limitations if we had. And you're talking about a position that maybe would cost, I don't know, 100, \$150,000 a year. In my view, it could make that ten times over in one year if you had a competent person, staffing. And by the way, the other thing I must emphasize is that auditor position in my view and it's the way it, it...by the way there's an absolute model in L.A. City and County. They've got all the paperwork involved. It's incorporated into the charter which is very important, and most importantly it's under the council. It's nothing...this isn't in any way disparagement about whoever is in the Executive Branch. It's just the reality is you can't have the auditor working for the people it audits. That individual has to be...have an arms-length relationship to insure the integrity of the process.

VICE-CHAIR HOKAMA: Thank you very much for that. And do you believe, and while you have not specifically addressed it, Council has already initiated in the past and in this term I'm sure we'll consider additional departmental performance audits which is something like what a process auditor would also do. But in the meantime, is that something you folks would recommend as

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something that the Council should continue to proceed to assist us in finding the efficiencies? And, and I view it as not looking at who to blame but how to get things done better, how to be more efficient, how to reduce our requirements for financial resources. Is that something you, you as the commissioners who's reviewed and is recommending a process or we can...have this Committee...continue to consider?

MR. FINDLEY: Well, audits cost money.

VICE-CHAIR HOKAMA: Definitely.

MR. FINDLEY: And I may be wrong on these figures but there was an audit done of the Planning Department several years ago. And I heard the numbers exceeded \$100,000. So there's no free lunch when it comes to audits. You have an outside auditor, you hire...or an internal auditor. I like the internal auditor concept because that way you got somebody working that can really get to know the operation. And an outside auditor, you may decide, well, we really can't spare the \$100,000 this year so it never quite gets done. But the starting point to me would be the Charter Commission should look at whether that, that subject, that position should be incorporated into the Charter Commission's review process and as a possible recommendation. But in the interim which is what you're getting at --

VICE-CHAIR HOKAMA: Yes.

MR. FINDLEY: --there is an audit that's ordered and paid for by the Finance Department or as part of their process of the annual report. To my way of thinking that the, the RFP or however those...that audit is procured--I understand there was a change over the recent years--can be amended to incorporate into the audit that becomes part of the annual report that goes to the Council, the issues, zero in on some of the issues that you're suggesting right now. We don't have to wait until the County auditor gets in place. We'll incorporate it into the operational plan that the, that the County is now hiring.

VICE-CHAIR HOKAMA: Okay, and, and let me just interject real quick. This is completely separate to what the Council's required by Charter for an annual independent auditor's review and report back to Council? Am I...is, is that my correct understanding, Commissioner?

MR. FINDLEY: I, I, I don't claim a lot of familiarity as to where the different...where the demarcation lines are between what's required and what's...

VICE-CHAIR HOKAMA: Okay.

MR. FINDLEY: I'm simply saying that in terms of the methodology and a, and a, and a work mandate. If you need audit work done and you have a vehicle right now in place that performs audit work, expand their scope of work to include more things.

VICE-CHAIR HOKAMA: Uh-huh.

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MR. FINDLEY: Which is gonna cost more money but still...but, but most importantly it brings that, that information directly to the Council as part of their annual evaluation of what the County's operations are. Because the thing that's disturbing about that audit is you hold that audit up and say well, we got this nice audit, we paid X amount of money for it and it's very thick and it looks impressive, everything must be okay.

MS. MOE: I think that there's another benefit too. Rather than just getting a report card you have the opportunity we've been talking about. There hasn't been a lot of conversation from departments that could benefit from each other. You have one group over here that has got best...practices, but another group over here that maybe doesn't even have close to the best practices. And the auditor can be kind of the glue that passes that information across. So you actually have a very positive effect in addition to getting an objective view of the functioning of the entities.

VICE-CHAIR HOKAMA: Uh-huh.

MR. FINDLEY: Let me add one more footnote to that. And that an auditor...having an auditor on the job whether the auditor comes, knocks on your door or not is not as important as knowing there's an auditor there that might someday knock on your door.

COUNCIL MEMBERS: ...*(Laughter)*...

MR. FINDLEY: And as some...as somebody that has been audited many, many times --

COUNCIL MEMBERS: ...*(laughter)*...

