

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

March 30, 2012

Council Chamber, 8th Floor

CONVENE: 9:07 a.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member (In 9:09 a.m.)
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member
Councilmember Mike White, Member

STAFF: Scott Kaneshina, Legislative Analyst
Michele Yoshimura, Legislative Analyst
Josiah Nishita, Legislative Analyst
Camille Sakamoto, Committee Secretary

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Danilo F. Agsalog, Director, Department of Finance
Scott K. Hanano, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Jeremiah L. Savage, Deputy Director, Department of Finance
Mark Escudero, Administrative Assistant, Department of Finance
Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance
Marcy Martin, County Real Property Technical Officer, Real Property Tax Division, Department of Finance
Carmelito P. Vila, Manager, Motor Vehicle and Licensing Division, Department of Finance
Maria E. Zielinski, Account System Administrator, Department of Finance

OTHERS: Terryl Vencl

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

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now, is now in session. Today is March 30, 2012. The time is 9:08. Good morning, Members.

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COUNCIL MEMBERS: Good morning.

CHAIR PONTANILLA: Thank you for your attendance at the Paia Community Center last night. Since there's no one signed up for public testimony this morning, if there's no objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. At this time, the Chair would like to recognize the Members that are here this morning. We do have Member Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR PONTANILLA: Good morning. Member Cochran.

COUNCILMEMBER COCHRAN: Aloha.

CHAIR PONTANILLA: Good morning. Member Couch.

COUNCILMEMBER COUCH: Aloha.

CHAIR PONTANILLA: Aloha. Member Hokama, Member Victorino.

COUNCILMEMBER VICTORINO: Aloha and good morning, Chair.

CHAIR PONTANILLA: Good morning. Member White.

COUNCILMEMBER WHITE: Good morning.

CHAIR PONTANILLA: Good morning. And then Chairman Mateo. Again from the Administration, we do have, from Corporation Counsel, Scott Hanano; the Budget Director Sandy Baz.

MR. BAZ: Aloha.

CHAIR PONTANILLA: Aloha. And the Finance Director, Mr. Danny Agsalog.

MR. AGSALOG: Good morning, sir.

CHAIR PONTANILLA: Good morning. And supporting the Committee again this morning are Scott Kaneshina, Michele Yoshimura, Josiah Nishita, and Camille Sakamoto. I hope everyone had a restful night last night. And hopefully we are, you know, kept awake today. Joining us now is Member Carroll. Good morning, Bob. Gotta make it light so that, you know, we don't fall asleep again, yeah. Okay. Yesterday, we were discussing items with the Department of Finance, Director Agsalog. And this morning, as I indicated that we gonna be starting on Page 6-80 from,

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which is the Administration Program. And, Members, understand that we do have some details that was provided to us this morning. So I gonna call on the Finance Director, Mr. Agsalog, to start the process on Page 6-80, regarding the Administration Program. Mr. Agsalog.

ITEM BF-1: PROPOSED FISCAL YEAR 2013 BUDGET FOR THE COUNTY OF MAUI (CC 12-59, 12-)

DEPARTMENT OF FINANCE

MR. AGSALOG: Good morning, Mr. Chair and Committee Members. Thank you very much again for allowing me to come and answer some questions as far as our request for the Department of Finance. As you have mentioned, Mr. Chair, we are starting on our Budget program book from the Administration Program. And as you will see in the details, that there are some movements. I had mentioned yesterday that most of those movements of positions as well as operation dollars are only movements. It's not an addition or reduction of the County cost. It's more of moving it from one division or one program to the other, or one Department to the other, as we are proposing in this particular Budget. So I will answer questions as you will have. But let me just say this, Mr. Chair.

CHAIR PONTANILLA: Go ahead.

MR. AGSALOG: Let me just say it, Mr. Chair, that I have asked my team, and they are here in support of me, they have been a very good team player in my group. And they are here to answer specific questions. But if you would indulge me, I would really like to answer for the Department if I can. But if there are specific technical questions that I cannot answer, I would be more than happy to call them in to answer you directly. However, if I can, please allow me to do so because I'm in the process of getting to know my Department as much as I can, and this is the only way that I can learn it like the back of my hand. So please allow me that first before I bring them in. Mr. Chair, let's go to the changes of the Departments we have on page 6-82, unless you have specific questions on the details as presented in 6-81, Mr. Chair. In 6-82, explains those changes in narrative as well as in numerals also. So.

CHAIR PONTANILLA: Mr. Agsalog, we'll go from 6-80 to 6-84, then we'll stop. And then I'll have the members ask questions should they have any. So, if you could, just go right through, through 6-84.

MR. AGSALOG: Okay. The salary, Mr. Chair, on 6-82, it presents a 363,708 decrease and a seven personnel decrease. This is a movement from the Administration's section of the Finance, division of the Finance Department. That move includes the three position for, from, for the Treasury section going to its own division, and six for Risk Management. It's only seven because I am gaining one position for the internal control as it is proposed. And the dollar value for the premium and pay, Mr. Chair, it goes with the Risk Division. Those were attached to the

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Risk Division before, so it goes with them. Similar to the seven...17,000, those are operation supplies that used to be with us in the Director's office. Now it's going to them.

CHAIR PONTANILLA: Okay.

MR. AGSALOG: Services, Mr. Chairman, reflects \$100 for other services, 14,000 for professional services and 1,000 due to the Risk Management going to the Corporation Counsel also. So 16,000 for other services, printing and binding. They have 8,500 for bank charges that's now going to professional services and bank charges of 125. That's a Treasury Division function, an accumulation of 187,456 being removed from the Director's office. And you can see the list go on and on there. Instead of me just talking, I will take some questions. But essentially, Mr. Chair, okay. Okay. Okay. Essentially, Mr. Chair, the move of the Treasury from my Director's office because we are putting an internal control over there. In my Department, my Director's office, it's, it is important that the Department of Treasury has its own division in order to be able to be evaluated by my internal control from, so that they don't have to both be in the same divisions. So they can be evaluated properly.

CHAIR PONTANILLA: Mr. Agsalog, then whatever dollars are being removed, majority of the dollars, or maybe all of the dollars, are now in the Treasury Program.

MR. AGSALOG: And the Corporation Counsel, Mr. Chair.

CHAIR PONTANILLA: Okay. Fine.

MR. AGSALOG: They are split.

CHAIR PONTANILLA: Okay. So I think I understand that. Probably the members understand that. So you can move forward on your Page 6-82.

MR. AGSALOG: That's what I was reading those numbers, Mr. Chair.

CHAIR PONTANILLA: Okay. So you were reading from 6-82 and -83 then, regarding those costs.

MR. AGSALOG: Yes, sir. Those are the one that you can see the red dollar value being removed from the Director's office.

CHAIR PONTANILLA: Okay.

MR. AGSALOG: And the addition, the black numbers are in, coming into the Department, I mean to the Division.

CHAIR PONTANILLA: Okay. Good. Continue.

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MR. AGSALOG: Okay. As you see on the bottom page of the Page 6-83, Mr. Chair, the key goals and measures that we have is to provide timely financial reporting. This is new book to me, too, but anyway the goal number one, Mr. Chair, is to provide timely and accurate and comprehensive financial reporting. And our objectives, as is stated there, it says to provide timely financial reporting, and our measures is the percentage of distributed report on time. And, as you know, there are some reports that, a lot of the reports that I submit to you, are mandated by ordinance and Charter. And we hope that we be able to get those on time, timely manner. Audit processes and financial reportings as needed. Ensure adequate internal control. That's one of our goal, Mr. Chair. Goal number two for our Administration is to promote professional, professionalism and skills to our employees.

CHAIR PONTANILLA: Hang on. Hang on. Can your questions hold until we're done with Page -84?

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: And then we'll take page 6-81 first, and then go on down the line. If you guys can hold back on your questions. Okay. Thank you. Mr. Agsalog, go ahead. Goal number two.

MR. AGSALOG: Goal number two, Mr. Chair, again to promote professionalism and skills for our employees. And our objective is to improve employee satisfaction. We believe that if we improve employee satisfaction, it rotates out to the clients, to the people that we serve in the community. And I can say that when we came in, I was inundated of a lots of community concerns, staff concerns and writing to them and conferring with employees were really taking a lot of my time at that time. And when we created the recognition committee to address some of those concerns, they have died down a little bit. And I can say that in the past three or four months that I have corresponded with our community members that have concern, but it's, I can count them in one hand. So it's, it has improved. Building employee professional by regularly evaluating employees. We do that, Mr. Chair, and of course our employee evaluate us also as the sole base that we, I have mentioned yesterday. The objective number three, Mr. Chair, is to provide continuous learning environment for our employees. I believe and I have mentioned this to my Staff, my management staff, that we provide opportunity for advancement for our people. We try to promote within as much as possible. If they are not ready to take on the next step, we try to equip them with by training and providing the training opportunities. And I'm so happy that my team have responded very well for that. That's the goal number two, Mr. Chair.

CHAIR PONTANILLA: Okay. Goal number three.

MR. AGSALOG: Goal number three is to protect the County's assets by developing and maintaining effective internal control. Again, internal control for me is a very important part of our accountability. And when I came in, I had come into some structural concern that I have with regards to the current operation as I found it. And today the proposed budget offering you the opportunity to support our effort in allowing me to create an internal control. Creating the internal control and which I have envisioned, to streamline a lot of our policies and procedures, update them as they, as we review them. I have started looking into it by asking my staff to do

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an inventory of all their existing and current procedures and policies. Are they being followed? Are they being implemented? I don't like to see that a very experienced staff get promoted and leave that position, and now we are in the ground zero where the knowledge has been taken all the way. There's no operating manual for that position. I'd like that to be instituted as such so that anyone that will come into that positions at least have a basic knowledge of what that position should be, how they would interact with the customers, be it a department or a division or the citizen that pay the taxes. So this internal control is very important to me, Mr. Chair, and I'm asking for your support. And I will discuss it also when we go, get to the Financial Services where I have asked the transfer of the collection section of the property tax to be handled by the Treasury Division. One of the reason of that is that the old structure provides no assurance to me that the structure is, has an internal control. The prior setup or structure calls for the assessor evaluate the...okay, I just been told that I can go through that when I, we go to the Financial Services area.

CHAIR PONTANILLA: Okay. Good. Thank you. Okay. Members, going back to page 6-81, I know you have a lot of questions in regards to the movements of some of the personnel from the Administration Program to the Treasury Program. So I'll just start off with maybe Member Carroll, if you have any questions in regards to page 6-81?

COUNCILMEMBER CARROLL: Not at this time.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Just a very generic question, Chair and Mr. Agsalog. I understand the movement. I understand what you're trying to do, and I'm sure that you have very good reasons for wanting to do this restructuring. As far as money, obviously it's kind of a net zero thing because we're just moving people around from one place to another. But as for the reasons for the move, I heard the word internal controls over and over and over. Can you give us an example of how internal control will be improved by moving these folks?

CHAIR PONTANILLA: Mr. Agsalog.

MR. AGSALOG: In particular, the one I was starting to say a while ago, is the biggest revenue-producing division that we have in the County, which is the assessment and collection of taxes. When I came in, I see that this particular organization have lots and big responsibility. This is not a reflection of the people that's in it. It's the structure. Let me emphasize that. It's the structure that's in it. The structure calls for, and I, that's why I didn't come right away when I, the last budget, because I needed to study it, review it, and see that if we can work with the current structure. The current structure, as you know, we do appraisal in the Division. We do, we man the adjudication of the appeals. We collect the dollars and then we just tell Accounts this is the amount of dollars. I am not comfortable with that. That structure, I have been very, very happy that we have good people there that the structure have not fail. They do good work, but I will not sit here and not put an internal control by putting another reporting for that for me to have a control over that big revenue-producing Division. This is, as your chief financial

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officer, I will not sit here and not propose something to you as a control of that. So I am proposing this as a part of the internal control that we doing so that there are not just one Division in charge of that particular task. It's huge responsibility, and I'm so happy that we were able to get it to now without, I think, any concern from you. But I am concerned because of the structure. What I would like to...yesterday I said we probably can work a little bit more on, focus on assessment. And I think I would like to do that by adding, and I think you guys already on it, by adding more computerization in the assessment part. I think assessment and collections should be separate. It should be setting rates, you guys set the rates. Assessment and setting rates are now separate because you set it. The Budget office set it for the proposed. However, when one, this big task is centralized in one area, I have a concern.

COUNCILMEMBER BAISA: I see. So, so that I understand, and I think it's important that we understand your motivation for wanting this change. You know, change is something that people find very difficult, and unless we all understand what is the reason for the change, why you wanna move these people, why take 'em from one Department, put 'em in another, what's the thing. And I hear what you're saying, and that is you want a separation of duties so that it will be more likely that if there are errors, they'll be caught and that things are, you know, the quality will go up. And I think that's really important. You know, a lot of people do not really understand internal control unless you've been an accountant which, of course, is my humble beginning, you know, where you have the person who writes the checks, reconciles the bank account, prepares the report, and nobody else ever takes a look at anything. That's not a good thing. So you're essentially saying the same thing with the handling of our property tax assessment and collections. There'll be more eyes and more checks along the way, and so this is why you think this is important.

MR. AGSALOG: Yes, ma'am. And that is the structural internal control that I'm talking about, but the internal control section in the, in my office will deal with looking at, it will include an auditor, which is we already have now, but not only auditing accounts. It will be auditing our management procedures and looking at how do we streamline our, our policies and procedures that has not been updated for long time. And I know there're, they have some. I have gone to our staff and asked them how do you know how to process this? Oh, that's what I've been told before. I said can you give me a written document? Some of them do not have. So I would really like to see that by the time I leave my office that there will be some documents that the next guy can open and can run it, at least the basic, basic steps. You know, we have all of those in different books, but not consolidated. If you don't know how to go through the County Code, the Charter, and all that stuff and put it together, it will take time for you to, to see what's your duties and responsibilities as such. But if you put it in a small binder, at least we have a quick start. That's what I'm kinda looking at.

COUNCILMEMBER BAISA: So you're also looking for procedural manuals for people to follow so that it's smooth when you have transition.

MR. AGSALOG: Exactly, madam.

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COUNCILMEMBER BAISA: Okay. Thank you very much. I think I have enough justification for the move. Thank you.

CHAIR PONTANILLA: Thank you, Member Baisa. I'd just like to chime in in regards to what was just answered. You know, I believe every single department of this County should have a procedure in regards to how employees do their job. And one of the things that, you know, we all talk about yesterday was training. So you need to train your employees to ensure that, you know, they do the job, they do it right, they do it right the first time. As far as the move, in regards to one particular area, you know, the move is justified, fine, but I look at the area that we all probably know about, moving to another program. In my opinion, if that particular Division is doing a fine job, let's find out what is the weaknesses. And if there are weaknesses then, you know, we move on. But if there's no weaknesses, you know, I just cannot see just moving people to have better control when there is no areas of deficiency in that one particular Division. So that's my opinion that I like to share with all of you. Member Cochran?

COUNCILMEMBER COCHRAN: Thank you. I guess that's like fixing something that's not broken. And thank you, Ms. Baisa, for bringing up the internal control, because I, and we've been discussing the responsibilities of that particular person and what that means 'cause it was a new concept to me also. I think it's new to all of us. And so thank you for shedding more light on this particular position and idea of what you wanna do. In the goal number three, you mentioned establishment of a task force. And who would make up this task force? Is there a certain group that's gonna be made up of this task force, Chair or Mr. Agsalog?

MR. AGSALOG: Mr. Chair.

CHAIR PONTANILLA: Go ahead, Mr. Agsalog.

MR. AGSALOG: Thank you. Before I answer that, I have, I would really like to address because I heard it yesterday and I heard it just now. If it's not broken, don't fix it. Let me give you an analogy that I have seen in my, the past while I was knocking door, campaigning. I, my analogy with this Division right now it's just like the old Arisumi house. The old Arisumi house is, has a car garage and have a door connecting to the kitchen. A lot of people drive into their garage. They use their kitchen door to go to their kitchen when they come home, and they use the same door when they leave to go to work or go somewhere else. I knock on the front door. The people cannot even open it because they haven't been using it. From the outside looking in, it is not broken. It is not, don't need to be fixed. But for a visitor like me, when I came in January 31, and I see that the structure need some controls. I have a responsibility as your chief financial officer to give you at least that particular control and propose it to you so that all of us can sleep at night. At least I cannot, what I'd seen because of the structure that I've seen. Yes, if it is not fixed [*sic*], don't fix it. But we also in the real world right now. I have an old phone that cannot access the e-mail. You guys have iPads, iPhones. That cannot be. You replace that because you want a new feature. I'm telling you to put a new feature in this particular cell phone called accountability. And the accountability is putting that control in the structure. You tell me, you want that, or you want the old phone? Mr. Chair, the task force that the gentle lady asked, is, I

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was going to put the task force, one representative from the Managing Director, my current auditor and the person that I will hire for the internal control manager as the core task force. To go to the department, I would request departments to participate and look at their existing policies and procedures and they will review those policies and procedures accordingly.

COUNCILMEMBER COCHRAN: Thank you, Mr. Agsalog.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Not on 81.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, we seem to be in Treasury a lot, instead of Admin. But for Corporation Counsel, do you have my response to the question posed to you yesterday?

MR. HANANO: According to the Code in Section 2.60.020, title of that section is New Positions and Reallocations, Subsection A reads, all requests of department heads for new positions shall be made to the Mayor. The Mayor should then communicate with the Council. And there's also Subsection B which reads, requests for the reallocation of positions which call for additional appropriations, shall be made to the Mayor. The Mayor should then communicate with the Council on such matters. So I guess the move of the Risk Management to the Corp. Counsel now probably will have to be confirmed with the Council. As far as the interdepartment transfers in Finance, I believe that those don't have to.

VICE-CHAIR HOKAMA: Because?

MR. HANANO: Two reasons. One is inter, interdepartment and also that if there's no additional appropriations involved. It appears that this provision doesn't apply.

VICE-CHAIR HOKAMA: Okay. So Corp. Counsel, thank you. We'll see at the end of the process. But Mr. Chairman, you know, regarding this component, and I've been listening to the other Members' questions. And it's been very good discussion, and Mr. Agsalog is definitely, you know, has his recommendation. But Mr. Agsalog was correct. He proposes; the Council will make a policy. That's his job. He is absolutely correct. It is his job to propose what he believes is to the betterment of the Department as well as the County and its people. And I understand that and I appreciate that he's doing his job. However, we will make the final decision if it will be transferred or moved laterally, internally or whatever it may be. So I'm concerned that, you know, hearing these things, what has the internal auditor been doing then if we have some of these kind of concerns? And why hasn't it popped up in the Council's independent audit reports,

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in a management letter or other point? I haven't seen it, and if there is, Chairman, I hope you would share that comments from our independent auditors that there may be better controls that need to be reviewed or established to promote greater efficiency and accountability. I mean, in a private sector that I came from, we tried to consolidate. And again, I appreciate that analogy, but my real-life experience is prior to '78 when the State set the assessment and the County set the rate. In the end, you had two entities always pointing finger at each other, because nobody wanted to take the blame of why somebody's bill was such. So you're gonna have RP doing assessments and you're gonna get Treasury doing collections. Who's gonna handle the appeal? Treasury is now gonna have to explain assessments, too, because that's how you gonna come up with the bill and when it's appealed, Treasury's then now gonna have to make the decision to waive, have the authority to waive penalties, interest, but based on what? You know, part of Treasury, as I understand the job description and classification requirements, one of the key things that we expect out of this is our short-term investment portfolio and the understand of County government and whatnot. So if you look at all the requirements and responsibilities of Treasury and the Treasurer, and when he comes I hope we can ask him these questions, I would like to know, 'cause for me that's the important part. How are we gonna arrive and make our short-term portfolio solid? And I wanna know the philosophy, because this person supposed to be the key advisor to our Director, key advisor, as I read this, on investment considerations for the County. You know, this is gonna be a hard sell for me, Chairman, because from my private experience, sector's experience, we going the wrong way. I wanna be able to target and know that it's only one point that the problem may be coming from, and I can laser it out and cut it out if we have to, but the rest of the body is gonna survive. I don't need to cut off the hand and the leg. So thank you for my comment in this area, Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama. I'd just like to point out to Corporation Counsel in regard to the general budget provisions on Section 7 in regards to movements. You know, if you can take a look at that and then maybe give us your assessment. Mr. Victorino?

COUNCILMEMBER VICTORINO: Chair, I really, I'm going to be just kinda waiting. I wanna give the Department the time to justify what they're trying to do. I don't think, and I agree with Mr. Hokama, if it falls back on us, then the rationale would have to be really spelled out. You know, I understand what Mr. Agsalog is trying to do, and change I agree is sometimes the scary part of life, 'cause we all, we get comfortable and then all of a sudden you wanna do something different and everybody gets like, oh. I agree if change is necessary, let's look at it. Maybe now's the time to look at it. So I'll wait and see on this one, Mr. Chair. But I thank the Department for at least bringing it forward for discussion purposes. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino. You're right, you know. Change is something big, big for all of the employees. And I learned through Model-Netics way back when, that whenever there's change, there's also the value of despair, you know, your production just go down. And then you gotta retrain to get it back up. So hopefully that, the study that had been made, you know, was a good one, such that there were a lot of conversation, lot of communication, because, you know, and I think Mr. Hokama knows, when you do have change in organizations, you gotta

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make sure that the employees are prepared and we gotta ensure that the change will be the better for County government. Mr. White?

