

**COST OF GOVERNMENT COMMISSION
MINUTES
Kalana O Maui Building, 9th Floor, Mayor's Conference Room
Thursday, July 14, 2011**

PRESENT: Frank De Rego, Jr. Chair
Sunny Gutierrez, Member
Fred Rohlfing, Member
Garrett Evans, Member
Jody Yoshida, Member
Joseph Kanahuna, Member
Ronald Kawahara, Member

EXCUSED: Harold Davis, Vice-Chair
Walter Baloaloa, 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 at 9:03 A.M. by Chair De Rego.

II. PUBLIC TESTIMONY

- NONE

III. REVIEW AND DISCUSS JUNE 09, 2011 MEETING MINUTES

Commissioner Kawahara moved and Commissioner Kanahuna seconded the motion to approve the June 09, 2011 minutes.

- Discussion ensued regarding the sequence of events in the minutes as it pertains to an amendment to the motion.
- Mr. Buck explained to the COGC that Ms. Esteban reviewed the recording and her notes and both sources were in agreement that the motion was made before the discussion. Everyone voted at the end of the amendment to the motion.
- Chair De Rego clarified with Mr. Ueoka that the amendment was a friendly amendment to the motion. Mr. Ueoka agreed.
- Mr. Buck added that if there wasn't a second to the motion, we would have stopped the meeting to ask for clarification.

The motion to approve the June 09, 2011 minutes carried unanimously.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

- NONE

V. PRESENTATION ON COUNTY LEASEHOLD PROPERTIES BY GUY HIRONAKA, DEPARTMENT OF FINANCE

Before the presentation, Chair De Rego recognized speakers and guest:

- Guy Hironaka, Department of finance, Real Property Lease Manager
- Tracy Takamine, Chief Solid Waste Division
- Ryan Takahashi, Accountant , Solid Waste Division
- Michelle Yoshimura, Executive Assistant to Council Vice-Chair Pontanilla

Mr. Hironaka distributed an updated table with the title "Summary by Department". The table was compiled by departments and their locations, total leased space, total monthly rent, and total monthly CAM (Common Area for Maintenance). The table also included the cost of the rent and CAM per square foot. Mr. Hironaka also mentioned that the County is paying close to \$3.5 million a year including the satellite offices.

- Commissioner Gutierrez understood that in the last 10 years the County has been having an increase in the number of employees along with office space needs. She would like to see a comparison showing the number of employees and the increase in office space. Mr. Buck stated he will request the information regarding increase in the number of employees from the Department of Personnel Services.
- Chair De Rego, Commissioner Evans, and Commissioner Kawahara mentioned that the Wailuku Campus Study refers to the 20% increase of County employees, the increase in lease rents in the last 10 years, and the idea of constructing a new office building plan.
- Chair De Rego requested Mr. Hironaka develop a time series by the next commission meeting on lease rents and square footage of lease space during the last ten years. He directed that the figures include lease rents and square footage for the fire and police departments. Mr. Hironaka replied he believed that could be accomplished; although much of the information is not centrally located.
- Mr. Buck mentioned a few years ago One Main Plaza offered to sell its property to the County, but instead the county bought the Old Post Office for \$4 million.
- Deputy Ueoka and Mr. Hironaka mentioned that the Old Post Office was bought by a private owner and leased to the County of Maui until the County of Maui purchased the building. At this time the building is not being used due to mold and asbestos concerns. They also mentioned that the County was aware of the mold and asbestos when they bought it. Deputy Ueoka also mentioned the Old Post Office leaks which caused the black mold.
- Ms. Yoshimura interjected and said after this last budget cycle there was a report from the administration looking at different possibilities for that building. The 2012 Fiscal Year Budget has funding for the building.

At the conclusion of his presentation, Mr. Hironaka stated that he will take a look at the recommendations in the Wailuku Campus Study to create a common lease form for all departments so it is uniformed, and will write a synopsis of the process.

VI. PRESENTATION ON TRASH PICKUP AND RECYCLING FINANCES BY MR. TRACY TAKAMINE

Mr. Takamine distributed a hard copy of his PowerPoint presentation on the Solid Waste Division. Mr. Takamine introduced Mr. Ryan Takahashi as the accountant for his division and stated if there are questions he couldn't answer, Mr. Takahashi would interject. Mr. Takamine reviewed the PowerPoint presentation from his last meeting with the commission in February. He added a section on the finances for trash collection and recycling.

- Division staffing is divided into 5 sections.
 1. Administration- 2 engineers, clerical, accounting, and two cashiers.
 2. Landfill
 3. Refuse Collection- all residential
 4. Recycling
 5. Abandoned Vehicles (ABV)
- Budget for the division is 24.9 million dollars for 2010, which includes benefits, capital costs, and operation.
- The Abandoned Vehicle program operating expense is approximately 1.2 Million dollars.
 1. \$ 738,364 dollars comes from the Highway Beautification Fund (HBF). A five dollar HBF fee is collected every time a car is registered.
 2. \$ 511,900 dollars comes from the General Fund.