MR. FINDLEY: --in the Federal government by the Office of Inspector General, it's no fun being audited. I can tell you that right now. But nevertheless, I'm convinced that it's a healthy and important part of the governmental process.

VICE-CHAIR HOKAMA: Okay.

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Yes, I, I fully agree. I, I was a recipient of the Planning Department audit. I helped implement some of the suggestions in that. It was a very good audit and I think it was well worth it. I know that the Police Commissioner, the Police Commissioner hires the Police Chief. The Fire, Fire...or Public Safety Commissioner hires the Fire Chief. And the Liquor Commission hires the Liquor Commissioner. Would it be less political and more independent for, say, the Cost of Government Commission to hire possibly this auditor? Have 'em work for whatever side, you know, in the Council department or independently. Would it be something that you guys might recommend to be more independent?

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MS. MOE: I think it would really change virtually everything about the Cost of Government, to be honest with you. First of all, our terms are two years long. So you just got the potential of having, you know, people coming and going all the time. So there's no opportunity to build the kind of continuity of knowledge that would be the key benefits. That's number one. Number two, it would change very much the *requirements* of the people who would serve on that Commission. In *my* opinion after two full years as of next...a week from Thursday, is the, the *best* Cost of Government Commission is one that brings diverse knowledges and backgrounds together to the issues. And you'd really have to have separate people who are far, or a person who is far more...had a greater depth of knowledge in, in a number of specific areas than that.

CHAIR PONTANILLA: . . . Thank you.

COUNCILMEMBER VICTORINO: You want . . .

CHAIR PONTANILLA: Member Victorino, followed by Mike White.

COUNCILMEMBER VICTORINO: You wanna kinda end this, yeah?

CHAIR PONTANILLA: I'll go ten more minutes --

ALL: . . .*(laughter)*. . .

CHAIR PONTANILLA: --and then...

COUNCILMEMBER VICTORINO: Just say it, Chair.

CHAIR PONTANILLA: No, I, I know this is very good.

COUNCILMEMBER VICTORINO: Yeah, no, no, no.

CHAIR PONTANILLA: Yeah, this is very good.

COUNCILMEMBER VICTORINO: Absolutely and I...

CHAIR PONTANILLA: Yeah. We'll go ten more minutes, and then we'll have Q and A on the departments. I know some of you wanna ask the departments.

COUNCILMEMBER VICTORINO: Yeah, and I think that, that's where we'll head after this, to the departments. But real quickly, you know, couple of ideas that have been bandered about today as far as the audit and I, and I...auditor, having that and us being the only *county* in the State that does not have an auditor--right, that's what you just mentioned, right?

UNIDENTIFIED SPEAKER: Yes.

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COUNCILMEMBER VICTORINO: And yet, you know, I can say with...a lot of pride this, this Council and...works very hard to be almost the auditor when it comes to the departments each and every year. And we ask a lot of questions. We've, we worked real hard to make sure we get some answers. That's why when you say about the fleet, in the four years I've been here I've never had one number come up. You know, every year, it's just, nobody tells us what the number is. And so, and then the difference as you mentioned about fleet and the Big Island and Kauai and you're well aware of that they have private vehicles for the Police Department on those two islands?

MR. FINDLEY: I think so.

COUNCILMEMBER VICTORINO: Yeah, no, I can tell you that for fact. Just my, my, my knowledge of their systems, yeah. So that makes it very difficult. But the bottom line in all of this is we have a new Administration and we have a new eye, you know. But I think the thing I want most importantly is the Charter Commission to really look at this as far as A, an auditor and B, some of the other suggestions you brought up. I think it's really, really important to put that in the County Code and that we will have this for, for years to come, something to, to, to move on. Whether it's process auditor, a legislative auditor, I don't care what it is. Just so long as that person works independently and is not tied to anyone...and any one entity.

MR. FINDLEY: Let me just add one more footnote to what you said. I obviously fully agree with you. There is another aspect to it is that auditors sometimes become unpopular especially with the people that they audit.

COUNCILMEMBER VICTORINO: Right.