COUNCILMEMBER WHITE: No questions at this time.

CHAIR PONTANILLA: Mr. Mateo?

COUNCILMEMBER MATEO: Chairman, no questions on 81.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I'm trying to make sure that I'm real straight in my head. After listening to Member Hokama, now I'm not sure that I am. I wanna ask Director Agsalog. I had the impression that you were trying to separate these two things because you wanted one body to do the assessing and one body to do the collecting of whatever that assessment and bill is. Now I'm hearing that one, that both gonna get involved in the assessing. Can you please clarify?

MR. AGSALOG: That is the goal, Mr. Chair.

CHAIR PONTANILLA: I'm sorry. Mr. Agsalog.

MR. AGSALOG: Thank you. The goal of this particular reorganization is very clear to me. And if I, if I am confusing you, I hope that I can clear it up. The focus that I would like the old Real Property Tax Division to do is strictly assessment and make sure that we do it right, because the appeals are not for the collection. It's for the assessment as it's called for from our ordinance. The appeals will be handled by the assessor. The collection of the tax, which is, should not be the responsibility of the assessor, it's a separate task. Collection of delinquent should be the responsibility of the collector, our Treasurer. Our Treasurer should be able to collect those. The assessment process should be separate entity from setting rates and collecting. It shouldn't have any influence at all as far as how much money we collect. It should be fair as the assessment value of the property. That is my concern, my focus, Mr. Chair, that we have to be fair. Never mind how much we collect. Are we assessing fairly and accurately? That is the goal of the assessor.

COUNCILMEMBER BAISA: So then, to me, it's clear that one branch, and that's the RPT folks, will do the assessment and say okay, you owe this much based on our assessment. The Treasury Department will collect the bill. And so two separate and distinct functions. So if I have a concern, I don't go to the Treasury people. I go back to the people that assessed.

MR. AGSALOG: Mr. Chair.

CHAIR PONTANILLA: Go ahead.

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MR. AGSALOG: Your statement to say this is your tax bill. No, no. That should not be the function of the assessor. This is your assessment. Then you appeal the assessment because you can appeal the assessment, but you cannot appeal the tax rate and your tax bill, according to our County Code. So the only thing that's appealable is the tax assessment.

COUNCILMEMBER BAISA: Correct. I think we're, we're trying to talk around something, but we're not on the same page. Okay.

MR. AGSALOG: But what...

COUNCILMEMBER BAISA: Who decides how much the bill is? Which Department?

MR. AGSALOG: County Council's rate, multiplied by the assessed, whatever thousand the assessment. So Assessors should not be deciding what's the bill is.

COUNCILMEMBER BAISA: So the Treasury Department will determine based on the assessment how much the bill is.

MR. AGSALOG: No.

COUNCILMEMBER BAISA: Who?

MR. AGSALOG: It's the Council that will...we will collect, we will collect whatever the Council tells us to collect.

COUNCILMEMBER BAISA: I understand that. What I'm trying to do is a, describe a physical activity. Who actually computes the bill? Somebody's gotta do that.

MR. AGSALOG: It's all inputted. We can't...

COUNCILMEMBER BAISA: Where, where is it inputted? Under your new structure, who does the input?

MR. AGSALOG: I can have the Treasury input the rates as of approved by the Council.

COUNCILMEMBER BAISA: Okay. So now we're clear. Assessment assesses, Treasury will input the bill and collect the money.

MR. AGSALOG: Yes.

COUNCILMEMBER BAISA: Okay. Trying to decide exactly who does what, because I'm concerned that we don't get into what Member Hokama was describing about no, it's not my job. I didn't do it. Go to somebody else. So we need to be very clear as to who does what. And the duties are separate.

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MR. AGSALOG: Yes. Mr. Chair, I can assure you that that will not happen under my watch, who blaming who. It will be my responsibility as your chief financial officer to bring you that tax bill. So if my Divisions are fighting because brothers and sisters don't get along, it's not gonna happen under my watch. I can assure you that.

COUNCILMEMBER BAISA: Okay. Mr. Agsalog, I think that's a crystal clear. Thank you.

CHAIR PONTANILLA: Thank you. Thank you for that healthy discussion.

VICE-CHAIR HOKAMA: And Chairman.

CHAIR PONTANILLA: And before I call on Mr. Hokama, you know, when we do bring in the ERS people over here, we're gonna bring the auditors too that did the CAFR. And, according to Staff, hopefully they can make themselves available for that day. And one of the...they did find something in the Real Property Tax Division, but it wasn't, you know, moving the Real Property Tax Division to another location, so we'll hear from them. Member Hokama, followed by Member Couch.

VICE-CHAIR HOKAMA: No, I just wanna say, Chairman, that that is why I believe every year, the Council should randomly pick departments for Council-directed performance audits. This would really help not only us, but would also help the departments in justifying some of their recommendations to us in Budget session. And so I, I'm gonna ask that the Committee really seriously look at putting in monies in the Council's budget to conduct additional performance budgets, because, you know, this would've helped Finance be able to say the performance guy also recommends this proposal that the Director is supporting this morning. And, you know, and I think would help us with Water Department, too.

CHAIR PONTANILLA: No. You're exactly right, you know, auditing the various departments. Maybe we can learn...

VICE-CHAIR HOKAMA: And I bring that up, Chair, because if we're gonna consolidate or try look at efficiencies, then why we running multiple financial operations in the County? Why were we running multiple MIS operations in the County or GIS, I'm sorry, both?

CHAIR PONTANILLA: Both.

VICE-CHAIR HOKAMA: Or both. Okay, okay, the techies say it's both, so I go with the techies.

COUNCILMEMBER VICTORINO: I'm lost already.

VICE-CHAIR HOKAMA: But the day of the knife is here, Chairman. And it's time to make some adjustments. Thank you.

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CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Agsalog, having been a techie and still am, I have actually written programs that do assessments for other counties and on the mainland. And I seem to recall that those entities have their assessment on one side, their collection on the other side. Have you done a research on that and see, and seen if that's the norm or are we blazing new ground now? I certainly seem to remember that that's what happened when I was at that county.

CHAIR PONTANILLA: Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair. My reading is somewhere in California, it is totally separate, but I don't wanna go that far. And I haven't attended as much conferences with the tax collectors and seminars. But let's go to our neighbor, City and County of Honolulu. It's totally separate. But I know, I'm not, I think sometimes County of Maui is also, you know, ahead sometimes. That's why I don't want to use that as an example, because I think we should look at it as a structure. We shouldn't be influenced of what other jurisdiction is doing. We should do what is right. And I think, my recommendation to put an extra layer of internal control make me sleep at night. As your chief financial officer, the way it is right now, I cannot sleep at night because of the structure. Not because of the people. The people are good. They have served you well, but what happen, we cannot always guarantee that those same people are there all the time. Mr. Chair, I would really like to be able to put a structure that is, I'm proud of. Right now, the current structure, as your chief financial officer, I am not.

COUNCILMEMBER COUCH: Okay. Thank you. Mr. Chair, if I can follow up. Yeah, I do agree with that, splitting them. There's not an issue there. But you mentioned let's blaze a trail and not follow everybody else. We follow general accounting standards. Is that anywhere in general, you know, we do the GASB, whatever number we're at now, 54 or something like that. So we do, we don't blaze trails all the time, we do what is generally accepted accounting principles. Is this a generally accepted practice or is it half-half, or one way or the other? I'm just trying to figure out. We do have NACo, and NACo has a subset of the tax collectors and tax assessors, so maybe they would know better.

CHAIR PONTANILLA: Go ahead.

MR. BAZ: Mr. Chair, if I might...thank you. Good morning, everyone. So in general, accepted accounting principles in the internal control procedures that many are very familiar with, with audits that are, happen on a financial basis by external auditors from the, you know, CPAs, financial sectors that happen, usually they're nonprofits or government entities like we deal with here, or for profit businesses. One of the major tests that they operate is the test of internal controls, and the handling of...just give you one small example is when if you have the same person that is collecting the mail from the post office, that is writing deposit slips, that is putting the money into the bank, that is reconciling the bank statement, you're gonna get a less chance of any improprieties dealt with to be reviewed. And so internal control procedures that are certainly

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defined are things that would make it so that there are different hands handling these different functions. And while we're not saying that there's any issue that we've come across with the current structure, what Mr. Agsalog is trying to describe is a way that we can put in those internal control procedures so that we can have different hands handling those different functions. In this example with the Treasury Division doing the collections, they do the collections for the rest of the County as it is. You know when money comes in yes, we may have a certain entity make the deposit slip and put it in, but they're the ones that are reconciling the bank statements, they're the ones that are making sure that our, our accounting is appropriate for that function, and it's part of their duties as the Treasury Division. When we look at the Real Property Tax Division in the way it currently does with assessing the bills, sending the bills out, doing the collections, putting the money in the bank, you know, what he's trying to express is the need to separate those duties out a little bit so that we can have a little bit more internal control procedures and checks and balances throughout our system. So thank you for the opportunity.

CHAIR PONTANILLA: Thank you. And again, Members, you know, Chair's intention is to bring both ERS auditors and the CPAs to review this one particular area so that we all get a good understanding. Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you, Chairman. A fast one. You know, conceptually, you know, it kinda makes sense. But your Staff can verify for you, Chairman, Collections, you know how many times they cannot verify for me how much park assessment fees I had in my district? Because one year it's one number, the next year it's half the number. Your budget staff can verify so, you know, talk about confidence in collections, because they can't even verify to me my numbers for my district regarding park assessments and other fees for specifically approved Council appropriation considerations. Let, to me, let's go have a good review of this and audit everything and then make the call, Chairman.

CHAIR PONTANILLA: Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: And I tend to agree with let's look everything over, but I wanted to say something to Mr. Agsalog. Mr. Agsalog, nothing personal, we just asking you questions. I see your vigor, I see your fire. And I want you to understand I'm the same type person. When I got something I want done, I gonna go headstrong into it. But we all asking questions only because we wanna make sure the move is a good move. You believe it, now we gotta believe it. So, just want you to know, Mr. Agsalog, we appreciate what you doing. It's nothing personal. I can see the vim and fire in your voice now. We with you. We just need time to make the change acceptable to everyone, especially the employees because, like Mr. Pontanilla mentioned, we don't wanna ever make a change that bring people down. If nothing else, we like them get inspired with this change, yeah. So I'm waiting. I'll work and let's see what happens. You know, I like, like you said, conceptually makes sense, but we wanna make sure that this change will be beneficial in the overall. So thank you, Mr. Chair, and thank you, Mr. Agsalog, for your enthusiasm.

CHAIR PONTANILLA: Mr. White?

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COUNCILMEMBER WHITE: Thank you. Very good comments by Victorino. One of the perspectives I have is that we have a very talented assessment team. And as far as I'm concerned, I would like to see some efficiencies from the standpoint that maybe we don't move all the E/P counts for collections to Treasury because maybe there are some other people that could aid in the collections. I would rather leave one or two of the E/P counts in the assessment side, because, because I think we've got a talented group of assessors and they've got a much more important job than just the collections. It's like, in my operations, I have a separation between sales and reservations, and the front desk that actually does the collecting. And it's there for internal controls. So I don't, I don't disagree with the move, but I think the important thing for us is to get a better handle on making sure that we've given the assessment side the right tools and the right staffing level to make the calls that then generate the collections. And we all, we all know that we haven't given them all the right tools. And so for me, the change isn't troubling. I'd like to see the E/P count stay more heavily on the assessment side, but I, and I would also like to just to bring up--I know we're not on the page, but we're on the subject--I'm more concerned, because as I look at this and of course we don't have the details so maybe they're there somewhere, but during the TIG discussions, it was very clear that we need to provide updated access to GIS, we need to provide updated pictography programming, we need to provide the software that will help the assessment and so on. I made myself a note here yesterday. But, you know, we know we have challenges in making sure that we're keeping on top of assessments and being fair there. So let's put the resources there and, you know, I'm okay with the, with the move and concept. But I'm just concerned that we're not providing the real support in equipment and manpower in the Department that determines who's paying what taxes, and doing it fairly and accurately.

CHAIR PONTANILLA: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, you know, we're going back and forth. We had an opinion from Corp. Counsel, verbal opinion. Can I get an official response from Corp. Counsel, and if it takes a couple of days or not, we've got time. But does Council have the final decision on moving positions within a department or even, let's make it a two-part question, within a department or between departments.

CHAIR PONTANILLA: Okay. We'll ask the question to Corporation Counsel in writing and then maybe at the same time give us an opinion on the general budget provisions, Section 7 in writing. Okay. Members, oh, Member Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And I guess Mr. Agsalog or whoever, just curious what comments from RPT is in regards to all this? Just curious, Mr. Agsalog or whoever. Obviously it's been discussed with the RPT about the movement, and I was just wanting a general comment, I guess.

MR AGSALOG: Mr. Chair.

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CHAIR PONTANILLA: Mr. Agsalog.

MR. AGSALOG: Thank you very much. And let me, before I answer the gentle lady from Lahaina's question, let me address again the same thing that I have addressed. And I really appreciate Mr. Victorino for bringing it out. I, we have been lucky. We have been very lucky we have good people there, yes. Again, I will address again, it's the structure. It's not a reflection of the people. We've been lucky, I think. It's just I need to put that extra control. I hope that I am very clear on that, okay? So because I don't want to wait that something happen before we put something. So Mr. Victorino, your things to putting people down. No. It's not a reflection of that, please. That is way out of my radar. My thing more is the structure as I found it when I came in. Okay. So we been used to it. We know it's working for us, for the function that we have. But again, time changed and I came in as part of your team to run this company, this corporation, big corporation. And I said, as a businessman and my experience and of course the discipline that I have, I see that there is something that we can enhance the current one. We want them to focus on what they do best. It's assessment. I would love to see the more equipment for them to, to perform their job. But allow me to work with them. Don't just give me something that I cannot use right now. Okay. I would work with you, I will come to you because I wanna work with my RPT. As far as the RPT Division is concerned, if there is something that go wrong, it's my responsibility. Anything, Treasury, accounts, it's my responsibility. I would hope that you, as the board members of this organization, you hired me as your employee. I hired them. Do not go to them. Come to me. That is the separation of duties that I would like you to help me out with. If there are questions that I cannot answer and I need to bring them in, I will bring them in. But for now, please, talk to me. This proposal is a collaboration with what I seen and what they are working on. I am trying to help them. They're trying to help me. So there's no RPT. It's Finance, it's me. I'm your employee. Mayor hired me, I'm your employee. If you need something, come to me. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. And you're right, Mr. Agsalog. You're the Department head. You are responsible for your particular area. And, you know, as being the responsible person, you are the one that should be asked, answering all of the questions that we do have. But from time to time, we'll make special requests to have your Department heads on this floor so that we can get a better, better understanding as far as their responsibilities and their concerns. So I'll just leave it at that.

MR. AGSALOG: Mr. Chair, I have availed to you guys with whatever requests you have requested.

CHAIR PONTANILLA: No. I understand, Mr. Agsalog. Any more questions, Members? Member Mateo.

COUNCILMEMBER MATEO: Chairman, I thank Mr. Agsalog for sharing his thoughts, his thoughts with us. When I initially was looking at the goals and measures, you know, that term "internal controls" is existent in several of the goals. So my initial concern was what is the line or what separates internal goals from micromanagement? And I think Mr. Baz provided additional input by trying to emphasize the fact that relative to internal controls it primarily dealt with checks and

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balances. So perhaps for me looking at those words was kinda confusing because it is micromanagement. And, you know, for us I get worried about that particular kind of concept, because it cannot exist with just one, one person. It's a shared responsibility, but I think it was, for me, made a little more clear to me. But, Mr. Chair, I wanted to ask the Finance Director, in part of your goals, in the Goal No. 2, it references your employee training. Is that inclusive of cross training? And the only reason I ask is because your attrition program as employees leave, my concern becomes who now assumes responsibility of the individual that quit, retired or whatever? So, in addition to just trying to provide better skilled employees, is cross training part of where we're at at this point?

MR. AGSALOG: Mr. Chair.

CHAIR PONTANILLA: Mr. Agsalog.

MR. AGSALOG: Thank you. The cross training, you know, as you know we are governed by collective bargaining, so the cross training is not, is not the emphasis. Most of the training that I have alluded to is the advancement training. Our Real Property Tax have a steps in their level of appraisers. And that particular training, they sent this appraisers to those training so that they are able to progress accordingly. So more on the skill training or the professional training that we going to is to aid them in their current position. Because we are very aware of the limitation of the collective bargaining that we work with, so we don't want to really muddy up that line. So no. If you asking me doing a cross training, we will train them as they replace a person to that particular position. But I hold hope that when they assume that position, they have some basic knowledge of those particular position.

COUNCILMEMBER MATEO: Thank you.

CHAIR PONTANILLA: Thank you. Since Mr., Chairman Mateo went into goals and objectives, it's time to go to goals and objectives. And I have one question. You know, Director Agsalog, you have your goals and objectives for the Administration Program. And I'm just wondering if your managers and supervisors also share the same goals and objectives? And, you know, yours is the Department. You know, managers and supervisors have their own goals to meet your objectives. Do you have, do they have their own goals and objectives so that they meet your goals and objectives?

MR. AGSALOG: Thank you, Mr. Chair. Yes, I, if they do not buy into my, 100 percent of my objectives, I hope that they buy in at least 80 percent. I tell them every staff meeting that I have every week. I have a Staff meeting with them, I tell them where I'm going, I tell them to be the guardian angel of their, of their staff. Guardian angel is not to, being to your staff is not to tolerate bad behavior. I, I sometimes I preach on my, my staff meeting. And I would hope...

CHAIR PONTANILLA: Mr. Agsalog, let me interrupt. Do they have something like in writing just like yours?

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MR. AGSALOG: What we have in the Budget...

CHAIR PONTANILLA: Yeah, at least you can measure your employees.

MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Yes.

MR. BAZ: Just to clarify, are you talking about tying in the goals and objectives of the Department to the goals and objectives of the employees themselves, and from...

CHAIR PONTANILLA: From the employees going towards the Director's objectives.

MR. BAZ: Yeah.

CHAIR PONTANILLA: In other words, everybody on the same train heading north.

MR. BAZ: Yeah. You know, if I might address that in a general scope, because this is something that we had trainings on and discussions when we were developing this type of a budget, where we're talking about performance measures and goals and objectives. In relation to the employee evaluation, performance evaluations of employees, the management staff, the Directors, you know, up to the Mayor will have goals and objectives and policies that are subjective to those specific items that employees then will be measured on. So as we look at the goals and objectives of the department, those managers are gonna be held to the performance, their performance evaluation will be held to the goals and objectives of their divisions and of the department itself. And so I hope, you know, that correlation there, you know, while we're moving towards this results-based budgeting process and this performance budget, we're looking at more and more integrating the performance measures of a department, of a division, of a program into the performance evaluation of the employees and managers themselves. So while it may not be in place currently, it's something that we're definitely wanting to move to. And the managers, all the division chiefs went and did the training on, and we talked about that situation.

CHAIR PONTANILLA: Okay. Good. Member Carroll, you get any questions regarding goals and objectives, since we're at that location? Member Baisa?

COUNCILMEMBER BAISA: Just I think Mr. Baz just mentioned something that I think we need to talk about a little bit. And this was the idea of performance evaluations. I think it's really important, Sandy, and I don't know if you're going to be including this in the individual's annual evaluations. But part of that evaluation that I'm familiar with is asking for further training to develop the employee. Is that an intention of this talk about training, that you're gonna be identifying the training that the individual needs and then creating programs for them?

MR. BAZ: Thank you...Mr. Chair.

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CHAIR PONTANILLA: Go ahead.

MR. BAZ: Ms. Baisa, yes. The current system for performance evaluations I will tell you is broken. Coming from an organization that does significant amount of performance evaluations on a hundred percent of the employees every year to the system that the County has is, was different for me in understanding what happens, how it happens, and what is evaluated and what's the result of that evaluation. So there's a lot of issues that the Management office, the Managing Director and I were, have been discussing on a high level with the department directors and personnel services on changing the performance evaluation process, what it would take to do that, including, you know, consultation with the unions of course, as the first and probably the most difficult thing that we'd have to overcome, and integrating that type of activities. If you'll notice, there's certain, throughout the Budget proposal this year, there are a number of occasions where more training is asked for. Purchasing Division, you know, within the Finance Department is another example where we're looking at yes, we wanna make sure our employees have the skill set, the knowledge and abilities to perform at a higher level and make sure that, you know we're being as efficient and effective as possible. And employee training is important to that factor. So if it's exactly tied into the performance evaluation at this point or not, I can tell you it's probably not. But as a manager, it's them being able to see that need and apply any training opportunities there are is something that we're looking forward to. Just an example, my office, we, you know, are moving to a new budget process, we wanna make sure that, you know, not just my Staff but the Department Staff that have to deal with this are, the Finance Department Staff that have to deal with this are knowledgeable and experienced. So we've had probably a dozen webinars so far and, you know, we go through, they're one or two hours, usually in the mornings. You can get, you know, a brief overview of what is budgeting for outcomes and, you know, the one coming up next week is about internal control procedures and things like that so that we can, you know, do. It's cost effective training 'cause it's webinars, but it's training that is useful eventually for our employees, so.