- Revenue is generated for the division from tipping fees, residential collection fees, and other disposal fees.
- Revenues collected do not offset the operations of the division. Approximately 10.8 million dollars from the General Fund subsidizes the operations of the division.
- Operational costs exceed revenue generated in the program. Examples of operational costs vs. revenue include:
 1. Landfill operations cost \$ 98.00 per ton but receive \$ 53.00 per ton in revenue
 2. Residential refuse collection operating costs are \$ 37.00 per household per month but the residents are charged only \$ 18.00 per month.
 3. The ABV program generates very little revenue to defray program expenses.
- The ABV section holds a public auction before a vehicle is recycled to generate revenue.
- The handling of abandoned vehicles is contracted out to a private vendor.
 1. Currently a private business pays the County for the metals that are recycled, but the revenue is offset by the towing costs of the vehicle.
- Since 2006 division staff has increased by 40%.
- Since 2008, landfill operation costs have increased due to needed renovations for compliance with EPA standards along with other federal and state laws and guidelines.
- Tracy stated there are six phases or areas that make up the landfill operation.
 1. The construction needed to close Phase I & II of the landfill started in 2005 and was completed in 2007. The County paid \$8 million in construction costs.
 2. The construction of the Gas Collection & Control System (GCCS) for Phases I & II started in 2005 and was completed in 2008. The County paid \$4 million in construction costs.
 - The county is required to collect and flare the methane gas. The gas cannot be vented.
 - The Gas Collection and Control System was installed to meet Federal EPA guidelines.
 - There has been constant flaring of the methane gas since 2008.
 3. Phase III is the Composting and Biodiesel Area
 4. Phase IV-A & IV-B
 - Phase IV-A opened in 12/2005. Interim Life was one year, closed 2007.
 - Phase IV-A opened in 2/2007. Interim Life is three years.
 5. Phase V began operations 12/2009
 - 12 acres
 - 7 million dollars in construction costs.
 6. Phase VI - projected date for need is 2019. It will have an estimated life of 10 years.
- Refuse Collection
 1. There are 24,000 residential customers.
 2. 3,900 Residents are done manually.
 3. 20,100 Residents are done by automated trucks.
 4. The cost to operate is \$37 per month.
 5. The county charges \$18 per month.
- Recycling
 1. County Redemption Centers- assisting the State's recycling efforts.
 2. E-Cycling- FY2010- 446 tons were recycled; this included televisions to copy machines. 122 working computers were given away various non profit groups.
 3. White goods
 - An average of 1200 white goods (appliances) are processed per month.
 - Private contractor pays County one dollar per appliance that is non-Freon.
 - The county pays the private contractor \$18 per appliance with Freon.
- ABV (Abandoned Vehicles)

1. The County averages 90 cars per month.
2. Private contractor pays the County \$25 per car, not including towing expenses.
3. Towing expenses varies from \$69 to \$390 depending where you are towing from.

Mr. Takamine stated that the County of Maui paid approximately \$ 400,000.00 for the Integrated Solid Waste Management Plan completed in February 2009.

Commissioner Kawahara asked if the cost or the charge for Universal Trash Pickup would be included with the Real Property Tax. Mr. Takamine said it would have to be evaluated on how to collect the payment for the service.

Chair De Rego pointed out in the Executive Summary there was not a section on how the County of Maui was to collect fees. Mr. Takamine explained that the division is in the process of working with a consultant to do an in depth analysis on how to collect fees for Universal Trash Pick Up. It is on hold due to financing of the project.

Mr. Takamine referred to the last two slides. They show the comparisons to the current situations and the recommendations that were made to Solid Waste Division:

- Diversion Rate is at 30%; recommendation is for a 60% diversion rate.
- Customers—currently servicing 25,000; recommendation is 44,000 customers to be serviced.
- Curbside Recycling—currently no service; recommendation is to provide the service.
- Household Hazardous Waste—currently no service; recommendation is to provide the service.
- Material Recovery Facility—currently the Count doesn't have one; recommendation is to build and operate such a facility.
- Construction and Demolition Materials Facility—currently there is a private facility that will be closing soon; recommendation is to build and operate such a facility.
- Active Landfills—currently 4 landfills in operation; recommendation is to reduce sites to 3.
- Waste to Energy—currently no facility exists; recommendation is to build and operate such a facility.
- Average Annual Budget—currently \$ 50 million dollars; projected budget by 2042, 107 million dollars.
- CIP needed—currently 76 million dollars; projection is for 200 million dollars by 2042.
- General Fund Contribution—currently \$23/ton; recommendation is \$ 0/ton.

Mr. Takamine mentioned there were plans to begin a pilot program for curbside recycling in South Maui. The project has been put on hold because funds were not allocated.

Mr. Takamine gave a brief explanation of the Integrated Solid Waste Management Plan (ISWMP) which includes Universal Pick Up. He distributed a CD containing the ISWMP. The plan can be found on the County of Maui, Department of Environmental Management, Solid Waste Division Website.