MR. FINDLEY: And our recent Governor wasn't too happy with the State Auditor as a matter of fact. On a little matter of \$1 billion investment and suggested that perhaps the State Auditor ought to be removed. However, the Legislature just approved the State...Auditor's third tenure for another eight-year appointment. So basically what I'm saying is that the auditor should have, let's say, a six-year appointment that would be out of sync with the Council and out of sync with the Mayor so there's no suggestion that, you know, if this audit doesn't go the way I like it there may not be much of a career for you after, that kind of thing. Well, I don't want to suggest that that ever happens but it might.

COUNCILMEMBER VICTORINO: Well, you know, I, again, we could even go to a point where in many municipalities auditors are elected, just like sheriffs and other things. They're elected and once they're elected the people decide who they are and who, and who represents the people. There, there's some pros and cons on that one. But let me stop by saying that you can never get out of sync with the Council because we're every two years. I don't care what six year, eight year. You'd have to...find a odd term like maybe seven years so that we wouldn't be in sync. But we're always two years, so sorry. That's not gonna work. Thank you, Mr. Chair.

MR. FINDLEY: Okay.

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CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. Mr. Findley, I'm, I'm quite concerned about your comment about the sentiment that if the money is there, you don't really need to look how, you know, how well you're spending it when they were talking about...your comments about vehicle purchases. In your work with the Cost of Government Commission, did you get that same sense of feeling about spending money in other departments as well or in other types of purchases or operations?

MR. FINDLEY: First, let me say I was probably too flippant in what I said. It's a little, little too off the cuff. I, I, I don't wish to suggest that the FIT who's composed of the Managing Director, the Finance Director, and the Budget Director were unconcerned about how the money was being spent. But you can't just be concerned. You have to have a set of criteria that you...implement systematically so that when you have a parade of whatever it is you're reviewing that you apply the same template to each one. So my question was what, what does your template consist of? How is it that you're giving a yea and a nay to these types of vehicles? Is it, is it the cost? Is it the, the other...the fuel efficiency? Is it the make? What, what is it? And by the way, that's another issue. You got a whole smorgasbord of vehicles in the County that I'd hate to be the maintenance guy that has to maintain them all. But that's...I won't even go there. The point of the story is, the answer is no. I'm not sure. The...this report says it is the declared policy of the County to promote economy, efficiency, and improved service in the transaction of public business. That is what, supposedly, is with...your mandate.

COUNCILMEMBER WHITE: Uh-huh.

MR. FINDLEY: Economy efficiency. So either it's happening or it's not happening to the degree that you would like. And there are all kinds of possibilities that this report--realize that this might not be the case.

MS. MOE: Let me add though, Council Member, that you would be pleased, I think, to realize what a, an important input the budget is in making decisions in these departments.

COUNCILMEMBER WHITE: Uh-huh.

MS. MOE: So, you know, you can play around with FTE and positions and all that kind of stuff but these people are gonna manage to the budget. So if it is in the budget, they're not even gonna go to what is now, I guess, the TEPS thing that where they have to get approval. They won't even go there. And they're not happy about going there anyway because they have to really go in with the, with the well-built case. So it's not like, you know, it's casino night in the County of Maui.

COUNCILMEMBER VICTORINO: ...*(Laughter)*...

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COUNCILMEMBER WHITE: Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. . . .(Laughter). . . Thank you very much for . . .(laughter). . .

COUNCILMEMBER VICTORINO: . . .(laughter). . .

CHAIR PONTANILLA: . . . being here this afternoon. You know, I really appreciate that...the, the work that you folks do. But I have one question that I, I'd like to ask or, or maybe a comment for future dealings with, you know, different departments. And have you ever review the recommendations that you guys, that you folks make to see if it's...or was done? Or, or, or, like say, have an update of those things so that, you know, we get so many recommendations we don't know if any of 'em is completed.

MS. MOE: Well, you know, Chairman Pontanilla, first of all, we review 'em with you.

CHAIR PONTANILLA: I know . . .(laughter) . . . (Inaudible). . .

MS. MOE: Yeah, we always go do it with you. And I think all the Council Members realize that we've been...we've had somebody from the Cost of Government Commission in their offices talking about our most *recent* report. I believe that that will become a standard operating procedure. And much of that conversation is about what do you think is gonna happen to last year's recommendations as well as what do you think of these recommendations. So I think we're gonna go forward on that basis. We have *no* authority to force implementation on, on anybody for *anything*. We really rely on the power of our analysis and our ideas to persuade people to support the ideas. And we give ourselves the freedom to actually recommend things that perhaps if we were in your shoes we wouldn't touch with a fork. So--

COUNCILMEMBER VICTORINO: . . .(Laughter). . . Yeah . . .(laughter). . .