COUNCILMEMBER BAISA: Thank you. I, you know, ever since I've been here I've been very concerned about morale and training and upward mobility, because I think that's really important when you're in a system like this where the ability to reward employees particularly with cash is severely limited by Civil Service. We can't say well, here's your bonus 'cause you brought in 50 percent more, whatever. So we have to find ways to keep employees motivated and interested in their jobs. And I think advanced training and appropriate evaluation is really, really important to that morale. So I'm very excited to see this in the Budget proposal.

MR. BAZ: Yeah. Mr. Chair, it enhances morale and it also helps with situations where we may not be getting the performance that we need from an employee. So it definitely works both ways. Thank you.

COUNCILMEMBER BAISA: Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions on the goals and objectives? Member Cochran, followed by Member Couch. Or I tell you what, Members. Chair is gonna call a

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midmorning recess. And then we'll come back to Member Couch, Member Cochran. So we'll stand in recess 'til 10:30. This meeting is in recess. ...*(gavel)*...

RECESS: 10:18 a.m.

RECONVENE: 10:35 a.m.

VICE-CHAIR HOKAMA: ...*(gavel)*... The Budget Committee shall return to order. Members, our Chairman had to leave for a requirement outside of the building, so as your Vice-Chair, I will be conducting the rest of the morning's session on his behalf. As we recessed, I believe next in line for questions or comment is Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair Hokama. And let's see. So, I was following up on Goal 3 once again, and it, just the internal controls portion. And I'm just still trying to wrap my head around that, wondering that responsibility, does that not currently already lie with the Managing Director's position, or a chief of staff, or something of that nature?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you for the question. We have currently an internal auditor, one person. The internal auditor has been very difficult to fill for a long time. We had auditors before. We just had, our auditor came on board, I think it was already June or May last year. And he is, he has done a lot of review for the Department. But the proposal that I am asking, Mr. Chair and Ms. Cochran, is that an expanded task and responsibility, meaning to we will review all the existing policies and procedures. And I would like them to be updated as today's time. Will it still be feasible? Those policies and procedures that were developed way, way back when, so as a part of the duties because the internal control that I'm looking at, and I am proposing in the budget an EM-05 position as the internal control officer. And the internal control officer will have an auditor to work with in the particular sections. So in that, Mr. Chair, no it doesn't exist in an internal control type. It's more of we have an auditor, but yes, we have not been functioning as efficient as possible because of the lack of filling that position. The position is exist, Mr. Chair, however because it's a not so high up of a position, all those skilled auditor or CPA that would handle such audit can get employment somewhere else. So we cannot hold a qualified person in that position with that pay that we are offering. And it had shown in the past that no one would stay in that position for the responsibility we are asking. So again, it's more of an expansion, Mr. Chair, if you would, that internal control section that I'm asking. But the expansion, as you have already seen, it's a movement from the Account Division to the Director of Finance. So it's, because of Mayor Arakawa's attrition policy, that would be something that I was going to give to Mr. Arakawa for the policy. But when I evaluated the Department, the need of that particular position, I went to the Administration, I went to Mayor, I went to the Budget Director and asked them would they allow me to not give that position and convert it to a internal control

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officer. And in which we have proposed, Mr. Chair. So that's how that is. So to answer your question, ma'am, I think we have, but it's not the function that I envision it to be.

COUNCILMEMBER COCHRAN: Thank you, Mr. Agsalog. And just one follow-up real quick, Chair. EM-05, that status. What type of salary is that, I wonder?

MR. AGSALOG: I think I asked for sixty-nine.

MR. BAZ: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Baz.

MR. BAZ: EM means excluded managerial, and the five level is, according to the union bargaining agreements, has a range. We can get that range to you. And then the department directors have a discretion as to setting the salaries at that range.

COUNCILMEMBER COCHRAN: Thank you.

VICE-CHAIR HOKAMA: It's based on experience and years of service, if anything, the steps. But it must be justified and pass the requirements of review. Anything else, Ms. Cochran?

COUNCILMEMBER COCHRAN: Not at this time, Chair. Thank you.

VICE-CHAIR HOKAMA: Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Agsalog, on Goal No. 1 actually, one of your success measurements is percentage of scheduled edits completed on time. Do you have an average number, a base number, or...it's kind of a little nebulous there. I was just trying to think of if there's a way we can come up with a number, or do you have, I guess, can we make it less nebulous?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you. In my consultation with other jurisdictions, an internal control or an, a legislative auditor that they have right now in other jurisdictions in Hawaii where they have five people that look at between eight to fifteen complete reports a year. In one month operation, my auditor I can tell you that he has reviewed some of the requests that I have done. He is currently doing one for me. So yes, we can put a number. I just do not have that experience to tell you how many we should do in one year. It depends on how many and how skillful those auditors will be. And I think the Charter Commission is talking about legislative auditor, and I'm sure they will set a number of reports to be submitted to you guys for once they are a form, and I think it depends on how much, how many people they have in the legislative auditor. My

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understanding in Honolulu, the legislative auditor still employ an outside CPAs to help them do the report. Although they have full-time auditors in their Staff, they become supervisory auditors. And a lot of the field work are done by the outside CPAs.

COUNCILMEMBER COUCH: Okay. Well, you know, the internal or the auditor for, on the Charter Commission still would have to pass the voters' test. Should that not happen for whatever reason, can we expect to see maybe next year, numbers here, and now that you've had, you would have had a year's worth of practice at that? Only because that's, that's way too easy.

MR. AGSALOG: No. Mr. Chair, let me answer that. Yes. But we have to be mindful though that this internal auditor is not similar to the legislative auditor. The work or project he or she will undertake or the internal control undertakes, it will be as a tool for the management. It is not for public consumption as the legislative auditor would do. It's my tool, it's the Budget Director's tool. It's the Mayor's tool because this is internal to our operation.

VICE-CHAIR HOKAMA: Okay. Thank you, Mr. Couch. Any further questions? Mr. Victorino? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. I just have a question on the collections and reconciliations. Who in the, I know you've got lots of different bank accounts because we've got lots of different funds, but who currently does the reconciliations of the various funds and bank accounts?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Currently it's work of the Accounts section to do bank reconciliation. And we have been asking the auditor to look into it because we are a little bit behind.

COUNCILMEMBER WHITE: Okay. So the, the collections are not done by the Accounts Department?

MR. AGSALOG: No, Mr. Chair. It's done by Real Property Tax, the collection section. Well, right now they are reporting to the Treasury at the moment. We had that particular section that I'm asking you to approve. I have, because of the second half of the property tax being due in February, I wanted to have the Treasurer experience the volume collection during that time, so she parallel and looking at the collection, how it's being done. But to answer your question, the collection is done by the collection and relief section of the RPT and they deposit the account. We reconcile it at the Accounts.

COUNCILMEMBER WHITE: I'm sorry. Actually I was referring to collections as a broader term, because we collect for all kinds of different things. I just wanna be sure that we have the reconciliations being done by people other than those who are responsible for collections.

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MR. AGSALOG: Oh. Yes, Mr. Chair. We do. We reconcile that. That I can assure you, we do the reconciliation. The departments sometimes, like permitting, they deposit their, they have a deposit slip and we reconcile them with the account that we have in the bank. It's done by the Accounts Division.

COUNCILMEMBER WHITE: Okay. Thank you, Chair.

VICE-CHAIR HOKAMA: Okay. Thank you, Mr. White. Mr. Mateo?

COUNCILMEMBER MATEO: Thank you, Mr. Chairman. Mr. Agsalog, just, just so that I have a better understanding of your intense drive for the internal controls process, you're not telling me that at this point there are no internal controls?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Director.

MR. AGSALOG: Again, I will reiterate to you that the...there's two things of the internal control I'm talking about here. And I think we have spent a lot of time saying the internal control of the structure in the RPT. It's separate from the internal control I'm asking you to put people, and under the, under the Director's office. The internal control that we have talked about earlier in the structure of RPT moving the collection to Treasury, that is, I'm not creating that. I'm putting in place a check and balances. Okay. It's not a creation. If I, if the collection is reporting to another division head, at least there's another eyes to look at it and make decision instead of having the RPT Assessor Division head approve the assessment and collection together. So this separation of duties provides a structural internal control. I hope I answer your question.

COUNCILMEMBER MATEO: Okay. So, in part then, this control, this internal control virtually becomes a justification for movement within your own Division?

MR. AGSALOG: In the, in the movement of collection to, to Treasury, that by itself is an internal control. As we speak today, we have been very lucky, like I'm telling you, it's not the people, that it's in the structure. It's the structure that I'm trying to divide because sometimes, I know a lot of you guys say okay, efficiency, we put something together. But there are tasks that we need to segregate to provide the controls that's needed for that particular task. And that is what I'm asking you. I am, I cannot sit here and wait that something, that something will happen before I can propose something to you. Again, let me say this, that the proposal is a proposal. And I hope that I can discuss it with you, and I can answer your question so that you can see how the vision that I have seen so that all of us can agree in how we move forward on this. The internal control that I have discussed about with the collections moving to Real Property Tax, the structure. Your question to me, does it exist? It exists because we have people that we've been lucky. But what if we don't have those same people there? I won't be able, again, to sleep. I'll make sure that, you know, the people that we put in place, we've been lucky all this time.

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

VICE-CHAIR HOKAMA: Okay. Mr. Carroll, any questions for on this part? 'Cause I'm gonna try and wrap it up. Ms. Baisa?

COUNCILMEMBER BAISA: Chair, I've been fascinated with this discussion and I'm beginning to feel that we're kind of tactfully trying to discuss a situation that is delicate in terms of performance. And, you know, I'm wondering if, if it is a matter of performance, then we're basically treading on personnel issues. And if we want to discuss those, obviously they would have to be discussed in an executive session.

VICE-CHAIR HOKAMA: That is correct.

COUNCILMEMBER BAISA: And is that something that the Budget Director, I mean the Finance Director, is trying to deal with carefully, and is that something that maybe we wanna consider so that we can put this bed for once and for all? Because I think it's important that we make a decision, and the more we know, the better decision we can make. If he's trying to tell us something, and he's not at liberty to discuss it openly, then maybe that's something we just wanna decide.

VICE-CHAIR HOKAMA: Okay. Your temporary Chair will take that under advisement with Mr. Pontanilla. What I would like to do though, Members, for the rest of this morning, 'cause Mr. Pontanilla will return at 1:30, I would like to move on and meet with him during our break and we can discuss it. Because potentially I believe we may need to exercise that option of executive session to discuss sensitive discussions on personnel matters. But your Chair will take it under advisement at this time. And Mr. Pontanilla will report back to the full Committee on that request.

COUNCILMEMBER BAISA: Thank you, Mr. Chair.

VICE-CHAIR HOKAMA: Okay. Thank you very much. Further questions in this area of A Accounts? If not, I'd like to move to B Accounts, Members. Basically, B Account is no changes or adjustments, but is there any questions regarding the B Accounts section? Ms. Baisa?

COUNCILMEMBER BAISA: None, thank you.

VICE-CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

VICE-CHAIR HOKAMA: Mr. Couch?

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COUNCILMEMBER COUCH: Just a question on procedure. Are we doing something different? 'Cause Mr. Pontanilla has just go through goals and objectives, or actually we were on goals and objectives now, yeah.

VICE-CHAIR HOKAMA: And that's basically your A areas, because I'd like us to get some movement forward to go through this Department. Obviously, the subject of Real Property Tax and Treasury is not gonna be decided this morning, yeah. So let us move on to continue the review of this Department. Mr. Agsalog has other Divisions that we would like to have a discussion with or review with. And again, the Committee will make a policy recommendation to Council, and the Council will make its final determination whether or not we are gonna make this movements. 'Cause the Section 7 of the Budget Ordinance clearly states, the Council shall be informed and we will make that determination. Period. Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. And I appreciate the desire to move forward. The next program after the Administration Program that has been discussed, and I believe all the questions have been answered at least up to this point to move on, is the Treasury Program itself. And so, if you'd like, the Director of Finance can go through the Treasury Program. It is basically a new, we're proposing it to be a new program within the Department of Finance as an entity as was described and discussed significantly. And we can go through those items if you'd like, Mr. Chair.

VICE-CHAIR HOKAMA: You know, in my...I'm not too sure whether we should get into this, because then we are not going to finish this area, 'cause it's gonna take a whole day possibly.

MR. BAZ: Mr. Chair, if you'd like, we could discuss this morning, the, start going into the Accounts Program.

VICE-CHAIR HOKAMA: You know, Members, if there's no objection, I'd like to defer this review of the Treasury Program at this time.

COUNCIL MEMBERS: No objections.

VICE-CHAIR HOKAMA: Okay. We shall skip the Treasury component. I shall inform Chairman Pontanilla that we are gonna temporarily defer this specific thing on Treasury, because obviously I think we would possibly request the Treasurer to be in presence of this discussion. 'Cause I would like to hear some of the thoughts of the Treasurer on short-term investment, bonds, tax sales, assessments and the whole ball of wax that this person may be responsible for down the road. So we'll defer Treasury. Let us go to Accounts. Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. So the Director of Finance will go through the Accounts Program description, budget details, changes in, from the FY '12 adopted Budget explanation of those changes, and the key activities, goals and measures. Mr. Agsalog.

MR. AGSALOG: Mr. Chair.

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VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you very much. Again, our Finance section, it's at six, Page 6-89, and at a quick glance, Mr. Chair, of the particular Division. We do the financial reporting, including issuance of the Single Audit and the Comprehensive Annual Financial Report. And I believe that the Single Audit, which came a little bit later than the CAFR, is now transmitted to you. The Accounts Division is also responsible for account payables claims, including purchase, including purchase orders, grants and contracts. They administer the payroll processing of the, all the employees of the County of Maui, and we also coordinate or keep reports of all the fixed assets that we have for the County. This particular Division, Mr. Chair, we have about 18 people requested this time. We used to have 19. As I have mentioned to you, I have requested the one E/P, equivalent personnel, to move into the Director's office to be my internal control officer for EM-05. And I can answer any questions that you might have. It's very flat budget. We can go through the goals that's set for this particular Division, Mr. Chair, if you like.

VICE-CHAIR HOKAMA: Members, do you feel the need for additional...shall we hit the questions? 'Cause I think you guys ready for the questions if you have any. But before I ask for questions from the Committee, Mr. Agsalog, maybe you can give us an update on the payroll system please.

MR. AGSALOG: Thank you, Mr. Chair. The payroll system, it's called the ADP. I have been very happy in a way that some of the issues that we had when I got in, such as the child support being late, you know, that type of concerns from our employees has been rectified. It used to be there's a delay on it. We still are paying monthly with the ADP. That's the contract that we have with them and, as you know, we have left P2K and went to this particular vendor, Mr. Chair.

VICE-CHAIR HOKAMA: Okay. Thank you very much, Director. Ms. Cochran, questions for the Director in this area of Accounts?

COUNCILMEMBER COCHRAN: No, Chair.

VICE-CHAIR HOKAMA: Okay. Mr. Couch?

COUNCILMEMBER COUCH: No, Chair.

VICE-CHAIR HOKAMA: Mr. White?

COUNCILMEMBER WHITE: No questions.

VICE-CHAIR HOKAMA: Mr. Mateo? Mr. Carroll, questions? Ms. Baisa?

COUNCILMEMBER BAISA: No thank you.

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VICE-CHAIR HOKAMA: Very good, Members. I was remiss not to inform you, Members, that under the Treasury Program area, Chair Pontanilla is sending today a letter to Mr. Baz regarding Section 7 of the Budget Ordinance that is part of our requirements as it relates to the considerations that will impact the Treasury proposal. So I will, you will have your copies of that from Chairman Pontanilla. Okay. We shall move on. Members, from Accounts we shall go to Purchasing. Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. For Members, we're now on Page 6-95 of the Budget Proposal. And Mr. Agsalog will go through the Purchasing Program description.

MR. AGSALOG: Okay. Mr. Chair, in the, a quick glance of the Division, we have 7 people in the Purchasing Division. And that particular Division has not have any increases or expansion in previous years and so with this year, except a training request of 7,200. That is one of the goals of our Division chief to get certified. So I would answer any questions that you might have, Mr. Chair.

VICE-CHAIR HOKAMA: Okay. Thank you very much. Members, you should be understandable of the Purchasing Program. Any questions. Mr. Couch?

COUNCILMEMBER COUCH: Just a real quick question. What is NIFGP?

VICE-CHAIR HOKAMA: Mr. Director.

MR. AGSALOG: National Institute...

COUNCILMEMBER COUCH: Essentially it's similar to our NACo possibly, or...

MR. AGSALOG: I have the Budgeting Director Googling it now, Mr. Chair.

VICE-CHAIR HOKAMA: Would you like to wait for a response? Okay. We're gonna move on. Mr. White, any questions?

COUNCILMEMBER WHITE: No questions.

VICE-CHAIR HOKAMA: Mr. Mateo?

COUNCILMEMBER MATEO: No questions.

VICE-CHAIR HOKAMA: Mr. Carroll? Ms. Baisa?

COUNCILMEMBER BAISA: No thank you.

VICE-CHAIR HOKAMA: Ms. Cochran?

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COUNCILMEMBER COCHRAN: No.

VICE-CHAIR HOKAMA: I'd like to ask the Director, and again, this is an ongoing concern of the counties. We have been told by, I guess, Mr. Fujioka, the State Chief Procurement Officer, that the counties may not utilize purchasing agreements, that our National Organization[sic] of Counties go through a public procurement process to get additional benefits of cost savings for services to our counties. Okay. And the State's position is use their procurement through their western regional component, and, you know, you see what he's telling me is he wants our people to pay more when we can get additional savings through a public procurement of a large county to get the cost savings. You know, when you dealing with L.A. County, whose revenues is about \$17 billion, goes out for a public procurement contract for services, obviously they can outcompete the State of Hawaii, which only has \$1.5 billion. Okay. And yet we are told that our people cannot use those procurement contracts, so how can you recommend to us to use the benefits of our association and membership in the national organization, when all the other counties in our country get to benefit, and the smart states, like Idaho, uses the NACo purchasing program? Because they get the better rates. So how do we convince the State that they're being idiotic and asking the taxpayer to pay more for services and goods when we can get a savings? What would be your recommendation, or what would Mr. King propose to us?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you. And I can, as I have said yesterday to you, Mr. King has been appointed to the Commission, Procurement Commission. And prior to, I think it was over four years ago, he was there, too. So he's very experienced in that. And, as you know, Mr. Chair, that we, our procurement procedure is governed by our State laws. And you are very aware that you, because you are very active in the national scene of the counties, that there are benefits there for us to avail. However, we have to change laws in the State of Hawaii for us to be able to do that. And, again, the people that makes the laws are elected officials. We have to go and lobby for it. I think it's, it's incumbent upon us to, to show that the benefits of those national associations that we can work with and we are members of, I think we need to be able to keep a dialogue with our lawmaking body in the State since they, we are under that particular umbrella. And I don't have to do a step by step, because I know you are very well versed in the State Constitution as well as the HRS that we are abide by in our procurement process, Mr. Chair. And Mr. Couch is not here now, but the NIFGP is National Institute of Government Procurement Professionals.

VICE-CHAIR HOKAMA: Thank you, Mr. Agsalog. Well, you are also a chief procurement officer, and the statute talks about chief procurement officers. So I believe, in my mind, you have the same standing as the State procurement officer because you all are chief procurement officers. Okay. But it's interesting. He promotes the State's agreement because the State gets additional financial benefit. Okay. The counties pay more when it doesn't have to. That's, that's the rub. I cannot see our people paying more for things we can get savings on. And just so you're aware,

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we have signed up Maui and the rest of the counties that every time NACo goes out for a public procurement through a county, whether it be Fairfax County which is the third largest in the country, or L.A. County, number one, Maui County and our sister counties are attached to that procurement so that we are part of the original request. And I would like and I would hope you would consider using those purchasing agreements, and if need be, let the State take us to court. Any other questions in the Purchasing Program, Members? Okay. Having none, let us go to the big boy, Financial Services Program. Mr. Baz.

MR. BAZ: All right. Thank you, Mr. Chair. The Financial Services Program is starting on Page 6-97. Director Agsalog will describe in general the Financial Services Program makes up, is made up by the Department of Motor Vehicles and Licensing Division, as well as the Real Property Tax Division.

MR. AGSALOG: Thank you, Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: As it has been mentioned, this is the big boys of our Department. They had the most equivalent personnel, and they also the revenue producing division for our Department as well as County of Maui. Mr. Chair, the essence of this particular budget request, and the biggest of all of them, is the transfer of that collection into Treasury. And I know that you wanted to discuss that separately, but that is the biggest change. Everything else, Mr. Chair, is what you have adopted last year, and what we are requesting is the same amount of funding, but it will be more as higher level services because of the requirements that we are implementing. One particular, Mr. Chair, that one that we just had implemented, is the legal presence. Legal presence, Mr. Chair, is the, this is under the DMV, Mr. Chair. Let me just clarify that.

VICE-CHAIR HOKAMA: Thank you.

