

**COST OF GOVERNMENT COMMISSION
MINUTES
Kalana O Maui, 9th Floor Mayor's Conference Room
Thursday, February 10, 2011**

PRESENT: Ann Moe, Chair
Yarrow Flower, Vice-Chair
Harold Davis, Member
Jody Yoshida, Member
Bradford Ing, Member
Frank De Rego, Member
Rebecca Kikumoto, Member
Ronald Kawahara, Member

EXCUSED: Ivan Lay, Member

STAFF: John Buck III, Executive Assistant
Michelle Esteban, Administrative Assistant
Jeff Ueoka, Deputy Corporation Counsel

I. CALL TO ORDER

The meeting was called to order by Chair Moe at 9:01 a.m.

II. PUBLIC TESTIMONY

No Public Testimony was presented.

III. REVIEW AND DISCUSSION OF THE MEETING MINUTES OF JANUARY 13, 2011

Vice-Chair Flower proposed changes to the minutes:

1. Section V, letter A (Waiehu Golf Course Subcommittee): Member Ing made the statement, not Vice Chair Flower.
2. In Section III (Review and Discuss the Minutes): Should have read: "Commissioner De Rego moved to approve the Meeting Minutes of December 9th, 2010 and Vice Chair Flower second the motion."

With these changes Member De Rego moved to approve the Meeting Minutes of January 13, 2011 and Member Kikumoto seconded the motion. The motioned carried unanimously.

IV. REVIEW AND DISCUSSION OF CORRESPONDENCE RECEIVED

No correspondence received.

V. PRESENTATION BY BUDGET DIRECTOR SANDY BAZ

Chair Moe briefed Budget Director Sandy Baz on the background of COGC. In the last couple of years, Chair Moe observed that annual reports had become more in-depth and recommendations more specific. The Commission would like to learn what is planned for the budget regarding implementation of some of the recommendations provided by the Commission.

Director Baz gave a brief description of his work with the County of Maui. Director Baz has read last year's annual report and recognized the important aspects of the report from a community member perspective. He understood that government needs to be more efficient.

Director Baz mentioned that the Budget Office is looking at a 15% reduction in property tax revenues for year 2012. He stated the reduction in property tax necessitates the department to

review every aspect of their organization. He recognized the drastic change in the economy and the need for improvements in the County's infrastructure; water, the replacement of lines; roadways need to be repair which means increasing the budget for the road resurfacing program, to name a few.

Director Baz recalled that during Mayor Alan Arakawa's campaign, two areas in which the community was affected were furloughs and the increase in fuel and electrical costs. He explained water would not affect the budget for two reasons: due to the wet weather less water needed to be pumped and there was a lot more conservation. Currently the Mayor is working with Solid Waste for universal trash pick up for existing and new routes. The direction will also be towards increasing recycling. Management is working to negotiate engagement of a private contractor to handle the recyclables.

Director Baz mentioned one area of increased cost that the County has no control, because they are mandated, this is in the area of employee benefits including the County's share it is required to pay into the retirement system. One area to control these costs is through the reduction of the work force. The County has a natural attrition rate between eight and ten percent a year. When a position becomes vacant, the position will be reviewed for its relevancy in the overall operation of the department.

Administration is working towards creating more revenue, for example, concessions at County parks.

Director Baz's recommendation to COGC is to have a review of people's job description and job classifications, and to research their duties and pay rates. The job descriptions are dated from 1983-2007. He stated that the organizational structure needs to be reviewed, which aligns the job descriptions, task, outcomes, etc that are relevant to current and future operations of the County. He also recalled Mayor working on intradepartmental and interdepartmental relationships to improve efficiency. Director Baz recalled two reviews on regulations and rules that at times create more work for employees: The employees are doing what they are trained to do by policy create by a rule; either County Ordinance or Administrative Rule; or is it philosophical. When performing their duties employees need to look at things holistically.

Director Baz expressed the belief that support from COGC and the Administration could contribute within one year in really making a difference.

Chair Moe asked Director Baz about the \$66 million carryover. Director Baz stated that the carryover in funds is consolidated for the Annual Report for the County of Maui, which was completed: late December (fiscal year 2010, which ended June 30, 2010). He stated there was \$67.9 million in the general fund, but \$9.4 million of the savings is committed for employee pension, eliminate furlough, etc.

Commissioner Kawahara asked about the reasons for raising the property taxes to sustainable levels when the economy goes up or down. Why don't they keep them at a fixed rate if they have fixed incomes? Director Baz believes it would bring up problems. Director Baz cited two reasons: assessed value of the property and second is the actual tax rate. Homeowners look at the actual amount of tax they have to pay and not what the actual assessed value of their property or the actual tax rate.

Chair Moe asked why the government cannot save money. Director Baz explained that there were bigger issues. He explained to the Commission that the government cannot overtax the people. To issue refunds to the taxpayer, it would require the item of issuing refunds to be placed on ballot and voted on.