MS. MOE: So, you know, that's, that's the way I think I would want it if I were in your shoes--you wanna hear all the ideas. So we're, we're kind of dialing up, Council Chairman, a little bit the question and we're starting to do that this year on the report that we've been discussing today.

CHAIR PONTANILLA: Thank you. Thank you for that comment. Just my last comment, you know, in regards to fleet...fleet and then the administration of the fleet. I remember, maybe two years ago in *The Maui News*, that one of our fleet vehicle was on the abandoned list.

UNIDENTIFIED SPEAKER: . . .(laughter). . .

UNIDENTIFIED SPEAKER: Oh . . .

UNIDENTIFIED SPEAKER: . . .(laughter). . .

UNIDENTIFIED SPEAKER: Jeez . . .(laughter). . .

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CHAIR PONTANILLA: So. . .yeah, we, we need to really work on trying to get a hold of our vehicles here in Maui County. Again, Ann, thank you very much. Yarrow, thank you very much. Malcolm, thank you very much for all the work that you do for the County of Maui.

MS. MOE: And, and we very much look forward being back in this room with you talking about the 2010-2011 report.

CHAIR PONTANILLA: Thank you.

MS. MOE: Bye.

ALL: . . .*(Applause)*. . .

CHAIR PONTANILLA: Okay.

VICE-CHAIR HOKAMA: Short recess, Chair?

CHAIR PONTANILLA: Yeah, okay. We'll take maybe --

VICE-CHAIR HOKAMA: Five minutes?

CHAIR PONTANILLA: --five minutes.

COUNCILMEMBER VICTORINO: Okay, thank you, Chair.

CHAIR PONTANILLA: Thank you. This meeting is in recess. . . .*(gavel)*. . .

RECESS: 4:08 p.m.

RECONVENE: 4:17 p.m.

CHAIR PONTANILLA: . . .*(gavel)*. . . Okay, the Budget and Finance Committee is now reconvened. Members, here with us this afternoon we do have the Managing Director, Mr. Keith Regan and the First Assistant to the Managing Director, Mr. David Ching along with Mr. Baz. Members, at this time we'll just go into questions. And the Chair's intent is to pau at 4:45, half an hour. And then we'll go again from Member Baisa if you have any questions. And one question only, please.

COUNCILMEMBER VICTORINO: . . .*(Laughter)*. . .

COUNCILMEMBER BAISA: Oh, okay, Chair, oh. Okay, Chair, thank you very much. I'll get started and ask my burning question for whoever of the team would be the best person to answer it. We

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heard earlier from the Cost of Government Commission members about your new program called TEP [*sic*]. Can you tell us a little bit more about it?

MR. BAZ: Mr. Chair?

CHAIR PONTANILLA: Go ahead.

MR. BAZ: Thank you, Ms. Baisa. TEPS stands for Travel, Equipment, and Professional Services. And it is...started off with, with their Fiscal Implementation Team in the prior Administration. It is comprised of myself, our Chief of Staff from the Mayor's Office, the Managing Director, and the Mayor. Items are reviewed not just for budget and to see if there's money available but for a lot of criteria. You know, is it a needed purchase? You know, are there things that we could be doing to...is it efficient? Will it create efficiencies or is it a challenge? Travel is something that, you know, can it be online training? Is there a requirement, things like that. I do have to tell you that in the short tenure of my Budget Director I've denied things that even the funding was available for. My staff has said to me that one of them who...stayed from the prior Administration told me what do I do with something that has been denied because she never had it denied before. But this is something that we're working on to make sure that we do continue efficiencies in the County operations and really scrutinize purchases. Not just because the money's there do...does the department actually get the, the equipment or travel that they need.

COUNCILMEMBER BAISA: Thank you very much. It appears that you have an excellent background for the job. Thank you.

MR. BAZ: You're welcome.

CHAIR PONTANILLA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Just one question. Let's see, I guess overall how much weight do you folks put to the recommendations of this Cost of Government Commission? Do you have an idea how much you're gonna implement or take from it, or leave, or whatever, something like that?