MR. AGSALOG: The legal presence give us a little bit more work in a way that the individual driver license that will renew. If there are some questions as far as names or date of birth, they now have to produce more documentation. In turn, Mr. Chair, the customer representatives has to spend a little bit more time in serving these customers should they have those concerns. And once we have those concerns, the level of supervision is also higher, Mr. Chair. So we are tasked to implement this law from the Federal to the State and now we are implementing them. I've been told that for those cases that have some questions, we have tacked on five to ten minutes processing time. It means that for our customers, we have to wait a little bit more, longer lines. And with this, Mr. Chair, I'm very, very happy of what Mr. Vila and his crew has done to prepare for this. We had started this right after you approved the Budget last year, and we still ongoing. We have more to do. I've been told that January 2013, we will be issuing the State I.D. instead of the Governor's officer here on Maui. So with those, Mr. Chair, I'm asking you to approve the same amount of budget that we have and hopefully that, with the training that we are undertaking, we can serve the community in a little bit more efficient way. We have also work as lots of overtime for digitizing our old document, Mr. Chair. And that's still ongoing at this

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time. So I would answer any questions you might have, Mr. Chair, as far as the budget as well as the number of personnel is concerned.

VICE-CHAIR HOKAMA: Thank you so much, Director Aagsalog. Mr. Baz, any additional comments before the Committee asks their questions?

MR. BAZ: Thank you, Mr. Chair. So just to clarify, most of the reductions that you see on Pages 6-100 and 6-101 are related to the movement of the collections section of Real Property Tax to Treasury. So maybe, as prior discussed, we wanna delay any more discussion on that item. And also, since it's come up the second time here, the, as we start discussing the MIS Division of the Department of Management, we will get into the discussion of the new _____, the software assessment software as well as a GIS system and how we're moving toward that section as it is very critical to make sure that we are assessing and monitoring our Real Property Tax, real property, as well.

VICE-CHAIR HOKAMA: Thank you, Director Baz. I think the Council has pretty much made it clear that our policy, how we wanna make the improvements with the support for Real Property Division, so. Okay. We are gonna have questions now. Gee, I lost my train of thought, Members. Okay. Before I ask for you, call on you, Members, I have no problem having asked questions about collections. We are not talking about the movement. We're talking about the operation of the Collection Program. So if you have questions on the operations, that's fine. Not about moving it from RPT to Treasury. Okay. We're not gonna get into that at this time. I'll let Mr. Pontanilla deal with that and Chair, 'cause I would like to be on the floor with my questions at that time. Okay. So we're gonna go through everybody. And let's see. Who was the last one I called on first?

COUNCILMEMBER COUCH: Mr. Chair.

VICE-CHAIR HOKAMA: Yes.

COUNCILMEMBER COUCH: Just a quick question on procedure. Are we just gonna do RPA right now, 'cause it's kind of broken into Program, RPA, DMVL. Or are we gonna...is it wide open?

VICE-CHAIR HOKAMA: You know what, that's a very good question to the Chair, and I would, I am gonna take it by subsection. So we'll deal with 6-102 first.

COUNCILMEMBER COUCH: Okay. Thank you.

VICE-CHAIR HOKAMA: Okay. So I'll start with you. Questions?

COUNCILMEMBER COUCH: Oh. All right. Yeah, you mentioned, Mr. Baz and you both kind of mentioned, touched on this whole GIS thing. Question for, I guess, the Department or Mr. Baz. Is there a move or are you...I know we talked about this a little bit last year about putting GIS under one Department and then using the services, each, any department that needs to use the

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services would, would ping them for services. Is that, is there a move on that, or are we still kind of decentralized on that?

MR. BAZ: Mr. Chair?

VICE-CHAIR HOKAMA: Mr. Baz.

MR. BAZ: Thank you, if I might. The current Fiscal Year 2013 Proposed Budget does not include any movements of GIS personnel from different departments. One of the functionalities and reasons why is that, as we get into the Department of Management and discussions specifically with MIS Division and the consolidated function, the main assessment software, assessment and collection software that we use for Real Property Tax as well as our land management system, the KIVA system, are both outdated and no longer supported. They are both integral. The functionality of each of them is integrated so much that we can't do one without the other. And that includes the GIS part of that integration. GIS in itself is just the base core system, but the software and functionality is that the departments have, whether it be Planning, Management, Real Property Tax, and the systems that they use are kind of integrated. And so we wanna make sure the systems are capable so that we can move forward in that.

COUNCILMEMBER COUCH: So that's gonna be another fiscal year potentially. So, until then, we're gonna just, individual departments have their own GIS.

MR. BAZ: As far as the functionality of the staff, yes.

COUNCILMEMBER COUCH: Okay. Thank you.

VICE-CHAIR HOKAMA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Two questions. One, you made the comment that this is a revenue-producing Department because it's RPT and DMV. But the question that brings up in my mind is if we are moving Collections to the Treasury, is there a reason why we are not moving DMV Collections to the Treasury?

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair. I think it's the, the function of what we want to put together. Right now, the DMV Collections is, we have controls in place. The particular collection from, from a...driver's license or plate registration, for that matter, we can call that in our cashiering system in a daily basis and we know what the transaction that happens. That's, that by itself is a control. And that's, it's a transaction, it's just like cashiering system. What I'm saying in the internal control in the RPT, it's the task that is generated from the beginning to the end, meaning the collection part. This, the task in DMV can be done in ten minutes. In RPT, takes months before it gets there. That's why I'm, the internal control, it's important that we have that in place. The collection should be different from the assessment.

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COUNCILMEMBER WHITE: Okay. And the other question is for Mr. Baz. You mentioned that we will see the, I guess the programming, the GIS, the pictometry and so forth when we get to the MIS. Is that correct? Are you suggesting that all the things that we've been discussing as being important upgrades to RPT, are actually gonna be shown in MIS and not in their own Department?

VICE-CHAIR HOKAMA: Mr. Baz.

MR. BAZ: Mr. Chair, thank you. The MIS Division of the County of Maui is in charge of all of the computer systems, including the movement to, of the IT section of Maui Police Department as well. So yes. If there is a functionality change with the software system or an integration of communications, that we wanna keep it all focused into the MIS Division. And so discussion as far as the functionality of integrated systems and the movement and purchase of those type of systems and implementation will be handled by the Chief Technology Officer of the MIS Division.

COUNCILMEMBER WHITE: Okay. Then what is the \$15,000 for computer software related to in RPT or RPA?

VICE-CHAIR HOKAMA: You know what, let's deal with the B Account later. That's a B Account concern there, Mr. White. And we gonna review, which is why you got the details, Members, earlier this morning. So I would prefer...that's good?

COUNCILMEMBER WHITE: That's fine, Chair. No problem.

VICE-CHAIR HOKAMA: Thank you, Mr. White. Gentlemen, we're gonna move on. Mr. Mateo?

COUNCILMEMBER MATEO: No questions.

VICE-CHAIR HOKAMA: Mr. Carroll? Ms. Baisa?

COUNCILMEMBER BAISA: No. Mr. White essentially asked my question. I was trying to figure out if there was money for the pictometry in this budget. And I guess it'll come up later in MIS. Is that the case?

MR. BAZ: Mr. Chair, yes. That's correct. As we start discussing the MIS Division, you'll see a request in that Department for, so the start of a transition of processing. Just, you know, this is one of the reasons why budget details are not as...I don't wanna say as important. But if you look at the historical, there is actually negatives in that, in that Sub-Object Code. And that's because we have been moving the software purchases out of the different departments and moved them into the MIS Division. Now that's, that the Department's program has \$15,000 in its subobject for computer software doesn't necessarily mean that it's gonna be spending \$15,000 in its subobject for computer software. It just means that as the Department's staff were putting

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their detailed budget together to give to Council, to give to my office, they didn't recommend any change in that Sub-Object Code.

COUNCILMEMBER BAISA: Well, because of the work of the TIG, that was one of the recommendations that came out and we felt that it was important the RPT have that capability. Just we wanted to make sure it's somewhere. I don't care where it is.

MR. BAZ: Correct. Yeah, and that is a focus, like I said, as we start discussing with the MIS Division the overall aspect of our computer systems and integration and such...(inaudible)...

COUNCILMEMBER BAISA: I don't wanna get into the politics of who buys and whatever, but we wanna make sure they have the tools they need to do the best job. Thank you.

VICE-CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. I'm trying to cross-reference 6-103 page in reference to Mr. Agsalog's presentation.

VICE-CHAIR HOKAMA: Before, we do DMV --

COUNCILMEMBER COCHRAN: Oh. Sorry. Am I jumping ahead?

VICE-CHAIR HOKAMA: --anything on the Real Property side, Ms. Cochran?

COUNCILMEMBER COCHRAN: Oh, 102. No, no. No questions. Sorry.

VICE-CHAIR HOKAMA: Okay. You know, my only comment is I don't want MIS to have control over departments' essential priorities. It's supposed to be the department that controls it. So I'm not too convinced I want MIS being in charge of the priority end and how I wanna see Real Property move forward with this pictometry programs and whatnot, Members. So we'll make the decision when we make our adjustments, where we gonna put the funding and under whose jurisdiction we expect to hold accountability to. We are now on 103. DMVL. Mr. White, questions in this area?

COUNCILMEMBER WHITE: No questions.

VICE-CHAIR HOKAMA: Mr. Mateo? Mr. Carroll? Ms. Baisa?

COUNCILMEMBER BAISA: No question, but I would like to say that having had to get a license, I'm very impressed with the work. Thank you.

VICE-CHAIR HOKAMA: We're happy to hear that. Ms. Cochran?

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COUNCILMEMBER COCHRAN: Thank you, Chair. Sorry for jumping ahead. But I was just trying to cross-reference the presentation of Mr. Agsalog and then looking at the actual page we're on, 6-103. So we are currently doing the State I.D.s? And the refuse and water collection also is being, people can go and pay there? Is that already implemented, or is it going to be?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you. The State I.D. we'll start January 2013. The Legal Presence started March 5th of this month, the Legal Presence. That's the one, more documentation. If there's a concern on your name or date of birth or sometimes, when the picture they take, it's kind of different from what you had previously on record, so they have to call the supervisors to verify, make sure, to override the system, that type of things. That started March 5, 2012 this year. And the collection of water bills to the satellite offices as well as to the central service area in Maui Mall started, I think, on November first. So the community can go and pay there instead of coming here and looking for a parking space in Wailuku. I hope that answer your question, madam.

COUNCILMEMBER COCHRAN: Thank you. Yeah. Thank you, Mr. Agsalog. Thank you, Chair.

VICE-CHAIR HOKAMA: Okay. Thank you. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Got a few questions. You were talking about, as long as we're talking about the State I.D.s, are we gonna get more money from the State in order to do that? I mean, if we're doing another function. Sorry, Mr. Chair. Or are they just another unfunded mandate that they're sending out to us?

VICE-CHAIR HOKAMA: Excuse me.

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you. I know it's a sore spot for you, but it's my understanding that we, they have not volunteered and give us the money. But it's also our understanding that if you have a driver's license, you will not be issued a State I.D. I think that's one purpose why, why they say that we will be issuing them. You'll have one or the other. So if you have a driver's license, you don't need a State I.D.

VICE-CHAIR HOKAMA: I think that was more for minors and others, right? Because when you do travel, for transportation purposes now, they need identification.

COUNCILMEMBER COUCH: Yeah.

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VICE-CHAIR HOKAMA: Right. And they don't qualify for driver's licenses.

COUNCILMEMBER COUCH: But still, really, we're gonna do yet another State function without any cash? Well then, that's...sorry for making you have your tea go through your nose.

VICE-CHAIR HOKAMA: No, no, no. You can vent. I don't have a problem with you venting because, because I think it's, the County taxpayers need to know that.

COUNCILMEMBER COUCH: Yeah. Yeah, I mean, it's yet another thing. Do you anticipate, what do you anticipate in the increase, obviously in supplies, because of the State I.D. cards.

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: I have the experience of getting, driving my mother and my father to the Governor's office, liaison's office here. And the line over there, it's pretty long also. So there will be impact for us. That's not a, that's not a question as far as the impact is concerned. So there will be impact in issuing these I.D.s.

COUNCILMEMBER COUCH: Okay. Thank you. Then another question I have on the list is we talk about your goal number two where it says provide DMVL services at major population centers. And you're asking, your estimate's gonna be 55 percent. Does that mean, does that mean that 55 percent of anybody who walks up anywhere, you want them to be at satellite. Is that where your goal, is that how your success measurement is? Because right now, 55 percent looks kind of low for, for an average percentage of walk-in transactions processed at satellite offices. It sounds like that 55 percent of the people that walk in at satellite offices get processed. That's what it sounds like this success measurement is. But what I think you mean the success measurement is 55 percent of the people that walk in anywhere will be at, outside of the main office.

MR. BAZ: Yeah. Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Baz.

MR. BAZ: Thank you. And Mr. Couch, that, yes, that clarification is 55 percent of all traffic they want to be in satellite offices.

COUNCILMEMBER COUCH: In satellite offices. Okay. You may wanna reword that a bit, 'cause.

VICE-CHAIR HOKAMA: It's in our hands now, Mr. Couch.

COUNCILMEMBER COUCH: Well, we may wanna reword that because the way it reads to me is that you only wanna process 55 percent of the people that walk in.

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MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: This is, this is our first crack on a program evaluation performance budget for, that the Budget Director has really asked us to work on. So we'd be more than happy to work with you as far as how we serve our community. And, yes, any suggestions that we can do, we'll do so.

COUNCILMEMBER COUCH: Okay. And I'll try and remember to bring that up when we get through that and when we do the amendments. Last but not least, you say in goal number three, objective is to engage and inform citizens to ensure their interests are served. We've run, I've had some people run across an interesting problem and maybe this is the place to talk about it or not. But with this new driver's license system, you get a temporary driver's license that looks really fake. And so people have been turned away at stores and bars, both for liquor and cigarettes, and have come and complained. So maybe if part of that is to educate the store owners and bar owners, maybe through the Liquor Commission, because that's where most of the I.D.s are requested, so. And they have lots of money that they can do some sort of education. Because, you know, this just started happening in March, this month, and already we're getting people coming back and saying, they think it's a fake I.D. but it's not. So, just a thought.

VICE-CHAIR HOKAMA: Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair, for that suggestion. Yes, I, the State as well as the County has cooperated fully in trying to have this new change implemented. We have done quite a bit of press releases. I talk about it on the radio when I go. But you're right. They haven't seen the particular new license that's paper that given to you when you are, when you go and get your license. Because your real license will be sent to you.

COUNCILMEMBER COUCH: In a couple of weeks. And, by the way, I wanna commend the Department for getting the licenses to the people within a week.

MR. AGSALOG: Yes.

COUNCILMEMBER COUCH: It's just that in that week, for some reason, they got booted out of both bars and/or stores.

MR. AGSALOG: And Mr. Chair, we tell the licensee to wait for 60 days, but actually it doesn't, they have been getting it in about a week. The Department, I mean the Division, has been getting it. So we really appreciate it. Actually, Mr. Chair, this new license is sent from a centralized office in Honolulu and sent it to our licensees here. So it's just the time of being processed because there are other checks that they do after they give you that paper license.

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COUNCILMEMBER COUCH: And Mr. Chair, is that the same for the State I.D.s now that we're doing the State I.D.s? Is it gonna go through that same process?

MR. AGSALOG: I am not aware of the true process at the moment, since we had, still have time to get it from the State to us. We are in discussions with them and how that process going to be, Mr. Chair.

VICE-CHAIR HOKAMA: Okay. Mr. Couch.

COUNCILMEMBER COUCH: And the reason I ask is because it's my understanding that all the equipment that we used to print the driver's licenses onsite now has been removed and put in a central location for security purposes and whatnot. Is that gonna be the same with the State, or do they have their own equipment over there at the Governor's place and are they bringing it to us?

MR. AGSALOG: I just getting a nod that we gonna get the equipment also. But right now, you're right that we have, we cannot print the real driver's license anymore onsite. It comes from the centralized office where it is secured, and it will be sent to the address you provide us, provided us. If you didn't provide us the proper address, you will not get your driver's license.

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

VICE-CHAIR HOKAMA: Obviously Liquor Adjudication Board has done a good job in making people aware of valid I.D.s.

COUNCILMEMBER COUCH: Right. And this one doesn't look very valid.

VICE-CHAIR HOKAMA: Well, your reflection. Mr. White, questions? Mr. Mateo?

COUNCILMEMBER MATEO: Not really a question, but just a point of interest. There's 159,000 plus registered vehicles in the County. A good number of them belong to U-Drives. When they re-register, is it done here, since they utilize our roadways, et cetera or is it a place of purchase of the vehicle?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Mateo, you know, your question is what many other Members had and I had a very straight forward discussion with Mr. Vila. And Mr. Vila's basic answer is by State law, the vehicle must be registered in the County it is being used in. So if it's in Maui County, that car shall be registered with the County of Maui. Mr., are you done, Chairman? Any further questions? Mr. Couch, you had a question?

COUNCILMEMBER COUCH: Yeah. A real quick follow-up on Mr. Mateo's and your comments. You see a lot of rental cars out there that are certainly not Maui plates. Well, ours are L and M.

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But there's a lot of different numbers out there on the rental cars. How, how is that being enforced?

MR. AGSALOG: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Agsalog.

COUNCILMEMBER COUCH: Or apparently, it's rental cars that have that.

MR. AGSALOG: I just had that discussion again with Mr. Vila yesterday. And during the renewal time, we will assess them here. And I was just smiling because he said yesterday that they would rather registered on Maui because we the cheapest. No, he told me that. So I believe him.

VICE-CHAIR HOKAMA: So is he promoting us to raise the fees? Any further questions? Ms. Baisa?

COUNCILMEMBER BAISA: Chair, just one lingering question about us doing the State I.D.s.

VICE-CHAIR HOKAMA: Please.

COUNCILMEMBER BAISA: Do we have any idea of how many are processed in a year and what kind of a workload we sticking on to our DMV?

VICE-CHAIR HOKAMA: I would ask Mr. Agsalog or Mr. Vila if he has some response to the question from Ms. Baisa. Mr. Vila, please come forward. We would appreciate your presence.

COUNCILMEMBER BAISA: You know it appears to me that they have made tremendous progress in trying to get you through that process quickly. And I'm just worried that we're gonna undo that if he doesn't have enough people to handle what's coming.

VICE-CHAIR HOKAMA: We'll just tell the State we're busy doing our responsibilities first.

COUNCILMEMBER BAISA: I'm with you, Chair. But it looks like, you know, it's another thing that we're gonna have given to us and without additional money. It's not fair.

VICE-CHAIR HOKAMA: I agree. I agree. I agree. It's in the State Constitution that the State shall provide the resources for mandated programs. Mr. Vila, good morning.

MR. VILA: Good morning, Mr. Chair.

VICE-CHAIR HOKAMA: I'm sure you heard Ms. Baisa's question and concern. Are you able to share some thoughts with us, please?

MR. VILA: Yes, I can. The way the law is written, it states that by January 2013, the exam, the county examiner of drivers of the counties must be able to issue State I.D.s. With that, there are several

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things that are happening within the Legislature. First of all, it's gonna be transferred. That functionality is gonna, because it's State I.D.s, the function is gonna be transferred from the State Attorney General's office to the Department of Transportation. And the intent there is once it's transferred to the Department of Transportation, we will then look at into entering an, into an agreement similar to CDL or safety check, and State Motor Vehicle Registration program, where we would be issuing that State I.D. and be reimbursed through the Department of Transportation for each I.D. Similar to the parking placards. The first initial, we do get a reimbursement. So we will be working through that detail. And to answer the other...so we don't know what the amount of the reimbursement is. But I'm assuming, I believe what will happen is it will involve memorandum of agreement or understanding between the County and the DOT. So that will mean that it will have to come before the Council for approval to execute that in the future.

COUNCILMEMBER BAISA: And if it's anything like the placards, they're gonna reimburse us much less than what it cost because we have already experienced that. The other part of the question, Mr. Vila, was the impact on your workload. Because I'm concerned. You guys have worked really hard to get us in and out of that place. Is this gonna have a bad effect? Are we talking hundreds, thousands? What is it?

MR. VILA: I have seen some of the numbers. I'm sorry. I can get you the numbers of State I.D.s that are currently issued by the State I.D. office for Maui. I believe they probably will. However, the processing mechanism, we already deal with documents, identification, and what. So there's some economies of scale there, because the same individual may opt to get a State I.D. as well as a State driver's license. And I believe all of you have heard the, I mean, the real I.D. where that document or I.D. will be usable for Federal purposes. In that Federal rule, an individual may be issued only one real I.D. So if you have a State driver license that is compliant, you may not be issued a State I.D. that is compliant. So that's where the mutual exclusivity of the State I.D. and the driver license come. However, an individual may get both a State I.D. and a driver license, and just as an FYI, I believe Hawaii is the only state in the nation that issues driver licenses and State I.D.s from two separate offices at this point.

COUNCILMEMBER BAISA: I hear you, and I understand. But it still doesn't answer my question of what is it gonna do to your workload. Do you think it's gonna impact you negatively? We need to prepare, and now is the time.

MR. VILA: I believe it's gonna have an impact because it's another set of customers that'll be coming through our offices, at all of our offices. However, as far as volumes and wait time, it probably will contribute. I don't know how much it will contribute yet. However, the advantages too, there are some advantages. For example, Molokai, Lanai, I believe they're going there maybe once a year at best. And they're not servicing as much on Lanai. But bringing that ability to issue a State I.D. into the DMV offices we already have, the offices that we have, it is gonna service the residents a little bit more. But at the same time, it's gonna bring substantial, could possibly substantially more customers through our doorways, where we're gonna try to service with our existing staff. But processing time will increase.

