

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

March 27, 2013

Council Chamber, 8th Floor

CONVENE: 9:02 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member (In 10:14 a.m.; Out 2:32 p.m.)
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (Out 3:24 p.m.)
Councilmember Michael P. Victorino, Member

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

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Sananda K. Baz, Budget Director, Office of the Mayor
Jo-Ann T. Ridao, Director, Department of Housing and Human Concerns (Item BF-13(1))
David J. Ching, Deputy Managing Director, Department of Management (Item BF-65)
Agnes Hayashi, Executive Assistant, Department of Management (Item BF-65)
Kyle Ginoza, Director, Department of Environmental Management (Item BF-65)
David J. Underwood, Deputy Director, Department of Personnel Services (Item BF-7)
Danilo F. Agsalog, Director, Department of Finance (Item BF-112)
Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance (Item BF-112)
Patrick K. Wong, Corporation Counsel, Department of the Corporation Counsel (Item No. 13(1) at 1:30 p.m.)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Keith A. Regan, Director, Department of Management (Item BF-7)
Jacob Verkerke, Information Systems Manager, Management Information Systems Division, Department of Management (Item BF-112)

OTHERS: Paul Janes-Brown, Vision Actualizer, Lokelani `Ohana (Item BF-13(1))

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Rocky Chenelle, Loan Specialist, United States Department of Agriculture
(Item BF-13(1))
Rebecca Woods, Chief Executive Officer, Ka Hale A Ke Ola Homeless Resource
Centers, Inc. (Item BF-13(1))
Joelvonne Kamaka, Leasing Director, Ka Hale A Ke Ola Homeless Resource
Centers, Inc., dba Hale Makana O Waiale (Item BF-13(1))
Joseph Molina, Maintenance Director, Ka Hale A Ke Ola (Item BF-13(1))
Mike McCormick, State Director, Best Buddies of Hawaii (Item BF-13(1))
Christina Chang, Executive Director/President, Lokelani `Ohana (Item BF-13(1))
Sheri Dodson (Item BF-13(1))
Frank DeRego (Item BF-65)
Two (2) additional unidentified attendees

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

CHAIR WHITE: . . .(*gavel*). . . Good morning, Members. The meeting of the Budget and Finance Committee for March 27th will come to order. For those of you who are in the gallery, please turn off your cell phones and other noisemaking devices. And I'd like to start by welcoming our Committee Vice-Chair Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And Members present today are Bob Carroll, Stacy Crivello --

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR WHITE: --Elle Cochran --

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR WHITE: --Don Couch --

COUNCILMEMBER COUCH: Good morning, Chair.

CHAIR WHITE: --Gladys Baisa --

COUNCILMEMBER BAISA: Good morning.

CHAIR WHITE: --Don Guzman --

COUNCILMEMBER GUZMAN: Good morning.

CHAIR WHITE: --and Michael Victorino.

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COUNCILMEMBER VICTORINO: Aloha and good morning, Chair.

CHAIR WHITE: Committee Staff with us today is Camille Sakamoto and Analyst Scott Kaneshina. Jeffrey Ueoka is here from Corp. Counsel, and Sandy Baz is with us as well. And Jo-Ann Ridao from Department of Housing and Human Services. So with that...well, we'll check with our remote sites. Dawn Lono, are you there in Hana? Short recess. . . .(gavel). . .

RECESS: 9:03 a.m.

RECONVENE: 9:04 a.m.

CHAIR WHITE: . . .(gavel). . . Okay, the meeting will reconvene. And Mr. Carroll will be slightly late but he'll be joining us in a couple minutes. So with that we'll move to Dawn Lono in Hana.

MS. LONO: Good morning, Chair. This is Dawn Lono in the Hana Council Office. We have no one waiting to testify this morning.

CHAIR WHITE: Okay, thank you. And Denise from Lanai.

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez at the Lanai Office, and we have no one waiting to testify.

CHAIR WHITE: Thank you, Denise. And from our Molokai Office, Ella. Okay, we'll come back to Ella. And in the...so without objections, Members, we'll open public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: And our first testifier here in the Chambers is Paul Janes-Brown testifying on BF-13.

...BEGIN PUBLIC TESTIMONY...

MR. JANES-BROWN: Good morning, Mr. Chairman and members of the Committee. I'm here to testify on behalf of RF-13 [*sic*], affordable housing grant for Lokelani `Ohana. We distributed some information to you this morning, and I just wanted to review that information for you, just to let you know what you have before you. The first item is the bank account that proves that Lokelani `Ohana has the \$100,000 that was required by the Department of Housing and Human Concerns in order to qualify for the affordable housing grant. The second and third items are e-mails from the Rural Development Loan Officer Rocky Chenelle, who will testify after me about the eligibility and the participation of Lokelani `Ohana in the program, their Rural Development program for a loan to subsidize the remaining amount of money that they need in order to purchase the home. The second is a comparative market analysis from the brokers that are handling the deal, and basically it shows you that...and I'm sure you are aware of the fact that Maui housing is, costs are increasing. We certainly are back from the doldrums. Lokelani

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`Ohana achievements and experience is the sixth item, it shows you the examples of what Lokelani `Ohana has achieved in this community over its history. And then we have the financials for you, the monthly expenses in order to run the home, the Lokelani `Ohana income from 2012, and also, its balance sheet and operating budgets for 2013 and 2014. And I'd like to read a letter from John Tomoso. He was not able to attend this morning. I can't attend but I know that the Lokelani `Ohana partnership with the United States Department of Agriculture and their participation with Lokelani `Ohana people as a 501(c)(3) presents a very solid case for fiscally responsible use of public funds for a public purpose, for the common good. I know that Maui County Councilmember and Co-Chair and Vice-Chair of this Committee G. Riki Hokama as a vice president of the National Association of Counties just provided testimony to Congress about how local governments can be and are in partnership with their communities. I want to emphasize that the growing partnership, that you are a mission-oriented organization, a client-centered organization --

MR. KANESHINA: Three minutes.