MR. REGAN: Mr. Chair?

CHAIR PONTANILLA: Department?

MR. REGAN: Thank you. Thank you, Member Cochran, for the question. Well, we appreciate the hard work that the Cost of Government Commission has, have done with this particular report. There are a number of issues that were raised and recommendations that were made in this report that we are actually already undertaking. So if you...one of those happened to be the...I guess it was the communication between departments. From, from the first day that we stepped into office we implemented a...a process where we have bi-weekly directors meetings...entire...all the staff, all directors are required to attend. And it's during those meetings that we share issues,

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concerns, ideas, new ways of doing things. I think that one of the members from the, the Commission brought up the fact that it would be good if departments would share some of their business processes that really work well for them. And those are the types of things that we encourage to be discussed during these meetings. So it's an opportunity, really, for directors to talk to one another, to share their concepts, things that are working for them well, perhaps new things, too, so that other directors can take those concepts back and, and try to implement them within their departments. So that's something that we've done as well as we've...we now have monthly one-on-one meetings with the directors. So the directors will come in with their deputy if they'd like to and meet with the Managing Director, myself, I usually involve my First Deputy as well so that we can hear directly from them what are some of their issues, what are some of their internal needs that they have, how can we address them, how can we work with them to make them successful. If they're successful, we're successful. The County benefits ultimately. So that's one area where we, we have already taken steps to implement. Other areas where we're looking at which we may or may not have an opportunity to discuss today but is the renewable energy area where they made recommendations that we look for ways to move forward with implementing renewable energy into some of our operations. And so we're already starting that process to look to see where, where within the County do we have excessive energy use and how can we start to reduce that. Another...okay, thank you. Sorry about that. Another thing and I'll just keep this very, very brief. Prior to...I was Managing Director at one point under Mayor Arakawa during his previous term. And maybe, I don't know if it was like two or three months prior to the end of our term I issued a memo to all directors and it dealt with them looking at the type of vehicles that they were gonna be considering for purchase. And specifically it asked them to look at hybrid vehicles. At that time hybrids were kind of...I don't wanna say new but they were becoming a little bit more efficient, they weren't as expensive and gas prices were going through the roof. I don't know if you folks remember that, that period in time. But, you know, it was, it was something that was very concerning for the County because it seemed like we could never keep up with our fuel costs. You know, they just kept on, on climbing and climbing and climbing. And so I, I issued a memo back then to require that departments look at hybrids before they, they looked at any other types of vehicle purchases. So things like that we were already kind of doing that. I'd like to bring that back as well so that the directors when they start to look at vehicles, let's look at fuel efficiency. And then furthermore, we had an off-line conversation a little bit earlier with one of the members. But we were talking about consistency within the fleet which I think is very important. We shouldn't have, you know, 20 different makes and models that we have to have, you know, mechanics who are trained, you know, in everything from A to Z in terms of the type of vehicles that they're servicing. We wonder why it takes two months for a vehicle to be serviced by the, by the Department of Public Works in their maintenance area. Well, I think it's probably because, you know, it does take expertise, it takes time. You know, and when you're dealing with these various different types of vehicles it also creates additional cost. So these are things that we're, we're already currently working on and will begin implementing, Member.

COUNCILMEMBER COCHRAN: Thank you.

MR. BAZ: Mr. Chair, I just wanna add a little bit --

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CHAIR PONTANILLA: Okay.

MR. BAZ: --in relation to your question about the work of the Cost of Government Commission. And...they've had, so far this year, they've had two meetings. The first meeting was attended by Mayor Arakawa, and expressed some items to them as well as listened. The second meeting which was last week, I attended and had a very good discussion with...an hour-long discussion with them about their recommendations as well as some of the things that we're looking at. And I can tell you as the Budget Director, I'm looking very heavily into their recommendations and saying, you know, these are things that we...I mean they, they spent a lot of time and effort and did a lot of research in this. And these, some of these things are wonderful to implement. And, you know, other ones take a little bit longer or may have additional costs to consider. But we're definitely looking at those. Thank you.

COUNCILMEMBER COCHRAN: Great. Thank you.

MR. REGAN: Chair, Chair, I'm sorry. If I may add one more thing?