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COUNCILMEMBER BAISA: I'm sure you will 'cause, you know, you work very hard at producing, you know, driver's licenses in a timely manner. But I'm still concerned, 'cause we don't really have an answer, Chair, as to what this is gonna bring to us. And I hate for, you know, us to not be able to get people in and out of there when they've worked so hard to do just the opposite. So this contract, whenever it comes, we better have some good information. Thank you.

VICE-CHAIR HOKAMA: Amen to that, Ms. Baisa. Including the fringes, because the calculations should include the fringes, please, not just the straight time.

MR. BAZ: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Baz.

MR. BAZ: Thank you. If I might, you know, this is part of the discussion that Management Director, office and my office, and a lot of the directors have been having over this last year. Workload is something that we, you know, we're concerned about. We're concerned about customer service, but we also are concerned about the level of staffing that we have at the County, and this comes up about every attrition meeting and when there's a request to fill a position. And we've been continually asking the departments to do more, you know, with that lost position or, you know, with that vacancy. So I would, just from a management perspective, prefer if we look at, rather than adding a new staff member now in preparation of this, allow this to go through and move forward in maybe Fiscal Year 14 to see if there is an impact that is unreasonable to the Division.

VICE-CHAIR HOKAMA: Okay. And then before I call on Mr. Couch for his question, I would like to ask, since we have Mr. Vila, is this in a way placing the County to be responsible? Well, maybe it's not for you, maybe it's for Corporation Counsel. But is this placing the County in a position of responsibility to verify whether it's a legal resident or not, or whether it's a legal person residing in the United States? Are we doing certain State and Federal responsibilities by saying we certify so we giving you one government I.D.? Are we taking on some additional responsibility and liabilities that we may not be aware of by giving them government I.D.s in that manner?

MR. HANANO: Mr. Chair, the short answer is yes. In addition to the workload, you will be taking all that responsibility and basically making a legal call of whether or not, you know, that person is valid and does meet all the requirements.

VICE-CHAIR HOKAMA: So we are gonna be INS, we gonna be State of Hawaii and we're just the County of Maui. Interesting. Interesting.

MR. BAZ: Mr. Chair.

VICE-CHAIR HOKAMA: Mr. Baz.

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MR. BAZ: Thank you. If I may, I'll have Mr. Vila describe the change in processing since March 5th that we are, basically are already doing that.

VICE-CHAIR HOKAMA: And what has this done to our level of exposure, Mr. Corp. Counsel? Is there a way to inform the Council of the exposure increase that is now on this government and its taxpayers is gonna have to fund if we end up in some kind of legal situation?

MR. HANANO: Mr. Chair, I don't have the answer to that right now. I probably would have to look into that and I'll get back to you.

VICE-CHAIR HOKAMA: Well, has the County been indemnified from the State to do these services? Are you aware, Mr. Vila?

MR. VILA: The services for the issuance of driver licenses...

VICE-CHAIR HOKAMA: The I.D. I'm talking about the I.D. now. Because we've been doing licenses for a long time, so that exposure is known already.

MR. VILA: Oh. Okay. I'm sorry. Like I said earlier, once we get more into the actual details of how the counties will be issuing State I.D.s on behalf of the State, I believe that conversation could be addressed, and it could be addressed in the memorandum of understanding that's gonna have to be executed as far as indemnifying the County for that or at least being enjoined in the responsibility, because we will be issuing the State I.D., which is a State function as the County issues that on their behalf.

VICE-CHAIR HOKAMA: So by saying that we're on their behalf, the State still assumes the liability?

MR. VILA: I believe that's gonna be the answer, question for our Corp. Counsel, too.

VICE-CHAIR HOKAMA: We'll send a request for written response to Corp. Counsel for that. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. In that line of questioning, we're already doing a real I.D. for the, for the driver's license, are we not? We're not? I thought that's the whole idea with the sending the driver's license application out and bringing it back. Somebody else is checking that _____.

MR. VILA: Mr. Chair?

VICE-CHAIR HOKAMA: Mr. Vila.

MR. VILA: At this point in time, we are not issuing real I.D. driver licenses, just for clarification.

COUNCILMEMBER COUCH: Oh.

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MR. VILA: What we are issuing, what we're required to do, is one of the components necessary for the State to be able to comply with the real I.D. requirements. There's a whole myriad of criteria that the State must meet in order for that driver license or State I.D. to meet. And Legal Presence is one of the key components, and the security of the production process is another component. That's why we moved it from over the counter to a central issuance facility because of the exposure of the production equipment and the processes. But there's a whole, whole bunch of security or requirements that we will need to meet in order for the State driver license and I.D.s to be accepted and realized by the Federal government as being compliant and to be accepted by the Federal agencies.

COUNCILMEMBER COUCH: Okay. So then, then that leads me to ask the next question. We are collecting all the information, sending it to somewhere and that gets processed. Are they double checking that information, or are they just printing the driver's license?

MR. VILA: Okay. I'm really hesitant to discuss any of the protocols that we have in place.

COUNCILMEMBER COUCH: Oh. Okay.

MR. VILA: However, what I can answer is, there is two stage of verification. One is the verification and authentication of the document that is presented upon us. We have received equipment from, via Federal grants to help us authenticate the documents. Those are in place. We're also taking pictures upfront to make sure that that individual presenting that document is the person that is intending to apply for that driver license, to make sure. And the secondary stage, once the document is authenticated, is the verification of that information on that document. So it's a multi-stage processing. Converting from over the counter to a central issuance really solidifies that process and it increases the integrity of our licensing process. There will be other requirements that our office will have to meet, but we are currently working on those. Well, one of those are the security requirements for all of our offices, and how do we secure the data, how to protect the personally identifiable information, et cetera. But it's...

COUNCILMEMBER COUCH: That sounds like more money coming...

VICE-CHAIR HOKAMA: It's gonna cost us more money because I'm sure police is gonna be involved with background checks.

COUNCILMEMBER COUCH: So then so we don't do real I.D. Now we have State I.D. and driver's licenses, and we allow both. We allow somebody to have both a driver's license and a State I.D.?

MR. VILA: Mr. Chair, yes. That is correct. However, once, and I believe the Governor has intended that the State will move forward to complying with the issuance of a real I.D. That's why we're moving ahead with this. The laws have been put in place. Once we issue, we begin, we become compliant, are able to issue a compliant driver license, you will only be able to have one.

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However, you will be able to have both a State I.D. and a driver license. A State I.D., I believe there's a minimum age of ten years old for you to be able to qualify for that. However, they'll be mutually exclusive.

COUNCILMEMBER COUCH: Oh, I mean that's a little confusing. Are you saying that State I.D. won't be real I.D. compliant?

MR. VILA: The I.D. holder will have that choice to become compliant, either with the State I.D. or the driver license. For example, the bottom line reason for a driver license is that you're able to operate that class of motor vehicle that you're holding there for. However, it's now a de facto I.D. where it's accepted for everyone, like what you mentioned earlier. Liquor establishments want your driver license because they are sure a person's driver license is representative that that's the person we have.

COUNCILMEMBER COUCH: Okay. Thank you.

VICE-CHAIR HOKAMA: Thank you very much, Members. Mr. Vila, we thank you very much for your presence and your comments you shared with us today. We appreciate it. Thank you so much.

MR. VILA: Thank you, Mr. Chair.

VICE-CHAIR HOKAMA: Okay. The Chair is gonna move on to Grants Management component of this Department's proposal to the Committee. And upon completing this part, when we, we'll break our midday, and Chairman Pontanilla will, can start the B Account review for, for us. So, Mr. Baz.

MR. KANESHINA: Excuse me, Mr. Chair.

VICE-CHAIR HOKAMA: Yes, Mr. Yoshimura [*sic*].

MR. KANESHINA: Maybe something for your, your consideration. The Grants Management program is another transfer of a function that was previously in another department. So it's kind of similar to the Treasury program, so --

VICE-CHAIR HOKAMA: Yeah. Very good suggestion.

MR. KANESHINA: --so with the time we have right now, just a consideration.

VICE-CHAIR HOKAMA: No. Very good. Very good, because I believe we're gonna ask Corporation Counsel about...I don't know. My note says I had a concern about the chart on this. So Members, hearing that, is there any objection to us deferring this review as we did with Treasury?

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COUNCIL MEMBERS: No objection.

VICE-CHAIR HOKAMA: Okay. Is there any outstanding additional questions for either Mr. Baz, Mr. Agsalog or Corporation Counsel at this time? Great. Thank you very much for your participation. The Committee shall stand in recess 'til 1:30 p.m. this afternoon. . . .(*gavel*). . .

RECESS: 11:53 a.m.

RECONVENE: 1:40 p.m.

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting is now reconvened. I'd like to thank the Vice-Chairman for the Committee, Mr. Hokama, for running the meeting, the rest of the morning. I understand that he left me all the hard ones.

COUNCILMEMBER BAISA: He left all the easy ones for you.

CHAIR PONTANILLA: Okay. Let's see. We'll turn to Page--I'm gonna leave out Treasury program for now--6-89, which is the Accounts Program. So if we all can turn to 6-89. Oh, you did that already. You also did Purchasing Program?

COUNCIL MEMBERS: Yes.

CHAIR PONTANILLA: Okay.

UNIDENTIFIED SPEAKER: Mr. Chair.

CHAIR PONTANILLA: Hang on, hang on. Capital Improvement, too? Not yet? Okay. Why don't we go to page 3-74, which is the equipment bond, CIP, The CIP book. I'm sorry. Okay. Everybody found that particular page? Okay. At this time, the Chair would like to call on the Finance Director in regards to the equipment bond for the County of Maui. Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair. And I really appreciate the Budget office coordinating this particular program with us. They have a...we had a discussion with regards to a program where we bonds equipment. And I remember way back when we had a Countywide equipment. It was under Finance when I was the Budget Director. We worked together and tried to put something together. And we decided that the request for bonding equipment, we specialize big equipment that have a long life, a useful life, that we would work together in putting this project together and using loan money to purchase this big equipment. And I'm sure our Budget Director will tell you that we have explore other ways to finance our big equipment, big purchases, such as looking for leasing. He has gone to some presentation of those also. It's, in fact, from the HSAC Conference that we have here on Maui, we have invited, I think First Hawaiian Bank was, to do a presentation as far as their leasing program is concerned. But at this time, Mr. Chair, the proposed one and request for capital improvement for bonding, and I'm sure Mr. Budget Director here can explain a little bit more of the mechanics. That's how we're going to propose

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this. We will both answer the questions as they come, Mr. Chair, with regards to this request for \$4 million of bond project for equipment.

CHAIR PONTANILLA: Director Baz?

MR. BAZ: Thank you, Mr. Chair. As Director Agsalog explained, you know, discussions from last Budget session with the Council, there had been a request for us to look at different financing options for equipment. And the two basic options, the three basic ways that we could purchase equipment are through cash which is, you know, the money we have available in the current operating Budget to buy equipment with. Second is through leases. There are municipal lease programs that are provided by third party entities, as well as this option that we chose here, which is equipment bonds, you know, issuing bonds to purchase these equipment. As far as the request this year, you'll see it is \$4,015,000. We did want to keep it around a \$4 million level, and as you can see, if this is something that the Council agrees upon, we're planning on keeping that same level for the next few years here. In the project description, you'll notice a slight difference between the project description and project justification. The original project justification was all of the equipment that met a certain criteria that we had set forward. But when we looked at the level of bond request, we wanted to keep it under a certain level so you'll see that some of the items that were in the project justification are not included in the project description. In the project description, you'll see that there's a request for from the Department of Environmental Management Solid Waste Division, for two eight cubic yard automated refuse trucks at \$380,000 each for a total of 760,000; Two each D-6 bulldozers for the landfills. Those are \$500,000 apiece at, for a total of \$1 million. One each 20 cubic yard rear loader refuse truck with lifters, and that's \$275,000. For the Fire Department a 1,000-gallon tanker truck for the Wailea station at \$700,000; for the Police Department, a armored special response vehicle, \$280,000; the Public Works Highways Division we are funding a motor grader for \$350,000, and this has to do with our paving equipment so they can do more paving in house. Then also for Public Works Highways, a vacuum truck at \$450,000 and an emergency generator at \$200,000. So, Mr. Chair, most of these items, as you can tell, are related to or all of them are related to the Departments other than Department of Finance. However, in looking at past practice, the equipment bonds that were issued in the past were through, managed by the Department of Finance, and it was my recommendation as the Budget Director to the Department of Finance, to control those purchases of equipment through them, so that they would be able to manage the finances appropriately rather than splitting it out and having multiple projects that each department would then have control over. Again, Mr. Chair, this is kind of a, this is our proposal I guess, and we're open to discussion on this item. This is something that's different than we've done in the last few years. It has been done in the past, and we understand that bonding equipment, when we issue bonds we generally issue bonds for about a 20-year life span maturity date. And so we wanna make sure that we're not paying for equipment that we're not using anymore. And there's a couple of different factors that we have looked at to evaluate, that we would propose to Council. One would be that we would issue bonds for this \$4 million at a lower maturity, so we would issue them maybe at a 10-year maturity date, so that we can definitely not be paying them for longer than the, the lifespan of the items. Also you'll see that the ones that we selected, all of them have over a 10-year life span. One of them has a 21-year,

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the current one that it's gonna be replacing is a 21-year old. Another is 16, and another is 13 and so on. And so you'll see that these are longevity, long-term purchases and we hope that Council will see this and look at, you know, maybe if this is a good opportunity for us to catch up with our equipment purchases. As far as the detailed need of these equipments, Mr. Chair, I would like to defer that discussion until the Departments actually come up because they'll have the expert knowledge as far as the detailed need of each of these items. And I know that goes against this because it's a Finance Department project, but those items specifically are related to individual Departments. Kind of my opening comments there, Mr. Chair.

CHAIR PONTANILLA: Thank you. So you saying that the useful life is, some of them is like 21 years?

MR. BAZ: Correct.

CHAIR PONTANILLA: And then the bond that, the equipment bond you're looking at is lower maturity, ten years?

MR. BAZ: Correct.

VICE-CHAIR HOKAMA: Questions, Chairman.

CHAIR PONTANILLA: Yeah. Hang on. Okay. Member Carroll, you got any questions? Member Baisa?

COUNCILMEMBER BAISA: None at this time, Chair. Thank you.

CHAIR PONTANILLA: Member Cochran?

COUNCILMEMBER COCHRAN: Yeah. Chair, thank you. So what do we do with these that we're getting rid of? Recycling, scrapping, trading in?

MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Go ahead, Mr. Baz.

MR. BAZ: Thank you, Chair. That question can be answered more specifically by the Departments. I know if there is still some useful life out of them, we will try to get, squeeze out every bit of useful life out of it. Some of them you'll see that repairs are, way exceed any, repair costs way exceed any usefulness out of it, so we will then auction that item off. And the public is invited to bid on it and purchase that, which generally doesn't net a very significant amount of money. And then if we can just to give you an example of the fire, the Fire Department tanker truck, the one of the requests was from the Solid Waste Division, Environmental Management to have a, to buy a water truck. While the Fire Department's truck doesn't meet their standards for emergency, meet safety and all that, it will still be sufficient to use for a longer period of time at

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the landfill, you know, covering as a water truck for our landfill. So we will be reassigning that vehicle if it's approved to the Solid Waste Division so that they can then utilize a water truck without having us go buy a new one. And just like that, if there are other ones where we can see that there may be useful life that other departments can use, that'll be the first priority.

COUNCILMEMBER COCHRAN: Okay. Thank you. And just real quick, a notation. I was driving next to, I think it was Department of Public Works or Water, a water tanker truck. And it was just leaking. I think by the time the guy gets to his destination, probably no more water left in that tank, 'cause it was just dumping. I mean, just rusted holes, pouring through. So anyways, maybe this is one we're gonna be replacing and give to the landfill. I don't know. But just to, heads up on that. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Mr. Baz.

MR. BAZ: Yes.

CHAIR PONTANILLA: Have we ever purchased equipment through capital improvement projects?

MR. BAZ: Yes, we have, Mr. Chair. I believe the last time we did this was back in Fiscal Year 2004.

CHAIR PONTANILLA: And equipment was huge cost?

MR. BAZ: Correct. The equipment that was in that, and I can pull that up and print that out for...it was, there was computer equipment for the Police Department. There was some, some other heavy equipment, a lot of high cost items that were included in that.

CHAIR PONTANILLA: Okay. Thank you. Mr. Couch? Mr. Hokama?

VICE-CHAIR HOKAMA: Thank you, Chairman. I think that maybe that was part of the impacts from the Konno decision, I believe the court decision regarding how we're divvying up certain types of work within the County, particularly in the Parks area. So I think Mr. Baz is correct. I think we bought things like mowers and whatnot for the golf course, some other equipment. Excuse me, Chairman, but my concern is still the same, and again I appreciate Mr. Baz addressing it by saying he's willing to see if we can get a short-term bond, because I refuse to borrow money for already equipment not being utilized and keep paying annual interest and principals. And again, I'll wait, we'll wait 'til fire, because it just continuously amazes me why we don't learn. Our departments are still buying equipment that we cannot use. It just doesn't make sense to me. But let me ask the Budget Director, if you are able, what is the chances of getting a ten-year bond note, and what type of benefits or interest would you think we would be looking at if we went to a shorter-term borrowing program versus the traditional 20-year program?

CHAIR PONTANILLA: Mr. Baz.

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MR. BAZ: Thank you, Mr. Chair. Yes, the interest rate for a ten-year maturity on a bond is actually quite a bit less than the interest rate on a 20-year bond. So it would cost us less to issue that bond in interest costs, even though it's a, even...

VICE-CHAIR HOKAMA: So, and again, when you say, you're talking about interest, you mean that we could get maybe another half percent, one full percent lower in interest rates?

MR. BAZ: Correct. Yeah, 50 basis points or so. I'll, I can get you that exact discrepancy.

VICE-CHAIR HOKAMA: Yeah. We would appreciate that. We would appreciate that.

MR. BAZ: I have a report from our financial advisor that has that and ...*(inaudible)*... and their presentation to the directors.

VICE-CHAIR HOKAMA: But there will be no savings in the bond preparation, the bond float arbitrage, bond destruction and all of those other components. Those would still be normal costs.

MR. BAZ: Correct. Those would be normal costs and we would do it upon our normal bond issuance. So it wouldn't be that we would go and-

VICE-CHAIR HOKAMA: Two floats.

MR. BAZ: --yeah, have, yeah, have two floats. If you noticed in the bond issuance, there were quite a number of bonds that we issue, and with different maturities, they're not all set in that. In the bond authorization bill, which is in the back of your ordinance book section that lists the different projects that are in there, this project is listed. And basically it says the bonds shall mature annually and substantially equal installments of principal, or substantially equal installments of principal and interest, the first of such maturities to be not later than five years from the date thereof, and the last such maturity's to be not later than 25 years from the date thereof, shall be dated, maybe redeemable, prior to the first date of maturities at the time or times on and after five years from their date, at prices not exceeding 104 percent of the principal amount thereof. It'll go on in there. Basically, what I wanted to describe in there is that the current bond authorization bill that we have a single bond authorization bill allows for a 25-year maturity issuance. Typically the practice has been a 20-year issuance. And so we have the discretion to issue a bond for whatever period of time over that, you know, as long as we start paying it within five years. And if, so as we issue the bonds, if this is authorized, then we would keep control over that and make sure that we're, \$4 million of that bond issuance is not for more than ten years.

VICE-CHAIR HOKAMA: Okay. And again, the Departments would justify, you know, we are being asked to buy a lot of mobile equipment. Of course, one thing about mobile equipment is are we housing it and keeping it in a reasonable manner to maintain the longevity of its life, life use? So, you know, I hope you can get the Departments prepared to respond to that.

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MR. BAZ: Sure, Mr. Chair. We'll do that, and also to Mr. Agsalog's bragging starting yesterday with the insurance. These equipment would be included in our new coverage for specialized equipment. All the heavy equipment is now included, so if there is damage via fire, theft, accident, then that equipment is replaceable.

VICE-CHAIR HOKAMA: Okay. Okay. And just two quick points here. One is the special funds bill. Are you, do you already have a plan of how you gonna assess the special funds for the Debt Service?

MR. BAZ: Mr. Chair, yes. The, it would be the exact same way we do for construction, you know, capital projects now that we would allocate those Index Codes once they get approved and go and the Debt Services paid into the General Fund from the special fund and then the debt, that whole debt payment's made, principal and interest from General Funds.