Commissioner Davis stated that people have to wait all day to obtain a permit. Director Baz explained that they are required to checkmark A, B, C, D, and/or F. This is what needs to be done as per rule(s). If something is not checked off or all the rules are not met, the permit will be sent back. Director Baz continued to state that Mayor Arakawa sent a memo about customer service, professionalism and appropriateness. County employees want to do a good job, but it is what they are told to do that prevents efficient service.

VI. DISCUSSION OF MEETINGS WITH MAYOR AND COUNCILMEMBERS

Commissioners Kawahara and Ing had met with Council Members G. Riki Hokama and Mike White. Commissioners Kawahara and De Rego had met with Council Members Elle Cochran and Don Couch. Commissioner Kawahara summarized their meetings with the Council Members as positive. He explained to the Council Members the work and findings of the Commission. He wants to start a relationship, so when proposals, ordinances, rules, or regulations are on the agenda, the Commission could testify for various things. He believed it was important to first establish a relationship with the Council Members.

Commissioners De Rego and Ing met with County Council Chair Danny Mateo, Council Members Gladys Baisa, and Michael Victorino. Commissioner De Rego mentioned positive reaction from the Council Members. Chair Mateo made a suggestion for the COGC regarding the issue of space. According to Council Chair, there were supposed to be two towers for the County offices, but the second tower never went through.

(Tape broke)

Executive Assistant John Buck was assigned to re-examine the "Study of Space, Campus Study".

Commissioner Kawahara stated he had to testify on behalf of COGC about Real Property Tax. Commissioner De Rego proposed a motion that Chair Moe and Commissioner Kawahara attend a Budget and Finance Committee meeting to testify, and Commissioner Yoshida second the motion. The motion carried unanimously.

VII. DISCUSSING STRATEGIES FOR COMMISSION TERM APRIL 01, 2011 TO MARCH 31, 2012

Vice Chair Flower stated that the COGC has been meeting with people, has made agendas public, and has made and refined recommendations. Commissioner De Rego suggested COGC write a *Viewpoint* in the Maui News, to educate the public. The Commissioners do understand that what goes out to the public needs to be approved by the Mayor or his Public Information Office. Chair Moe suggested the new members need to be clear on the COGC Mission.

VIII. MEETING WITH MAYOR ALAN ARAKAWA

Chair Moe and Vice Chair Flower met with Mayor Alan Arakawa on Monday, January 31, 2011 between 9:00 A.M. to 10:00 A.M. Chair Moe wanted to discuss with the Mayor the 2009-2010 and 2010-2011 Annual Reports. The Mayor shared his current goals that pertain to the Budget and the economy.

Both Chair and Vice Chair agreed that the Mayor has a 10% reduction plan in Full Time Equivalency in the County that will increase to 20% over the next two years. The Mayor also mentioned he will be using attrition as part of the work force reduction plan which is now eight to ten percent. He explained that when a position becomes open, it will go under a review to determine if the position is relevant and necessary for County operations. Not all positions will be filled once vacated. Chair Moe wanted to clarify that it did not reference individuals doing clerical work. She also stated that the Mayor did recognize that each department will have different attrition rates. Vice Chair Flower added that the Fire and Police Departments will be excluded from the work force reduction plan.

Vice Chair Flower mentioned that the Mayor has a strategy that would consolidate similar functions into one department. One example would be taking financial functions in each department and consolidate so financial functions are dealt by the Finance Department. Another example would be Geographic Information System, Management Information System and other computer functions, instead of separate departments or division it would be handled by one department dealing with technology.

Mayor also talked about the County moving forward with alternative energy to reduce the County's operation cost. This function of alternative energy would be handled by one department/division instead of various departments having their own Energy Coordinator.

Vice Chair Flower stated that the Mayor is seeking to establish partnerships with contractors and developers for them to take advantage of tax breaks at both the state and county level.

Chair Moe also mentioned that a permanent job sector that is not related to tourism is the film industry. The Mayor has been working to establish a film studio(s) here on Maui. The film industry would provide good paying jobs that would increase employment. The Mayor would like to see documentaries being filmed in Maui.

Chair Moe stated that the Mayor made the comment that the recommendation made by the COGC for Waiehu Golf Course was not realistic. He did not want to raise the fees at the course unless the improvements to the golf course were significant. She also stated that the Mayor would like to look at the recommendations by COGC regarding the elimination of certain Boards and Commissions. He wanted to be sure that if the Board or Commission is eliminated that the general public would not be offended.

IX. DISCUSSION OF THE NEXT MEETING DATE AND AGENDA

The Division Manager of Waste Management has been invited to the March 10 COGC meeting. The Director and Deputy Director of Environmental Management were also invited to attend.

Executive Assistant Agnes Hayashi has been invited to the March 10 meeting to discuss fleet management issues and fleet issues addressed in the COGC 2009-2010 report.

Discussion took place regarding the *E KOMO MAI* package. This package is provided to all new incoming Commission Members explaining the function of the Commission, expectations and the duties of Commissioners and focus of work for the upcoming year.

X. ADJOURNMENT

Vice Chair Flower proposed the motion to adjourn and Commissioner De Rego seconded the motion. The motioned carried unanimously.

The meeting was adjourned at 11:09 A.M.