COUNCILMEMBER COCHRAN: Oh.

CHAIR PONTANILLA: Okay, please.

MR. REGAN: And I apologize for not mentioning this. But we've actually assigned staff to specific...to address specific issues that were brought up in the report. Specifically, our Executive Assistant Agnes Hayashi has been assigned to the fleet issues that were raised in the report. Our Executive Assistant Don Medeiros has been assigned to the overtime issues that were raised in the report. And Kal Kobayashi, our Energy Program Specialist, has been assigned to the renewable and the energy portion of the report as well. So we're actively validating what's in the report and we will be coming out with recommendations and how we can try to implement some of these things. So--

COUNCILMEMBER COCHRAN: Thank you.

CHAIR PONTANILLA: Thank you very much.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR PONTANILLA: Thank you, Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR PONTANILLA: Member Couch?

COUNCILMEMBER COUCH: Chair, are we gonna be able to go more than once around the circle?

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CHAIR PONTANILLA: Well --

COUNCILMEMBER COCHRAN: . . .*(Laughter)*. . .

CHAIR PONTANILLA: --you know, if you guys want to stay here till 5:30.

COUNCILMEMBER COCHRAN: . . .*(inaudible)*. . .

COUNCILMEMBER COUCH: Okay, okay, real quick, then. On this...since we're talking about fleets now and I have another question later. Have you thought of or has anybody looked into the costs of *leasing* vehicles versus outright purchases of vehicles? That kind of keeps...potentially you can keep the fleet more up-to-date and you get all kinds of different bennies with leasing, but sometimes you don't. Has, has that been looked into?

MR. REGAN: Chair?

CHAIR PONTANILLA: Go ahead.

MR. REGAN: Thank you. I, I appreciate that question, Member Couch. That is something that we'd like to investigate to see if that is something that can possibly save money for the County. We have not looked in...into yet as, as of this point in time. But it is something that we want to, to take a look at and research. And we need to do a cost benefit analysis as well. If it makes sense and it saves money for the County and it helps to reduce, you know, overall costs and helps to create more efficiencies within government then that's something that we would definitely present to the Council for consideration. I think it's something we'd need to discuss openly, and, and get input from the Council as well and perhaps from this Committee, Chair. So thank you for the question.

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Thank you. Member Couch, Chair's gonna defer this item so that we can pick up the next one at...after budget. And what I intend to do is that because this is something that we all can benefit from and hear from the Administration on the things that they are doing to create a more efficient government. Rather than schedule a whole bunch of items, you know, this...the next one that we have will be just one item, Cost of Government, and the Administration.

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Okay. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I've taken your clue and I'm more than happy to pass and await the next scheduled meeting regarding this.

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CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: I also will pass and, and give the Administration the opportunity to implement. They've encouraged me as far as I can see their willingness to take this report and move on it, to take it seriously to really benefit the people of Maui County. Hey, to me that's good enough. I don't have questions at this time 'cause the questions I'd ask they're gonna answer anyhow because they're gonna go do it. So I'm very happy to just pass and let Mr. White take it from here. Thank you, Chair.

CHAIR PONTANILLA: Thank you. You know, it's kinda refreshing that they already started some work --

COUNCILMEMBER VICTORINO: Yeah.

CHAIR PONTANILLA: --on this report. So, Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. Are you aware of any freeze that was implemented as a result of this report by the previous Administration? And, and if not, have you guys implemented a freeze?

MR. REGAN: I'm gonna--actually, Chair, if I may?

CHAIR PONTANILLA: Go ahead.

MR. REGAN: I'm not personally aware of any freeze in terms of vehicle acquisitions that the prior Administration may or may not have implemented. However, as was discussed I think a little bit earlier, our Budget Director, through the TEPS program, is in fact analyzing the requests that are coming forth for vehicles. So it is being scrutinized now. I wouldn't say that there was a, a *freeze* being placed on vehicles. But they definitely *have to* go through a process of justification. So if it's not justified to replace a vehicle, then it won't make it through that process. And it's, it's pretty rigorous. And, you know, departments have to present a very good case in terms of *why* they need that particular vehicle.

COUNCILMEMBER WHITE: Okay. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Mateo?