VICE-CHAIR HOKAMA: Okay. And one last point is, and I appreciate, Mr. Agsalog, you being at the National Legislative Conference. 'Cause I was pleased to hear the comments that Maui participated and they all remember you, so you obviously made an impact there. But one of the things that came out of that, those meetings, Director Agsalog, is how now counties are using firms to extend useful life assets. You know, instead of and it's because of, you know, DOD. Actually it was how to lengthen the effective life of a nuclear submarine task force. And so, you know, now you learn your benefits of how to stretch out and lengthen important assets of County government, whether it be equipment, whether it be the buildings or about how you extend the life, useful life of those assets. I would ask for you to consider those things and have those, the departments look at those opportunities of how to extend the useful life before coming in with requests for replacement or renewals. And also we do know that the Feds, at times, within three years of certain assets, I guess it's their policy to auction off their things like vehicles and other equipment. So I hope we are gonna also look and see if this makes the sense for us to participate in a Federal auction and buy at a discounted price something that has enough useful life that makes sense for the County to consider instead of continue asking Council for \$4 million to borrow for new equipment. So I just shared that and I hope you can communicate that to the departments that please explore those options. And then I guess it'll be easier to justify before us this millions of dollars of requests. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No. Mr. Hokama covered many of the subject matter that I was gonna bring up. So I express the same sentiment, you know, gentlemen.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. The first question I have is if you could give us the amount that we are earning on our investment portfolio versus the interest rate that we'll be charged on this bond issue. I don't expect you to have that now, but if you do, let us know. The other thing in response to Ms. Cochran's comment about what happens to this equipment. I know

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in some cases it's disposed of, but in other cases, we've had the opportunity to go and rent a warehouse to park old equipment in as backup. And there's a point at which you have to ask yourself, how many backup pieces of machinery do we need to have? So that's a question for another day. But I think hopefully we can get some answers for that. Thank you, Chair.

CHAIR PONTANILLA: Okay.

COUNCILMEMBER WHITE: If you can give me some sort of a ratio between the, the earnings of our portfolio versus what it's gonna cost us to issue a bond and pay for, I'd appreciate it.

CHAIR PONTANILLA: Mr. Agsalog.

MR. AGSALOG: Thank you and we can give you the interest rate that we generate. However, I hope that I will not confuse you, that because of the money that we put in investment, those money are already appropriated for something else. It's not that it's a free money that we just putting it on the side. So I don't know how that would tie to the particular discussion that we have, but every investment that we have in our investment are already allocated, waiting to be used or paid for something. We do not put money on the side just for investment and then we borrow money to go buy or do a project. So I hope that that is clear. All our investment of whatever it is, is an asset that we will pay for our liability already assigned to something. Either it be Emergency Funds that's already allocated to the Emergency Funds. We invested because it's still in our account, be the housing funds that is not being used, but it's already allocated to the housing use. So I hope that, you know, the public understand that, that we do not have money, free money that is invested. It's allocated, it's appropriated somehow, somewhere.

COUNCILMEMBER WHITE: Well, I can't quite understand that answer, but because we have, that's to say that this County doesn't have any cash. We've got a, we collect a lot of cash. My question is we can either invest it or we can go out and borrow to, you know, which we do when we issue a bond. So the question is what's the ratio, or what's the rate of expense on a bond versus the rate of income on investments?

MR. AGSALOG: And we can give you that, Mr. Chair. But again, I reiterate that we are appropriating for money that we're estimating that we will get now that would be spent in 12 years, 12 months time. It's not like that we have this property tax now in the bank that we will appropriate for this particular budget. We are estimating that we will collect that for the appropriation that you will be making on this Budget.

COUNCILMEMBER WHITE: Okay. Let me, let me phrase the question differently then. In your Budget, you've got Carryover/Savings.

MR. AGSALOG: Yes, sir.

COUNCILMEMBER WHITE: Tell me whether it's better for us to take a \$4 million in Carryover/Savings, and put it in the bank or put it in investments, or take \$4 million of

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Carryover/Savings, and spend it or, and start borrowing... I'm sorry. We either spend the money out of Carryover/Savings, or we go and borrow it by issuing a bond.

MR. AGSALOG: And...we do. We appropriate the Carryover/Savings because it's a part of our revenue. And we are required to submit a balanced budget. So every Carryover/Savings from last year is now...Mr. Director, Budget Director had put it as a Carryover/Savings so that we do not over tax the estimated tax that we going to collect. We do, we do.

COUNCILMEMBER WHITE: Okay. Then let's just make it even more simple. Just give me what the earnings are on our investment portfolio and what the cost of the bond is gonna be.

MR. AGSALOG: We can give you that.

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

CHAIR PONTANILLA: Thank you. Chairman Mateo?

COUNCILMEMBER MATEO: Thank you, Mr. Chair. In some of the equipment that we purchase, when, like for the Fire Department, for example, there's specs that needs to be done prior to ordering, right. Those specs are done and reviewed only by that Department or does the Administration have any kind of an opportunity to review and comment on those specs?

MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Budget Director.

MR. BAZ: Thank you. The current process is that the Department itself produces the specifications. They are reviewed by the Department of Finance, through its Purchasing Division, generally. And that's other than the initial request for purchase, which goes through, what we call, TEPS review, travel equipment and professional services review. That is made up of myself, Managing Director, and the Mayor and Chief of Staff. Those, once the item itself is approved for purchase, then the specifications are usually created and it's gone out and purchased. But we don't as the TEPS team, looking at the request for purchase, we don't look at the specs. We just look at the need and the equipment purchase and the cost and if it's budgeted and all that.

COUNCILMEMBER MATEO: Okay. And I guess my questions will just be more geared in line to the respect of departments as they come in, because, you know, they, some of the items on this list worry me. Because like I know we have a big warehouse that, you know, we store our equipment in and I don't wanna see none of these things added to that warehouse. So, you know, a 280,000 armored vehicle, I mean, yeah, it may have a need, but how often. You know, and a fire truck that cannot, a tanker that cannot go into rough terrain in and around Wailea, that's kind of a difficult one to understand why we purchased it to begin with. So I have some issues with some of these equipment and I guess we'll just wait for the Departments to ask them. Thank you. Thank you, Mr. Director.

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CHAIR PONTANILLA: Thank you, Chairman Mateo. Members, any more questions regarding equipment? Mr. Couch.

COUNCILMEMBER COUCH: Just real quick on it. It might be a typo. But on the schedule of activities here, where it says activity start/end and a dollar amount. Should that end date be 6/30/2017? Or am I reading this wrong?

MR. BAZ: No, you're correct.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: Okay. Okay. We'll take the hard ones. Six dash eighty-five. Okay. Mr. Agsalog, if you can. We already heard some of the discussion on the Administration Program, so if you wanna enlighten us in regarding the Treasury Program.

MR. AGSALOG: Like I had mentioned earlier, Mr. Chair, early this morning or yesterday, this particular Treasury Program that we are proposing to be a separate program now, was under the Director's office. During the time they was in the Director's office, we had three staff that was reporting directly to the Director for investment, looking at the bond purchases, that type of things. With this proposal, Mr. Chair, the proposed move or reporting of the collection section of the RPT, the move to Treasury, in our analysis, to look at the Division to have 13 people included into the Director's office, the responsibility is a lot more. Therefore we decided that it will be a more...it's a lot better if we make it a program by itself, and it's also in consideration that because of the collection function that they will be performing, and as well as investment, and my effort to create internal controls section in the Director's office, it is more beneficial to be its program by itself so that from the Director's office we can look at their operation. We can look at, put more controls if needed so that we all can present a good accountability for the County of Maui. I will answer any questions that we'll have, Mr. Chair, with regards to this vision that we have to establish a Treasury Division in, under the Finance Department, not as a section of the Director of Finance office.

CHAIR PONTANILLA: Okay. Thank you. Mr. Carroll, questions? Ms. Baisa?

COUNCILMEMBER BAISA: Mr. Chair, while we had a Chair pro tem, I had suggested that, you know, this was a hot and heavy discussion all morning. Seemed like there was a lot of dancing. And I wondered if any of that was due to maybe issues that were best discussed in executive session. And I had just thrown that out as a possibility.

CHAIR PONTANILLA: Okay. Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah. I think maybe what Ms. Baisa says I kinda wanted to reiterate that comment.

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CHAIR PONTANILLA: Okay. Member Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Now are we going all the way through the goals, everything on the Treasury Department or Treasury Program?

CHAIR PONTANILLA: Yeah, everything.

COUNCILMEMBER COUCH: Okay. I also reiterate what Ms. Baisa has to say, but as long as we're answering questions that can be answered now. Mr. Agsalog, on goal number three, page 6-88. You talk about collect revenues on a timely basis, implement centralized revenue collections, and account for them accurately. And while it's a good goal of 100 percent, don't we, don't we have people who are delinquent on things? And are you ever going to be able to meet that goal, especially more on goal four, where we obviously have people who are delinquent on Real Property Taxes. So are those really realistic numbers? Especially if you look at goal six, you talk about managing tax sales of real properties with delinquent real property taxes, which means that you didn't meet goal number four if you have to have goal number six. So I'm just kinda looking at how it all fits.

CHAIR PONTANILLA: Director.

MR. AGSALOG: Thank you, Mr. Chair. And I appreciate that question because they are to congratulate our current team and being very proactive in asking this body to give us more tools to use in accomplishing this. It's not just our Division, it's all of us here. We do have the tools, but it has to be how aggressive we are in pursuing some of this. I can tell you that there are some legalities also that we have to be aware of or be cautioned about. I give you a good example And it might be you probably be asking about it a little bit later on. It's a, an agreement that this Council started way back with the Hawaiian Home Lands that we trying to collect. That's still a very...we hoping that we would get, we were able to get a commitment for that delinquency. I'm not sure if we'll be able to accomplish that before the new Director of the Hawaiian Home Lands leave the office as it's been announced. But I can assure you that our team have been very proactive in pursuing this. So there are delinquencies that we are able to collect. Last year, we were able to do tax sales. Eight properties we did and those are tools that we can use to enforce the existing ordinances that available for us to get 100 percent. Again, it's not that we not doing anything. We are aggressively doing this, and we have done that.

COUNCILMEMBER COUCH: Yeah. Thank you, Mr. Agsalog. The question I have, and maybe it's for Mr. Baz as well, is are you setting yourself up for failure, because I don't know that we've ever collected real property taxes on a, 100 percent of real property taxes on a timely basis. So, and then if we're doing a performance based budget as we go on, and you consistently miss the 100 percent, then we're gonna say well, what's going on? Yeah, that's what I'm concerned about is because we don't, every year, collect 100 percent of the tax

MR. BAZ: Mr. Chair.

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CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: Thank you. The success measure is a percentage of revenue collected based on accounts receivable. These, that means that it's been adjudicated, that if there's an appeal, the appeal's been completed and all that. What happens after that is that, you know, they go through a delinquency period, we do collections. If we don't collect it via a collections process then we go do a tax sale. So eventually that money will be collected is what they're saying. It's that eventually the monies that is owed to the County from accounts receivable will be collected. So whether, what process it might be is, could be a little bit different. But and even...

COUNCILMEMBER COUCH: On a timely basis.

MR. BAZ: Excuse me?

COUNCILMEMBER COUCH: I'm sorry. On a timely basis. I'm just trying to protect you from obvious failure.

CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: Mr. Chair, I guess the on a timely basis effort is really to have some kind of a standard in there of. It's not saying it's gotta be done within 30 days, it's gotta be done within any certain period of time. But something that then the Real Property Tax Administrator can go to his staff and say hey, you know, we gotta work on this tax sale. We can't wait three years to do a tax sale. We gotta work on our appeals, you know, and we gotta make sure the appeals get all taken care of. And then the Real Property Administrator can set internal deadlines to say hey, yeah, no I want this done in 30 days, I want this done in a year, or I want this done in however long. But for us, as from the budget perspective, a timely basis is subjective and it is something that we'll look under criteria. If we put in set days, then yes, it's set days.

COUNCILMEMBER COUCH: Okay. Then just as maybe a protection from maybe some less than friendly...

CHAIR PONTANILLA: In other words, don't be too aggressive.

COUNCILMEMBER COUCH: Yes.

CHAIR PONTANILLA: I understand that.

COUNCILMEMBER COUCH: It's a laudable goal, but are you gonna meet it? Or reword, you may wanna reword the objectives and measures.

CHAIR PONTANILLA: Mr. Baz. Just a fast question, you know, concerning Mr. Couch concern. Sometimes we do it so aggressive, you know, that we don't mean it. But what is the penalty if we don't meet it?

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MR. BAZ: At this point, this would be subject to the Director, the Managing Director, myself and Mayor's review if they're not meeting their goals over a certain period of time that when we produce a future budget, looking at, you know, should there be some implication as far as the budget goes, that hasn't been determined yet.

CHAIR PONTANILLA: Because in private organizations, basically you tie your goals and objectives, and not meeting those measurements, it all boils down to compensation.

MR. BAZ: Correct. And eventually a results based budget, budgeting for outcomes, you know, that we're moving towards has that end goal. It's something that we would like to move towards. I don't know that, you know, God willing, depends on, you know, how long we're in office and how long we can start, keep pushing towards this end goal. But a results based budget is definitely related to the budgeting of the Department is related to their accomplishment of those goals. And you know, I just, I understand Mr. Couch's comments about on a timely basis, and again it's not defined time. And so it does leave it a little flexible in there as far as saying it's not 45 days, it's not 180 days. It's on a timely basis. And there's a lot of different functions to make up that one objective, too. You know, so, whether, it's just, it's the encouragement to keep moving, I guess is what we're trying to do for Management's side.

COUNCILMEMBER COUCH: And I guess it's more of a question to either you, Chair, or Mr. Baz. If we're doing performance based, if we wanna move to performance based budgets, then wouldn't it be, the Council will be evaluating your performance. And if you say 100 percent and you get 80 percent continuously, then we're gonna say well, something's wrong, either...so we're also involved here. And if you do keep saying 100 percent and it's something nebulous, and you have maybe not so, a bunch of people, nine people that are not so friendly at some time in the future, you could be setting yourself up for some pretty harsh.

CHAIR PONTANILLA: Let me ask you this question. In regards to I guess Charter Commission and the way they do compensation. Do they look at goal and objectives that Administrators achieve or it's just given out?

MR. BAZ: Mr. Chair, from my understanding, that is not something they've ever asked my office for information. It's generally related to the number of employees they manage, the size of their budget, that type of thing, not if they've actually accomplished their goals or not. That, and I guess, compensation level at the Salary Commission, you know, since Salary Commission is the one that sets the directors' and the Council members' salaries, that would be something that would be maybe appropriate. From a management perspective, you know, we'll look at this and like I mentioned this morning, you know, trying to integrate the performance management of the division to the performance evaluation of its employees is something we'd like to move towards as well. And understand that this is the first year that we're moving towards this. There's some, as we get through some of the Departments and some of the programs, you'll see that they've been measuring things like this on a regular basis already. So they have benchmarks and they have things. In my prior experience with any performance based contract that I've had, basically

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you start off, if it's a brand new, fresh contract, you start off with a guess, you know, what you think you might achieve. And the first year of or first period of that you're looking at it, you evaluate whether or not that's a good benchmark. And so we might be coming to you next year and saying hey, yeah, our benchmark needs to change. You know, and it shouldn't necessarily be 100 percent. Maybe it should be 80 percent. And then you can negotiate with us, just like we have, like I said, in my prior experience, you negotiate with the funder that that's what your goal is. Whether it be in the Workforce Investment Program, where you have certain entered employment rates that you have to deal with, and if you say then entered employment rate you've negotiated in your contract 65 percent, and you're only achieving 63 percent, then you gotta deal with okay, what's the situation of why you're not achieving that goal and is it something that the goal is not appropriate, or is it something that you as an activity and function need to change to achieve that goal? And so that's the negotiation that you come forward and say hey, well, yeah, that's really an unrealistic benchmark. Maybe we should move that benchmark down to 63 percent or something. And so there will be negotiation in the future I'm sure, Mr. Chair, as far as those, these different goals and measures. But at this point, we're trying to set at least something in here as a benchmark to move forward with.

CHAIR PONTANILLA: Okay. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you so much. I think those of us that were in Management on the private sector side understand this very well. And maybe we might wanna bring up DPS Director and the Managing Director. Because if we're not doing it now with our supervisors and management personnel, I wouldn't be able to understand it. Because how do we have classification for jobs and job descriptions and the ability to ask for additional positions? You gotta perform certain amount of workload to get that classification and get that compensation. So it better be in the employees' personnel forms whether they performing or not. And they better be getting regular evaluations, or somebody's not doing their job. And maybe we should ask those questions, Chairman, because we cut back to the same problem every year during Budget. But let's get back to Treasury, which is the meat right now that we need to dissect. Gentlemen, so with this, this position, I'm assuming we, you did all of the union consultations, and you've done all of your...well, I'm just gonna ask for, first, you guys did do union consultation, right, on this potential reorganization?

MR. AGSALOG: Mr. Chair.

CHAIR PONTANILLA: Go ahead, Director.

MR. AGSALOG: Yes, Mr. Chair. We have had a dialogue with HGEA. We had a meeting with the staff involved. We really work with them, and there was a, I would say, very meaningful consultation. The initial request that I have asked for implementation, it was a short period of time that the union have asked for little bit extension and allow the members to discuss their concern with the union representative. We have given them two more weeks to address those issues. And ultimately the representative of the union were able to say that they give us the go ahead. So we allow the supervision to be parallel at that time to...because I wanted the

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Treasurer to learn from how it was done at the RPT because the collection was going on at that time already, volume of the collections, and I was very pleased in how they worked together in that time period of the training, if you will and this supervision of the collection section. And yes, Mr. Chairman, we have done a consultation with HGEA.

VICE-CHAIR HOKAMA: So besides the general employees that will be, is being proposed to shift although...and again, I know it might be semantical, yeah, you know, Director. You and I, we talking about the concept and moving, the shift, and yet we have a March 14th memo from your Treasurer, now that I have a copy, saying that the program has transferred already, but again as we say, please be aware of Section 7 and Section 20 of the Budget Ordinance. How did the...was there also a transfer of supervisory duties under this arrangement with the union?

MR. AGSALOG: Mr. Chair, if I may.

CHAIR PONTANILLA: Go ahead.

MR. AGSALOG: Thank you very much, so that we can clear how this transferred. In the way we do the transfer, has, the complete review has to be done by the management, Department of Management, to sign the work chart. At the moment, as we speak they are reviewing that. However, because I'm very proactive in having the training done and we couldn't wait, we couldn't stop the collection, because it's mandated by law. So I have done the consultation with the union in order for us to be able to have that time of transition. And I think it was very productive for all of us. It's no, it is not something that we going to hide from the Council. And I had asked the Department of, I mean Division of Treasury to inform you of what is going on. I think the Section 7, as you quoted, Mr. Hokama, is it says that if you reclassify and you have to inform the Council. Although, and you probably say it's semantic, although we didn't reclassify in a way, the only thing that happened is now the collection supervisor is now directly reporting to the Treasurer. Nothing has changed. The same funds that paying for the salary of the staff, including Ms. Fernandez, the supervisor, still coming from the same appropriation that you had allocated in the Budget. Again, it's no, there's no malice in it into hiding it or anything. We are very proactive. It's just the signature from the Managing Director is not done; therefore. I cannot can tell it's finished, because we still have that bureaucratic process that we have to go through. So let me assure you that we are doing this for the benefit of all of us, including the information I am presenting you. That's the reason that you have gotten a maybe a March letter from our Treasurer instead of getting it in February 16. So just allow us to have that process, that bureaucracy that we are into it, but they are reviewing as we speak.

VICE-CHAIR HOKAMA: Thank you for that status update, Director. It is much appreciated.

MR. AGSALOG: But Mr. Chair, I don't wanna mislead you.

VICE-CHAIR HOKAMA: No, no, no, no.

CHAIR PONTANILLA: Okay. One at a time.

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VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: You know, again, it's just so everybody is clear, yeah. Because we all take our jobs seriously and I appreciate the Director's. But I wanna read on the record so all those employees can hear this. Section 20 of our annual budget ordinance which we always put into the ordinance, I'm gonna read it so everybody knows that the Council is serious when we deal with our monies and what. Section 20. Whoever intentionally or willingly violates this ordinance shall be fined not more than \$1000 or imprisoned for not more than 30 days or both. The Council is serious about this document, Chairman. We don't expect departments or employees of departments to do things that is not within the parameters of an authorized Council budget ordinance. And that's why we have a penalty provision. I wanna make sure that employees know that this is serious business and there's penalties if you violate it. I'm done with this round, Chairman.

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No questions.

CHAIR PONTANILLA: Mr. White? Mr. Mateo? Thank you. Okay. We go to 6-105, Grants Management Program. Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair. I will, I'm just going to give the floor to the Budget Director. This is a program that we feel that we can do some efficiency in processing for our service provider, not necessarily for the employee or staff. But this is something that we have been meeting with, evaluating it, and we feel having it housed in the Department of Finance, we'll be able to coordinate a quicker turnaround with the service provider, Mr. Chair. But Budget Director will be able to give you a little bit more meat on this one.