Chair De Rego asked if there are any indirect costs to the county, when people litter the roadways or dump it at other locations besides the landfill. The trash will eventually end up in the landfill anyway. Chair De Rego thought it seemed more expensive than having the trash picked up at the curbside. Mr. Takamine agreed and stated that there are savings to the County if everyone used the county system.

Commissioner Evans also agreed and questioned, if everyone had Universal Trash Pickup would the fees go up. Mr. Takamine observed that even if everyone was on Universal Trash Pickup operation costs would still go up by 30%. Mr. Takamine stated that he would have to re-route trucks, increase man power and purchase at least five more trucks. This is partially due to the union contract governing the amount of trash an employee is allowed to pick up in one day.

Commissioner Evans questioned how the division would charge users if they implemented Universal Trash Pickup. Mr. Takamine answered by saying it is critical to find a way to have everyone pay for the service. Currently it is by subscription and if they were to go with Universal Trash Pickup, one of the options would be to add the cost to the real property tax bill.

Mr. Takamine informed the commissioners that currently the City and County of Honolulu add it onto the real property tax.

Mr. Takamine also stated that a single family home may have two trash cans, as long as there is an Ohana built with proper building permits. Mr. Miyamoto interjected and said it is problematic to those homes with multiple dwellings. Mr. Takamine reminded the commission there is no charge for the first trash bin, but there is a charge for the second trash bin.

Mr. Takamine also mentioned that there are delinquent accounts. The department is trying to clear up these accounts and find ways to reduce delinquencies in the future. There are currently 3,700 people who have not paid their bill. There is an average of 3,000 to 5,000 users who do not want to pay their bill, and possibly will not pay. The bulk of the delinquent accounts seem to come from individuals who are renting the dwelling.

VII. DISCUSS SUBCOMMITTEE IDEAS AND ORGANIZATION FOR THE 2011-2012 ANNUAL REPORT

Chair De Rego requested for a Chairperson be chosen for each subcommittee. Currently Universal Trash Pickup does not have a chair. The chairperson for County Space Management subcommittee is Commissioner Ronald Kawahara.

Commissioner Kawahara clarified with Deputy Corporation Counsel Ueoka about discussions and email between members of the subcommittee. Deputy Ueoka clarified it is okay to discuss and email amongst the members of the subcommittee as long as there is no quorum, and they do not cc. Chair De Rego. You can cc. Ms. Esteban. Mr. Ueoka also added the report at the end of the year is sent to the County Council and the Council will take it to the next level.

Chair De Rego strongly suggested to the subcommittees to start meeting soon. He would like to know how each committee will approach the problem, how they will integrate with each other, what will be included in the exhibits and are they keeping notes of interviews and internet research, etc.

VIII. DISCUSS PROPOSED MAUI COUNTY CHARTER AMENDMENTS

As discussed in the previous meeting, Chair De Rego presented to the commissioners recommendations for amendments to the County Charter. If approved he would like to take the initiative to write a letter on behalf of the COGC to Mr. Josh Stone, Chair of the Maui County Charter Commission.

The first recommendation was to amend the County Charter to allow for a biennial budget coupled with extension of council member terms to four years with an absolute term limit of three terms.

Commissioner Kawahara suggested that two separate motions be made for the Biennial Budget and Terms for Council Members.

Commissioner Rohlfing moved and Commissioner Kawahara seconded the motion for the COGC to recommend to the Charter Commission a change from an annual to a biennial budget cycle. Motion carried unanimously.

The commission then moved to a consideration of council member terms. There was a discussion and a clarification on the definition of full terms. Commissioner Gutierrez moved and Commissioner Evans seconded the motion that council members serve no more than three absolute full terms in a staggered election cycle. Motion carried unanimously.

Chair De Rego asked the commission to consider a third recommendation to create an independent Office of County Auditor and to move the Cost of Government Commission from the Mayor's Office to the Office of County Auditor. The Office of County Auditor would be independent from both the executive and legislative branches. This is similar to Council Member Mike White's proposed resolution that puts all performance and fiscal audits within the jurisdiction of the Office of County Auditor. Chair De Rego also recommends amending the COGC members' term from two years to four years.

Commissioner Kawahara moved and Commissioner Kanahuna seconded the motion to create the Office of County Auditor, to move the COGC from the Mayor's Office to the proposed County Auditor's Office and to change the terms of COGC Commissioners from two to four years. Motion carried unanimously.

Commissioner Kawahara moved and Commissioner Yoshida seconded the motion to allow the Chair De Rego to write a letter to Jeff Stone and to make any changes needed as long that it is in line with the commission's recommendations. Motion carried unanimously.

IX. DETERMINE NEXT MEETING DATE AND AGENDA

Commissioner Gutierrez is excused from August 11 meeting.
There will be discussions on the subcommittee's objectives, timelines, and work progress.

X. ADJOURNMENT

Commissioner Gutierrez moved and Commissioner Kawahara seconded the motion to adjourn. Motion carried unanimously. Meeting adjourned at 11:33 AM