COUNCILMEMBER MATEO: Chairman, thank you. And maybe if the Department...if, if Administration can just comment on one of the Commission's comments relative to non-profit organizations. It's, it's been indicated that there's been a significant growth in the number and dollar amount of grants to non-profit organizations that do not create stream flows for the County. Can the Department share with us your view on non-profits in preparation for upcoming budget?

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UNIDENTIFIED SPEAKER: Uh-huh.

CHAIR PONTANILLA: Mr. Baz?

MR. BAZ: Mr. Chair. . .Mayor Arakawa has made it expressed that he believes that non-profits provide services on behalf of the County, sometimes more efficiently and more effectively than County operations, County staff can. In that vein, he does support non-profits and funding of non-profits for specific items. You will see funding for non-profits in the upcoming budget. And there are things that, you know, not necessarily...what, what's reviewed is not necessarily *who* is providing the service but is that service really needed. And that's a more critical factor--is whether it's a County operation or a non-profit operation, that's, you know, we're really looking at what, what is the end outcome and, you know, is that something that the County should be supporting. Is it something, you know, that we wanna present to you for that final determination of, of efficiencies and, and effective in operations.

COUNCILMEMBER MATEO: Okay. But the Commission's recommendation has to do, not with whether we can do it *better*, but whether or not the Administration is looking at *duplication* of services. *That's* the issue.

MR. BAZ: Correct. And we are.

COUNCILMEMBER MATEO: Okay.

MR. BAZ: Yeah.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, just one quick comment. I would just ask Mr. Regan as our Managing Director that I, I think besides the departments talking more to each other, I would also ask you to please have the *divisions within* a department to talk more to each other also because we've experienced with certain departments--that I won't go, go into detail this afternoon--that seems to have also a disconnect *internally* within divisions. So it might be something that I would hope you will take into consideration, please.

MR. REGAN: Absolutely.

VICE-CHAIR HOKAMA: Thank you very much, Chair.

CHAIR PONTANILLA: Thank you. Mr. Baz, you wanted to say something?

MR. BAZ: Not on that subject, just on the County auditor position. There is an auditor position within the Department of Finance. That position was vacant for a year. We did give authorization for the Director of Finance to actually fill that position. They've gone through recruitment.

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Recruitment did close and they plan on hiring somebody very shortly for that, placing somebody in that position.

VICE-CHAIR HOKAMA: Thank you.

CHAIR PONTANILLA: Thank you. Mr. Mayor, you wanna say something since you're here and I got 15 more minutes?

ALL: . . .(Laughter). . .

MAYOR ARAKAWA, FROM THE AUDIENCE: . . .(Inaudible). . . Good afternoon, everyone.

COUNCILMEMBER BAISA: Good afternoon.

COUNCIL MEMBERS: Good afternoon.

VICE-CHAIR HOKAMA: Mayor.

CHAIR PONTANILLA: . . .(Laughs). . . Thank you. And thank you, Members, you know, for that one question that you all provided. And, again, you know, we'll continue to have Cost of Government reports reviewed. And, you know, I'd just like to say that it's gonna be a one...one agenda item for that particular meeting because I, I think we all learn what we can do as a County government in trying to not only support the Administration in regards to some of the findings of the report, but making sure that the monies that we collect from our citizenry is expended and expended in a proper way.

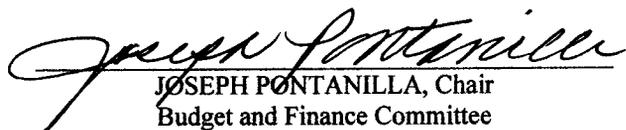
COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC)

ACTION: DEFER pending further discussion.

CHAIR PONTANILLA: So with that, Members, the Budget and Finance Committee meeting for February 15 is now adjourned. . . .(gavel). . .

ADJOURN: 4:34 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:110215

Transcribed by: Reinette Kutz

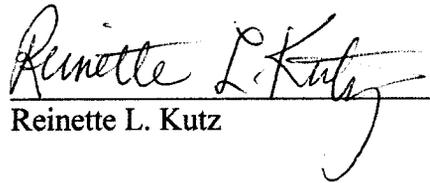
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CERTIFICATE

I, Reinette Kutz, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED this 2nd day of March 2011, in Wailuku, Hawaii.


Reinette L. Kutz