CHAIR PONTANILLA: Go ahead, Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. As the Policy Committee of the Maui County Council has been reviewing Chapter 3.36 in the Maui County Grants Program, the discussion of grants management over the last couple of years has come up during, or course, during budget session as well as during off session in various activities. And there have been various attempts to modify 3.36, which your Policy Committee is currently reviewing. One of the functionalities that we saw that we could propose for the Fiscal Year '13 Budget modification is the Grants Management Division within the Department of Housing and Human Concerns and their oversight of the processing of grants. What we're proposing in Fiscal year '13 is to move the staff that is currently within the Department of Housing and Human Concerns, reporting to the Director of Finance instead of the Director of Human Concerns. They will be remaining in their offices at their desks, but will change their reporting structure. We hope to accomplish a few

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things with this. The main priority that we're looking at is oversight of the grants management as far as the functionality and legal requirements that we are putting onto any grantee. We wanna make sure that they are done in a consistent manner. And that's why we're requesting changes to 3.36 in the Maui County Grants Program, Maui County Code. And we are requesting that this go into the Department of Finance as they are basically the processing agents of these. Each contract or grant agreement, as it's called, is subject to certain criteria, just like any other contract that we deal with. And we wanna make sure that those are, requirements in that grant agreement are accounted for appropriately. What we are looking at is that the funding that any allocation of funds that we would grant out would be provided in the programs within the departments that is their responsibility. So if it's a housing related grant, for instance, for the Affordable Rental Program, the monies would be housed in the Department of Housing and Human Concerns, Housing Program. However, the processing of that may be through the Grants Management Division. The initial movement, should the Council approve this, would happen as of July 1st, and it would be just with their current grants that they manage. We may look at some of the other Departments that have one or two grants to manage without that expertise and staffing, looking at moving those over, programs management as well. But the initial would just be the Grants Management Division itself. I discussed this with the Policy Committee before in looking at a structure similar to the State of Hawaii in their Department of Commerce and Consumer Affairs has a certain functionality of certifying businesses and making sure that the, anybody who does business with the State meets certain requirements and all that. And we wanna make sure that our Department of Finance is providing that same functionality as well. And so it would be kind of a similar function. So I know that grant subsidies are dear to many of your hearts as Council members, because that is kind of a frontline impact that a lot of the community members receive as far as County services go as well. So we are open to ask, to answer, try to answer any questions you might have regarding this subject.

CHAIR PONTANILLA: Yes, I do. Maybe for Corporation Counsel. Just a question. Does moving Grants Management to Finance conflict with the duties and functions that the Charter has assigned to the Department, to the Director of the Department of Human Concerns, because it was said that they gonna continue to do their same job as when they were in Housing. So, you know, it tells me that they gonna do the same work as they did in Housing and yet we're moving it. It should be a function of the Housing and Human Services Department. Can you provide us with some insights on that?

MR. HANANO: Mr. Chair, just off the top of my head without actually knowing the specifics, and I would prefer to submit an opinion in writing, but the short answer would be it probably would be problematic in that situation. It would depend on what the, how it'll affect the overall supervisory of the, I guess the current, after the move what it would change. And that might affect, be in violation of the Charter.

CHAIR PONTANILLA: Thank you. And, you know, Mr. Baz, you mentioned about the other departments that do grant out grants that need to be looked at in the future. Why Housing and Human Services?

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MR. BAZ: The reason why we chose the Grants Management Program to...because it is I'd say a fully functioning section within the Department of Housing and Human Concerns, Human Concerns Program that has a lot of experience in managing grants. They are the one that's looked to for to, the expertise as far as grant agreements, and the ones that have the most intimate knowledge of processing the payments and items like that. And again, the concept is that the Department of Finance would be processing similar to the way that they do with contracts now. The oversight, the funding allocation, I should say, would come from the department. And so their responsibility via the Charter as far as the human concerns aspect or the planning aspect or the watershed protection aspect, or whatever it we're, we're looking at, as far as Charter requirements, would remain, the funding would remain in that program and the functionality of the oversight of the grant itself and the processing would be the one that would be shifted. So I look forward to Corporation Counsel reviewing that.

CHAIR PONTANILLA: Me, too. Mr. Carroll, you got any questions? Member Baisa?

COUNCILMEMBER BAISA: Unfortunately, you know, we're dealing at, with a bunch of changes all at one time. So, and I think that's kind of making things rather difficult, because, you know, sometimes, as I say, that makes everybody really uncomfortable. But, you know, I do think that anything that would improve Grants Management should be looked at. It's a challenging situation to try to manage as many grants as the County gives out, so many different kinds of grants, too, to so many different kinds of organizations. And I'm not privy to what it's like to sit in Grants Management and try to keep a handle on over a hundred, I'm sure. I'm not even sure what that number is, but I know it's over a hundred different contracts and grants. So I am, you know, very receptive to the idea of any way that'll do that better and easier. I think it's really important that the grants are tracked carefully and that payments are made on time and that the appropriate reporting is done. And if this is going to lead to that kind of efficiency, well then I have to say I'm more than willing to consider it. Thank you.

CHAIR PONTANILLA: Thank you. Member Cochran?

COUNCILMEMBER COCHRAN: Yeah. Thank you. I definitely concur with Ms. Baisa's comments and hopefully this movement can enhance that and make sure there's better oversight and accountability for the, you know, grants and people that we give these funds to. So I guess, yeah, give it a shot and see how it goes. Thank you.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Chair. And I, too, agree with my colleagues on the right on this. I do have some questions, though, on goals and objectives. We're okay to discuss that, Mr. Chair?

CHAIR PONTANILLA: Let's take goals and objectives next.

COUNCILMEMBER COUCH: Okay.

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CHAIR PONTANILLA: Yeah.

COUNCILMEMBER COUCH: Then in this case, right now, the people, the Grants Management Program, they're monitoring all these grants. Do they have enough people there now to actually go out and monitor? I mean, technically, they're supposed to go out to each site and check and see that the grantees are doing what they say they're doing, not just reports that are given to them quarterly.

CHAIR PONTANILLA: Go ahead, Mr. Baz.

MR. BAZ: Mr. Chair, from my understanding, they don't have a staffing level that's adequate to consistently monitor. They do do monitoring of grantees. They go out there, and as a former grantee I can tell you, they come out, they have come out on a number of occasions and looked through our financial files and read through our reports, and interviewed clients and interviewed employees. However, the number of grantees, the number of open grants that we have, they cannot even go once a year to go visit a grantee at this point. So that's something that if that's a desire of the Council to have our level of monitoring, on-site monitoring of grantees increased, we probably would say well, we're gonna need more staff to get that done. But one of the other functionalities that we're looking forward to moving it to the Department of Finance is that the Department of Housing and Human Concerns has no accountants, people that are looking at the financial aspects of the grants. And that's something we wanna make sure that that is reviewed by, you know, the Department of Finance and accountants and all that. We also, the Department of Finance's internal auditor, somebody who, that can assist in with teaching the Grants managers what to look for, how to evaluate, those type of functionalities and activities and review procedures so that we can keep a consistent...the main thing, the reason why it's moving to Finance is for consistency. We wanna make sure that we treat all grantees in a consistent manner, that they're all reporting the same, whether it's a different service...they're all providing a different service on behalf of the County. But the monitoring of that should be fairly consistent, you know. The reporting should be on a regular basis and the financial aspects of it should be, you know, consistently reviewed, not a disparity by each grant manager or grant program.

COUNCILMEMBER COUCH: Okay. And this...

MR. BAZ: Oh, excuse me, Mr. Chair. Real quick. This really does align with the requests that we're having to Chapter 3.36 of the Maui County Code modification. We really hope that the two of these things happen fairly close together so we can implement a new grant program successfully.

COUNCILMEMBER COUCH: And the follow-up question to that, Mr. Chair, is that if we decided, you know, onsite monitoring should be started up again, who would do the monitoring? Would it be the, the Grants Management Program or the Housing and Human Concerns who knows about the, the actual activity that should be monitored?

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MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Go ahead.

MR. BAZ: The, the difference in functionality and where...I don't see a problem with any Charter requirements is that the Department of Finance Grants Management Division would be overseeing the, when they do an onsite monitoring, they're looking at the financial aspects, they're looking at the reports, the paperwork side of it. So they're not evaluating necessarily the effects of a program. They're looking to see if they achieved their performance measures. They may do interviews, you know, with the staff or with clients to see if they are achieving their measures. But they're not...really, what it comes down to of, of whether a service should be provided and how it should be provided really is a negotiation between the grantee and the department. You know, so whether it's human concerns, it's an early childhood thing, you know, with their staff, that is the experts in those fields. And then as proposed to you, to County Council for appropriation. And whether that appropriation is appropriate or not, it really is, it comes down to that level of funding that you wanna provide. So the Department of Finances' functionality is really more of a, I hate to say it but, bureaucratic processing point, not necessarily an evaluation of whether it's needed or not. That need functionality is something that departments will work with the Council on.

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

CHAIR PONTANILLA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No. No questions, Chair.

CHAIR PONTANILLA: Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Just a clarification. The only ones that are being moved now are the ones that are currently in Department of Human, or Housing and Human Services, is that correct?

MR. BAZ: Correct. It's one division within the Human Concerns Program called Grants Management Division, and the four positions that are a part of that.

COUNCILMEMBER WHITE: So is the, is the long-term plan to move the grants through Parks, and OED and others into that as well?

MR. BAZ: Yeah. Mr. Chair and Member White, if we're successful with this and we see that it's something that's beneficial, then yes, we will be coming back next year and saying we would like to move these other grants managers either into the Department of Finance or somehow account for Department of Finance managing those grants.

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COUNCILMEMBER WHITE: That, you know, Mr. Chair, I, my concern is the grants management getting too far away from the department that they're serving or the focus of the department that they're serving. I can understand the audit function and the follow-up function and the financial management function being much easier in Department of Finance. But I still have some concerns whether or not we're gonna be providing the same level of accuracy if we're too removed from the department that the grants are essentially being issued by. But maybe we'll have a better understanding as we go through this process. So thank you.

CHAIR PONTANILLA: Thank you. And just a fast question, maybe for Mr. Baz in regards to should this full position go to the Finance Department, I'm looking at this as a test to see if it does work. If it doesn't work, we go back. The thing that I, the question that I have is that if administering the auditing side, can an auditor be assigned or be responsible for the services that these four positions provide? Rather than moving all the positions, four positions into Finance, have one auditor assigned to review their work.

MR. BAZ: Mr. Chair, I think I understand your question and that is something that was discussed. One of the issues is an issue that is, actually been a part of our Single Audit for a number of years and having department, it's related to department accountant staff, you know, accounting staff that are in departments that report directly to that department director, not having the same insight or policies and procedures that the Department of Finance accountants do. So there's, there's been some reports in our Single Audit discussing that and we'll, we can get into that later. I did reference it in one of the proposed movements that we're reviewing for future. But when we're looking at the oversight of the grant managers, if an internal auditor, even if it was a whole department of internal auditors, is tasked with overseeing the grant managers in their applying, you know, the criteria to the grant agreements, to each grantee, specifically, the internal auditors don't have any direct control over those grant managers. It would be the department director who has a little more flexibility in their implementation versus the Finance Department and the Finance Director who has, you know, the control over the internal auditing procedures as well as what we're proposing with the Grants Management oversight. So it would lead to difficulty at times in an internal auditor being able to tell the grant manager you gotta do something different. And we have seen this with other areas, challenges that come on occasion, you know, in certain areas where an accountant in the Department of Finance will tell somebody in a department that they gotta do it a different way, but it's really up to the department director to really enforce that. And if the department director doesn't necessarily agree with that philosophy, then it doesn't happen, and that is a challenge that we wanted to prevent in movement of all of the grant managers to Department of Finance initially.

CHAIR PONTANILLA: But Department Heads must report to somebody, Managing Director, Mayor.

MR. BAZ: Mr. Chair...

CHAIR PONTANILLA How about those people do the direction to whatever department that don't wanna follow the process?

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MR. BAZ: Mr. Chair, that's correct. The Managing Director and the Mayor oversee a majority of the directors, and have, you know, control over them. If the Mayor or Managing Director had to get into every single issue that comes up related to these type of situations, it would be challenging. I know, I have been in meetings on occasion where the Mayor and/or the Managing Director have told directors that, you know, this is our directive and you gotta do it. And so no matter what their philosophy was initially, they have to do it. And that's part of being appointed by the Mayor. And so I do understand.

CHAIR PONTANILLA: Yeah, if they don't do it, then time for change.

MR. BAZ: Yeah. But a small item like managing a single grant may not be a reason to change a director.

CHAIR PONTANILLA: No, I understand. But, you know, you know where I coming from.

MR. BAZ: I do. Excuse me, Mr. Chair. I know exactly where you're coming from.

CHAIR PONTANILLA: In fact, all of the moves that I see, you know, these are good moves. But there needs to be some accountability right up from by department heads, that if they don't follow the direction of the Managing Director or the Mayor, then it's...you know, something need to be done. Something need to be done. Okay. Mr. Mateo?

COUNCILMEMBER MATEO: Chairman, thank you. And I guess, real briefly, I'll just, this is the move that bothers me the most. I can understand the others. For example, you know, just to reiterate what Mr. Agsalog had said, he's the boss. So when you dealing with cash items, he's the boss. You go to him. When you deal with GRC, it's a social service issue. It's a social service need. He may not be proficient in understanding the complexities of the social service need. He understands the dollar value, not the delivery of service. So for me, that's my problem, taking a look at moving, you know, this whole process into the Finance Department. I see it because, you know, as you said, Mr. Baz, a few minutes ago, if there's a need to do monitoring and evaluating, I guess we'll have to look down the road at additional staff. So, to me, this is, becomes an opportunity now for us to continue to grow this particular Division and that's what kind of bothers me. So just share my mana`o.

CHAIR PONTANILLA: Mr. Chair, you know, Mr. Mateo, you bring up a good point. Too many times we look at things and we start empire building and we add more cost to the County of Maui. So I guess, you know, we need to ensure that if we gonna do a move, it's gonna be a move that's gonna be more efficient for this County, hopefully not really looking at adding more positions, but I share your same comments. I share your same comments. Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. And Chair Mateo, I, you know, one of the things that we hope to express to you is that the funds that are provided for in, via grant subsidy for nonprofits or whoever to provide services on behalf of the community are still government funds. And one of the big reasons why we wanna make sure that this is in the Department of Finance is so that

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those funds...you did express that properly. We wanna make sure those funds are spent properly and that there, it's appropriately managed, that we're getting what we expect to get out of that. And honestly sometimes if a grants manager is very close to a program, may be a little bit more lenient with a certain activity or function that they decide well, you know, it's okay that they don't provide that. But what we're envisioning this process to be, if 3.36 is revised, would be that the department itself would have, so the Human Concerns, let's say, would provide the required information, you know, working with the grantee as far as the need and defining the need that this is gonna be providing, and then also the service that's gonna be performed. So that functionality will still be within the department and then once the scope of work, if you look at a grant agreement, there's different sections of grant agreements, right. There's general conditions, there's special conditions, there's performance requirements, there's payment requirements, and then there's a scope of work, which is if you look at the current grant agreements, a lot of them are actually produced by the grantee and given to the department to process as part of that grant agreement. And what we would hope is that scope of work that is negotiated between the grantee and the Department of Housing and Human Concerns, let's say, is something that continues to stay with them. But once that is agreed upon, that processing of that would then go to the Department of Finance to manage to make sure that those performance measures are met. And it's really what we're looking at is having the contracts that we're providing be completed appropriately. Thank you.

CHAIR PONTANILLA: Okay. Member Baisa.

COUNCILMEMBER BAISA: Chair, I think there's couple of things going on here. And one is definitely what Sandy's talking about, which is the financial monitoring, the contract monitoring, making sure that the paper is moving. But then there's the other side that Chair Mateo is talking about, and that is the program monitoring. Because you can have the paper. I can send my report in and I can really know how to fill it out, and I can get there on time. I can do it correctly. But what is actually going on in my program is the other part of it. And I can see that, you know, there is some concern about how you put it together. Because not necessarily bean counters make good program people. In fact, there's usually a whole lot of discussion between the program person and the finance person about how things are done. The ideal vision for me goes back to the early days of my employment at MEO when we used to have people come from the funding agencies, even on the mainland, and they were called field reps. And their job was to come, like from Head Start in California or in Washington. And they would come to meet with us, and their job was really to provide monitoring, to provide evaluation, and to provide help. They weren't here to say, gotcha. You know, you put this on the wrong line, you bought the wrong thing. You didn't do exactly what you were supposed to be doing with this program. But they were there to provide assistance. They were also there to provide information. Like say we would be eligible for other Federal funding, or other program funding, they would come and tell us. You know, because you're doing this, maybe you should try getting this or try doing that and there's money available. And they were fonts of information and we used to, you know, get all of our requests about where do we go for funding or how do we get help with this. And it was people called field reps. And I see that's what's really missing is that we don't have the luxury of having field reps to go out and work with our hundreds of grantees to make sure that

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they have that kind of help. And so what happens is every now and then a grant will go bad, and we all read about it, we all hear about it. And we're all kind of, you know, dismayed that it's happening, but it is unusual that something like that happens. It doesn't happen every day. I think most grantees try to run their grants appropriately and take good care of their money. But that's...without the ability to be there and to understand the program and understand what's going on, it's very difficult to monitor. But I do understand the difference between the two kinds of monitoring we're talking about. And if you can meld them together, that's great. But it's kind of difficult because many times financial people do not understand program.

CHAIR PONTANILLA: Thank you. Just like the schools. No child left behind. My daughter is a schoolteacher. She's not a social worker. Same thing. Okay. Who's next? Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. And again, this discussion has been going on for quite a while and, you know, the take I get, and I agree with Ms. Baisa. And I agree with everybody. You know, everybody has their take right now. I think the important thing for the departments and the changes is if you feel comfortable and you justify the change, then you gotta make sure we and the public understand what that means. And that's basically the bottom line. None of us are experts in every area. And I think, you know, I've heard and I've been listening, and everybody makes good points. Now take those points and see if you can kinda work 'em into what you guys are working on. And I'm for change when change is done with good thought process put in. You know, and again I go back to my statement this morning. Everybody's afraid of change because we're all comfortable in a world we live in. And all of a sudden, we gotta change. But there's a constant in the world we live in and that's what has changed today. And in the business world, we've had to do the new business models. We have to do things differently or we left behind. So government has to. So I support in concept what the Administration is trying to do, or Mr. Aagsalog and Mr. Baz. You know, I'd like to see a little bit more. I'd like to make sure that, and again, that this is bought in. And really, for the employees that are there that are making all these moves, that they are somehow made comfortable with all this moves. It's not like you've done a bad job and I not saying they did. But sometime that's the perception versus the reality of what we're trying to accomplish. And like you said, Mr. Chair, that brings 'em down, then it takes you that much more time to bring 'em back up again. So all in all, everybody makes good points. I just hope you take some of these points and make sure that they're incorporated. I'd like to see us move on and I think we've said what we need to say and I think we've got to leave it in their hands, Chair. Now, if Mr. Hokama is correct, and we have to approve whatever, well now more so that, you know, if we have to do that, then let us know what it is and we can take a look at it at that point. But I think it's good discussion today, 'cause the public has a better understanding where the Administration wants to go, where we wanna take this County, to the next level. And I think we all in favor of that. We've all seen the deficiencies. So let's correct 'em. This is not to put down all the work that people have done all these years, because they've done a great job. But I think we can improve it. And I agree with them. So I think, you know, Mr. Chair, unless there's a lot more discussion, there's other areas we need to cover, so I'd like to see us start covering it. So thank you, Mr. Chair.

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CHAIR PONTANILLA: Thank you. And, you know, the last two days was pretty healthy discussion. And, you know, we'll have opportunities to discuss, you know, with the affected divisions as well as departments. And, you know, we're hearing from here, you know. Of course, you know, they worked as a team to come to this. But really what I'd like to hear is the pros and the cons so that we all understand where we gonna be moving at. Sometimes we gotta act as devil advocates, yeah, the other side. You know, for me, you know, this morning if something is working really well, you don't learn why it's working really well and maybe share amongst the other departments. If something is so crappy, then we need to change what we need to change.

COUNCILMEMBER VICTORINO: I agree with you, Mr. Chair. And I think the and maybe not everything needs to change, like I've heard some people say. Maybe not everybody needs to move, maybe only a few. And maybe you make some rearrangements instead of taking whole departments and whole divisions and moving 'em around. I don't know, but again, I think we've given them a lot of great ideas, and they've given it their rationale and their passion to make this change. I wanna at least hear the departments tell us too and that way--the divisions--and then we can make a better decision, too. 'Cause so much, like Ms. Baisa said, there's a lot today. And it's like trying to absorb all of this and say do something. No. I don't think, I'm not ready to say go for it. But I am willing to listen. I have an open mind and I wanna hear it. And I wanna see the departments and the people in the departments tell us if they like this, or if they'd like to tweak it a little. That would help us, too. Thank you, Chair.

CHAIR PONTANILLA: Yes. And, you know, what they said this morning, as Mr. Hokama had said, you know, this is just a proposal. You know, and it's gonna be up to us to either we embrace a proposal or not. So, Members, any more questions regarding the Grants Management Program, maybe the golden objective you want? Member Baisa?

COUNCILMEMBER BAISA: No, Chair. I think that we can understand what the situation is and what remains now is to listen to the departments and make a decision. Thank you.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Not at this time.

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Baz or Mr. Agsalog, goal number two, objective one, administer the grant application process utilizing valuable dissemination et cetera. Average number of the success management being the average number of days grant agreements are executed from the date of request received from the grantor. And you have 80 days. Is that 80 days from them turning in their grant request, or is that 80 days. I don't, the only reason I say is if they turn in their request and it's 80 days, that's already almost a full quarter into their...

MR. BAZ: Mr. Chair.

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CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: Thank you. The initial success measure here is yes, that is...your perception of it is correct, that it would be 80 days from the approval of the authority of the grant through the County Budget or once the documentation is agreed upon between the grantor, in this case would be the department that is the funding source, and the grantee. So that their, this is their processing time. And Mr. Couch, this is one of those conservative processing times that we're trying to look for. The Grants Management Division, all the grants managers of the different sections have met with me and with our different managers and looked at, you know, are there ways that we can change the processing of the grant so that we can get them out sooner. 'Cause right now it takes a significant period of time to get them out.

COUNCILMEMBER COUCH: Right and I know they have a prepayment if you will but a lot of times that's 80 days late. So I'm a little concerned about that goal there, if we can tweak that any way. It's just that it's awfully, it's an interesting process as you were on the other end of it, and sometimes getting payment takes months and months.

MR. BAZ: Right. So if you think about it, if the County Council approves the Budget on June 10th, the Department will have worked with the grantee hopefully prior to that. Most of the grants that we administer are, there is some discussion. It's either a current grantee that's just an ongoing grant, or it's some discussion with the department. There are occasions where the County Council approves a grant that we've never heard of before. And that happens and so it takes a little bit longer. But a lot of the prep work does get done ahead of time. So once the Budget's approved, we can start the legal processing of a document which is taking that scope of work and attaching it to the general budget provisions, and you know, there's a grant agreement, so you've seen, processing that through Corporation Counsel, through the Budget office, through Finance office, back to the grantee to get signed and back up to the Mayor to get approved. There is some basic processing time that we're looking at in that. And the Division was being fairly conservative in saying that they're giving themselves 80 days to do that.

COUNCILMEMBER COUCH: Okay. And the other question I had is I would like to see if you can or if we're able to do this, put a goal five in there with an objective of stating that any changes to any requirements are made via administrative rules. 'Cause I know right now, having experienced it, a lot of changes to the reporting, and a lot of changes have been made seemingly at random without any public hearing. And this one I wanna be insistent upon because it's happened too often that the changes have been made and things have been held up on changes that were made without any public input.

MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Mr. Baz.

MR. BAZ: May I, may wanna make a recommendation to you as the legislative body to maybe put that into Code 3.36 as a possible area for that so that, you know, giving the authority to the

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department to create administrative rules and implementation of the Code. Having it as a goal or measure here in the budget document is not necessarily putting it looking at the law.

COUNCILMEMBER COUCH: They don't have that right now? I thought that was required in the Code already.

MR. BAZ Excuse me ...*(inaudible)*...

COUNCILMEMBER COUCH: They're required to, I mean, they have the power to do administrative rules already.

MR. BAZ: HRS, Hawaii Revised Statutes, allows the, any administrative agency to create rules to implement the laws that govern it. And so yeah, they do have that authority, but if you wanna make it specific, I would say that would be the place to put it. And maybe either Corporation Counsel or some of our seasoned Council members might wanna chime in on that.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: That's it?

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Yeah. Before I call on Mr. Hokama, just a fast question. Once we're through reviewing goals, objectives and the full bit, yeah, how do you track, on a quarterly basis, in regards to trying to achieve those numbers?

MR. BAZ: Mr. Chair, the Department of Management has already notified their department directors to start reviewing these. They, Department of Management receives bi-weekly reports from the departments. And so every two weeks basically they receive a report from departments and are contemplating putting these performance measures in that. So that we've...myself and the first assistant to the Managing Director, the Managing Director, we've had some discussions about implementation of this specifically. The other day we were discussing, you know, is it something that we'll be looking at, a software development so that we can make sure that, you know, we have something that's easy. I wanna give, if we're requiring the departments to have a very increased level of performance management, we wanna make sure that they have the tools to report that to us so that we can manage appropriately. And, Mr. Chair, the Managing Director just confirmed that yes it is a requirement already of the departments to report it to them. And so we wanna make sure that we're doing it in an efficient manner so that it's not so cumbersome, but that it provides good information. As far as the Budget office reports, the ones that get sent to the County Council, those are on a quarterly basis. Those are included currently in the Finance Director quarterly report. You'll see a report on the performance measures that are currently in the Budget, and you get that on a quarterly basis.

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CHAIR PONTANILLA: Okay. Thank you. Do you have like say, customer satisfaction type survey? Meaning, you know, if I receive a service from whoever, that somehow we find out how satisfied you were.

MR. BAZ: Thank you, Mr. Chair. From my understanding, Department of Finance is the only one that has done customer satisfaction surveys. In the general survey that we produced as far as the Budget process this year, there were some questions that alluded to customer satisfaction, but not specifically to a certain activity. One that was directed towards, you know, say all grantees or one directed towards, you know, it was directed like...Mr. Agsalog can reply to that, but directed, we haven't done a comprehensive one directed to every type of service that interacting with the County has received.

CHAIR PONTANILLA: Okay. Thank you. Okay. Members we're gonna take a short recess, maybe five minutes. We'll reconvene at 3:25. I think we just about completed with the Finance Department, and I just wanna take a look at the schedule for Monday. This meeting will stand in recess 'til 3:25. . . .(gavel) . . .

RECESS: 3:20 p.m.

RECONVENE: 3:26 p.m.

CHAIR PONTANILLA: . . .(gavel) . . . The Budget and Finance Committee meeting is now reconvened. Members, there's couple areas that we still need to review, way in the back of your books, 7-8.

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Yes.

VICE-CHAIR HOKAMA: Excuse me to interrupt you. But before you move on, I'd just like to make one quick comment on the Grants before you leave this portion, please.

CHAIR PONTANILLA: Okay. Go ahead.

VICE-CHAIR HOKAMA: You are well aware that the Council's Policy Committee is reviewing the subject of grants in its entirety. And while I appreciate the Administration being very proactive in moving forward certain new ideas and new ways to approach grants, I still would ask my fellow Committee members on Budget and Finance to also consider to allow Policy to finish its review and its recommendations, particularly with proposed changes to the County Code, Title 3, and then see how we would translate to potential budgetary adjustments. But if we're gonna make a financial decision before we make a policy decision on the direction we wanna move this program forward, I would hate us to do any premature decisions that would reduce options of the Policy Committee to move its recommendations to Council forward in the near future. So I just wish to share that with the Members. Thank you.

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CHAIR PONTANILLA: Thank you. Okay. On Page 7-8. It's, was the end of the, your book here. This is a Grant Revenue Program funding, and I believe this is where we get some monies from the State of Hawaii. Okay. Mr. Agsalog.

MR. AGSALOG: Thank you, Mr. Chair. Yes, this is a part of our DMV program in the financial services. This is the grant funded area. We have about 15 people there. Usually, every year, we are allocated about 1.2 million for to do CDL, vehicle inspection program and the registration program. And this is on reimbursement basis, as far as the program is concerned. As you can see, Mr. Chair, the actual revenue that we have gotten from the Fiscal Year 2011 is lesser, lower than the allocated. That is just an allocation, it's the maximum that we can use, but we never go over that particular allocation from the State. So we send our bills monthly to collect that particular amount, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any questions to this? Member Hokama.

VICE-CHAIR HOKAMA: Thank you, Chair. And for you, Director Agsalog. I don't know if Mr. Vila is here. Maybe he could also share comments with you. Under the CDL program, commercial driver's license program, my understanding is, you know, the County, your Department assists in the licensing examination and road testing to provide whether or not the driver has met the standards to have a commercial driver's license. Is that correct?

MR. AGSALOG: Yes sir. That is the...Mr. Chair.

CHAIR PONTANILLA: Go ahead.

MR. AGSALOG: Yes, sir, that is correct. We have several of our examiner that are rated, CDL rated. Not all our examiners though are CDL rated. The one that examined the Type 3 type of licenses, they just a County-funded type. However, the CDL they have to have that particular rating for them to be able to administer and give the CDL license to an applicant.

VICE-CHAIR HOKAMA: Then when we see on the side of the roads, you know when they do those gross volume weight testing, that is done by State and the State PUC. The County does not participate in any way in those activities, Mr. Director?

MR. AGSALOG: No. No, Mr. Chair. That is the extent that my understanding of. I apologize because he just asked if he can go and I said yeah, okay.

VICE-CHAIR HOKAMA: That's okay. No problem.

MR. AGSALOG: My understanding of our function in that is that it's just for the issuance of the CDL license and of course monitoring them, also. Once the CDL licensee issued the license, we also participate in the monitoring of it, if they have a violation, it goes to their license. And we also participate in taking that license should the violation is great enough.

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VICE-CHAIR HOKAMA: Okay. So there is no current County CDL examiner that is 100 percent assigned to do that job. It depends upon if there's a request for road tests or testing, then the employee does the, does the performance. But it is not a dedicated position to take care of the State need, the CDL program. You don't have a dedicated employee for State CDL services.

MR. AGSALOG: All the CDL license, Mr. --

VICE-CHAIR HOKAMA: The examiner, I mean the examiners.

MR. AGSALOG: --examiner, yeah. All the CDL examiner is a function of the State, per se. So they fund that program. Most of our General Funded examiner are just the regular examiner without the CDL ranking. That's what you asking. Yes.

VICE-CHAIR HOKAMA: And again, well, you know, we brought this up earlier when Mr. Vila brought up this potential new I.D. thing, State I.D. requirements, potential requirements. Are we also assessing the State the fringes for our employees that provide the State with this service, or are we just charging them the straight salary time, or are they timed by SR ratings. Would you know if we also include the fringes?

MR. AGSALOG: Mr. Chair, we do. All the grant funded position, either it be in the Department of Finance, or in Police, if it is funded by some sort of program, we include the fringe benefits that is associated with that position. So we do get reimbursement for those.

VICE-CHAIR HOKAMA: Thank you for sharing that, Mr. Director. 'Cause that makes me happy because I was told that with our ocean safety program at Makena, we do not get, we are not being reimbursed for our fringes on those positions. So I appreciate your efforts in your Department that you at least made sure that we try and recoup our total cost, not just the upfront cost, but the total cost of what it takes to provide the employee to provide the service. So thank you very much. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Mr. Hokama, for that wonderful question at the end. Members, any more questions regarding this area? Mr. Hokama, you had a question regarding on the B Account that you mentioned.

VICE-CHAIR HOKAMA: Yes. Thank you, Chairman. Now I gotta go zipping through those details. Director Baz, or Director Agsalog, I'm just trying to understand what is being covered, 'cause I noticed there was an adjustment, I believe, close to a half million dollars. It was about 447,000 for the...I think that was for our Service Center in Kahului. Could you tell me if that is only for the Service Center or is that embracing some other operational space also, please, gentlemen?

MR. BAZ: Mr. Chair.

VICE-CHAIR HOKAMA: I'm looking for the number. So I apologize. I cannot just whip it up.

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MR. BAZ: I was gonna ask what page you might be referencing?

VICE-CHAIR HOKAMA: Joe, you stole my papers? Mr. Kaneshina, can you?

MR. KANESHINA: Thank you, Mr. Chair. For the Committee's reference, it's Page 11 of the handout that you were provided for this morning. It's about, almost at the bottom of the page.

VICE-CHAIR HOKAMA: Oh, thank you, thank you. Yeah. Thank you, Staff. That's page 11 of 30, Director. It is under Countywide Service Center-Annual. The 2012...2013 request is the 447, and I just wanted to know if that is just for that one component, please, gentlemen. This is part of the annual lease component?

MR. AGSALOG: Yeah...Mr. Chair.

CHAIR PONTANILLA: Oh, I'm sorry. Mr. Hokama.

VICE-CHAIR HOKAMA: Yeah, if you would allow Director Agsalog to put in some comment, please.

CHAIR PONTANILLA: Go ahead.

VICE-CHAIR HOKAMA: Thank you.

MR. AGSALOG: Thank you, Mr. Chair. I just wanna reference you to Page 15 also. If you could put your hand on Page 15, on the line where it says rental and other costs, middle of the page, sub-index 6235. That used to be when we are working to...that has been reduced because now it's added to the 447 over there for the rental for the three units, Units A16, 17 and the new 18. So now all the leases for that will go to that particular line that you just mentioned, Mr. Hokama, the 907036.

VICE-CHAIR HOKAMA: Okay. Thank you for that clarification, Director. I was just wondering how you folks arrived at some of these adjustments, so I appreciate your response. Thank you, Chairman. Other than B, in my estimation, is pretty flat.

CHAIR PONTANILLA: Okay. Thank you.

VICE-CHAIR HOKAMA: So I'm done with my questions. Thank you.

CHAIR PONTANILLA: Okay. Members, any more questions? Mr. Victorino.

COUNCILMEMBER VICTORINO: Again and again, Mr. Agsalog, maybe you can, 'cause I had a similar question, but it really was under, it'll be under Page 3, where I saw that under...I guess this was for the Treasury, and I guess Treasury. Yeah. So what I'm looking at is 6235, right, the 54,000. And then I looked on the page before that, also the page after that...oh here, yeah, the

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page before that had under 6235 again for this year, 103,000. So I was wondering is that the same, you know, the way this thing is set up, under the Admin Risk Management, Treasury Programs, yeah. So one year you get costs and the next year you don't have. So if you could explain that.

MR. BAZ: Mr. Chair, if I might.

CHAIR PONTANILLA: Mr. Baz?

MR. BAZ: Thank you. The 6235 object, Sub-Object Code you're looking at the top of Page 3 for \$103,000 is related to Index Code 907014, Finance Director's office. The \$54,000 in object, Sub-Object Code 6235, and Index Code, excuse me, 907018 is the Risk Management, which you'll notice in Fiscal Year 2013 the column's empty because it's got moved to Corporation Counsel.

COUNCILMEMBER VICTORINO: So that's why it would be under Corporation Counsel now?

MR. BAZ: Correct.

COUNCILMEMBER VICTORINO: Okay. Okay.

MR. BAZ: Yeah. That whole, that whole column you'll notice is completely gone.

COUNCILMEMBER VICTORINO: Okay. So the other one, why is the addition for the 103? 'Cause that big jump from 8,000 from '12 to '03 [*sic*].

MR. BAZ: Mr. Director can explain.

COUNCILMEMBER VICTORINO: Mr. Agsalog can explain. Yeah. I'm sorry.

MR. AGSALOG: Mr. Chair, again thank you very much for that question. And although the Corp. Counsel will be moving into...the Risk Management will be moving to Corp. Counsel which is on the third floor, we are retaining the space at One Main Plaza, so it will be in my office. That rent will be in my office. Because I'm retaining the space that was...that will be or currently occupying by Risk Management, so I will still have to pay that under the Director's office. Instead of the Risk, sub-object number when they are still with me. Because they will not be paying rent here in this building. So but I'm retaining the space area in preparation for my internal audit.

COUNCILMEMBER VICTORINO: Oh, so you're gonna keep that for the internal auditor?

MR. AGSALOG: Yes, sir

COUNCILMEMBER VICTORINO: Okay. Thank you for that clarification.

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CHAIR PONTANILLA: Thank you. Members, anything else?

COUNCILMEMBER COCHRAN: Chair?

CHAIR PONTANILLA: Member Cochran.

COUNCILMEMBER COCHRAN: Thank you. Yeah, I'm just trying to see how this is laid out. CO is County Ordinance Budget 2012?

CHAIR PONTANILLA: Mr. Baz.

COUNCILMEMBER COCHRAN: What does that stand for?

MR. BAZ: Council Adopted.

COUNCILMEMBER COCHRAN: Council adopted. CO?

MR. BAZ: CO is Council, right, adopted. It's not a C dot O dot. It's CO, means Council. And that's an IFAS system...

COUNCILMEMBER COCHRAN: Oh, okay, got it. Anyway. Moving on.

MR. BAZ: MP is Mayor proposed.

COUNCILMEMBER COCHRAN: Right. So I'm just looking such as the First Time Homebuyers Fund. And it has an expanded FY 2009, but then nothing after that.

CHAIR PONTANILLA: What page?

COUNCILMEMBER COCHRAN: Sorry, Page 18 of 30. So I'm just curious...there's certain areas where there's just completely blank. From Budget to Mayor's Proposed Budget. And I know the ones where we're doing consolidation of E/Ps and what have you, but then there's others that I'm just kind of curious why MIS program, there's no numbers there. The First-Time Homebuyers, so I'm just kind of wondering how to read that.

MR. BAZ: Mr. Chair.

CHAIR PONTANILLA: Okay. Go ahead.

MR. BAZ: Thank you. The handout that I provided this morning was the internal Budget details down to the sub-object level of all the Index Codes within the Department of Finance. These include historical things that are no longer on the books. Fifteen years ago, the MIS division was a part of the Department of Finance. It wasn't under the Managing Director's office. And so the Index

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Codes still exist in the system. And so that's why you see that there. My recollection from the First-Time Homebuyers program is that that was originally funded out of Countywide as a loan program, and maybe the Budget and Finance Committee Chair can assist, because I think it was, this proposal is Housing and Human Services, Chair, or no, Member Molina's proposal. But anyway, it was something that was proposed. Currently the First-Time Homebuyers program comes out of the Department of Housing and Human Concerns. So it's not even in the Department of Finance anymore.

COUNCILMEMBER COCHRAN: Okay. All right. I was just curious. Thank you, Chair.

CHAIR PONTANILLA: Okay. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I guess this is a procedure question for you on how we're gonna do this in the future. I thought at the beginning of this, you said we're, every page we're looking at, we're discussing A, B and C at that time. Is that how you wanna move forward on that?

CHAIR PONTANILLA: ...*(inaudible)*... with the first department, the other departments, because this is so, this is brand new to us. Okay. And the review process has, the old way would've been pau yesterday, really. So it's a learning process and when we come to the departments, I'm gonna take A, B, C Accounts, because that's why.

COUNCILMEMBER COUCH: Together, all at the same time?

CHAIR PONTANILLA: Yeah. 'Cause that's where I think, like Equipment for instance, you know, although it says here as a equipment bond, then we need to take it to the various departments as their equipment request.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: Okay. Members, if you have any more questions regarding what we discussed this morning and this afternoon, submit it to the Committee Staff, you know, for a response from the Administration. On Monday, we start at 9 o'clock, Department of Planning, Civil Defense and Prosecuting Attorney, and then Monday evening, we go to Kihei Community Center at 6:00 p.m. And before I say adjourned, I'd just like to make a fast comment here. And you know, we discussed a lot of things the last couple of days in regards to the Finance and Budget offices. And one of the biggest things that we talked about today was movements of different areas of different departments and divisions. I just was thinking, perhaps, you know, when, should we move Collections and Grant Management or leave it back to their same organizational area, and we give the opportunity to the Mayor to temporarily assign those positions to the different departments, Finance Department for Collections and the four positions from Human Services, and if it does work, come back to the Council for a budget amendment. But on a temporarily basis, you know, provide them that opportunity as LTAs, limited term assignments, out to the Finance Department. Just something that I, you know, would consider. And you guys can think

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it over over the weekend or as we prepare our Budget as a possibility of doing that. I know we gonna have more discussions in regards to those moves. So with that, Members...

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: I thank you for your proposal to the Committee. I think it's worthwhile for us to review over the weekend as individual Members. But I'd like to also ask you that, you know, please keep in mind with for, to help us, that not all of the positions are alike. Take for example, OED and the Grants Program, they're exempt positions. And then we're gonna move 'em into a Finance Department. We're gonna move exempt...you know, normally, Finance is E/Ps positions, not exempt positions. So there's unique differences in how certain programs are being run depending upon the current location of where they're being home based. And I think that needs to be part of the thought process, because it's not always easy to shift exempt in exchange for E/P or Civil Service positions. There's more complexities involved than that and I hate to make it more difficult than make it easier, Chairman, but that's the reality of the situation. So I just ask the Members take those unique points into consideration also. Thank you.

CHAIR PONTANILLA: Okay. Thank you.

MR. BAZ: Mr. Chair. Excuse me. Just before we close, can I confirm Monday's schedule so I make sure that the department directors are here? We're looking at Prosecuting Attorney first around 9 o'clock or so when testimony's done. The Civil Defense Agency after that approximately 10:00 or so whenever Prosecutor's done. And then Planning Department after Civil Defense. I'm having them, you know, schedule initially at 1:30, but be prepared to come early in case we are finished with that. Is that right?

CHAIR PONTANILLA: So that's the schedule that they're looking at right now. Okay. Got it.

MR. KANESHINA: Mr. Chair, excuse me. Also to add to that, you know, that we got informed that today that the Charter Commission submitted their proposal to the Policy Committee. So we'll work with Chair Hokama of the Policy Committee to figure out what days they need in our schedule. And once we make that a little more solid, we'll be able to more clearly list out what departments are gonna be meeting in the second week of April.

CHAIR PONTANILLA: Okay. Fine. Got it.

MR. BAZ: Thank you.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

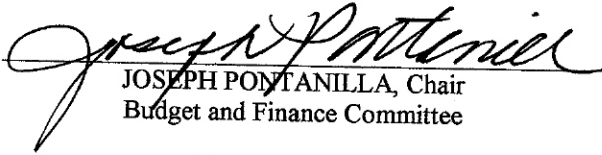
BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

March 30, 2012

CHAIR PONTANILLA: Okay. With that, Members, the Budget and Finance Committee meeting is now adjourned. . . .(gavel). . .

ADJOURN: 3:47 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:120330:ak

Transcribed by: Amanda Kaili

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

March 30, 2012

CERTIFICATE

I, Amanda Kaili, 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 23rd day of April 2012, in Kahului, Hawaii.



Amanda Kaili