MR. JANES-BROWN: --and evidence based. Thank you very much.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you very much, Mr. Janes-Brown. And our next testifier will be Rocky Chenelle, followed by Rebecca Woods.

MR. CHENELLE: Good morning, Mr. Chairman, Council.

CHAIR WHITE: Good morning.

MR. CHENELLE: My name is Rocky Chenelle. I am the Senior Loan Specialist for the U.S. Department of Agriculture, Rural Development. I have reviewed the completed application for Lokelani `Ohana seeking funds for the purchase of the home. Our Office of General Counsel has reviewed their organizational documents and have found them eligible. The purpose of purchasing the residential home to conduct their mission is an eligible purpose. The area of Wailuku is also eligible, and I might point out that in Maui there are only two areas that are not eligible for our program, as of today that is Kihei and Kahului. The financials have also been reviewed and they well support the application for this loan. Their conservative approach suggests that this will be a simple matter of approval, and we have funds for this loan amount. So right now I'm only waiting on two items, one is the completed signed purchase agreement and the other is verification of the applicant funds. Thank you.

CHAIR WHITE: Thank you, Mr. Chenelle. Members, any questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Mr. Chenelle, for being here. I just was a bit surprised at why Kihei wouldn't be eligible for these funds.

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MR. CHENELLE: As of today we go to the 2010 Census and at that point the population of Kihei is too high. Kahului has always been out, but Kihei as of today is out.

COUNCILMEMBER COUCH: And the number is what, 25,000 or somewhere?

MR. CHENELLE: To 20,000.

COUNCILMEMBER COUCH: Twenty thousand.

MR. CHENELLE: Right.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR WHITE: Any further questions? Seeing none, thank you very much, Mr. Chenelle. Next testifier is Rebecca Woods, and then we'll go back to Molokai.

MS. WOODS: Good morning, Chair and Council members. Thank you for allowing me the opportunity to give testimony. I am the chief executive officer for Ka Hale A Ke Ola Homeless Resource Centers and Hale Makana O Waiale Affordable Rentals. And I'm here because our agency is seeking funding to replace our stairs and repair them at Hale Makana Affordable Rentals. We have endured a great deal of expense over the last two years and between all three facilities, and I'd like to share with you what they are. We have had to have all of our units, the second floor units at Hale Makana, all the floors were coming up due to the Gyp-Crete becoming loose, all the tiles coming up, and it has really endured a great expense to our agency in the amount of \$570,000 so far, we're not done yet. And we did receive a grant to assist us with the flooring through the Affordable Housing Fund and that did help us a lot. We have endured the repairs of our stairs. We've spent already \$115,000 out of pocket for our stairs at Hale Makana. And this is only Hale Makana, not including the shelter. We have excessive plumbing because of the facility's age in the amount of \$115,000 as well. So we have endured over \$700,000 in the last two years in expense at Hale Makana, that's just for the major projects, not including the daily maintenance and repair that goes on. So we serve, you know, families that are 50 percent and below the median income level. We are the most affordable housing complex privately owned with a partnership with the County on Maui, and mostly likely, I believe in the State of Hawaii. We keep a very clean, safe, and healthy environment for our tenants. We've just, you know, all facilities, well Central and Wailuku...I'm sorry, Central...the facilities are older. The shelter is 20 years old and Hale Makana is 16 years old. So since I've taken over this position I've had to do all the maintenance and repairs as far as roof, staircases, I've put in heat on demand, photovoltaic, I've done everything I can, really, to --

MR. KANESHINA: Three minutes.

MS. WOODS: --thank you--to keep our costs down. Thank you.

CHAIR WHITE: Okay. Members, any questions for the testifier?

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COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Yes, Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you. Hi, good morning, Becky, nice to see you.

MS. WOODS: Good morning.

COUNCILMEMBER COCHRAN: Just curious if in any of this renovation, ADA-type of things are going to occur?

MS. WOODS: We already are ADA compliant.

COUNCILMEMBER COCHRAN: Okay. For the, for this particular...

MS. WOODS: All facilities.

COUNCILMEMBER COCHRAN: All of them.

MS. WOODS: Yeah.

COUNCILMEMBER COCHRAN: Okay, thank you. Thank you, Chair.

CHAIR WHITE: Thank you.

MS. WOODS: Okay?

CHAIR WHITE: Any questions, Members? Seeing none --

MS. WOODS: Thank you.

CHAIR WHITE: --thank you very much for being here. We'll now go to our Molokai Office. Ella Alcon?

MS. ALCON: Good morning, Chair. There's no one here waiting to testify.

CHAIR WHITE: All right, thank you. We'll go to Hana District Office. Dawn?

MS. LONO: There's no one waiting in the Hana Office to testify.

CHAIR WHITE: Okay. And Denise in Lanai.

MS. FERNANDEZ: There's no one waiting here to testify on Lanai.

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CHAIR WHITE: Okay. We'll check back with you after we've gone through the testifiers here in the Chambers. Thank you. Members, our next testifier is Joelvonne Kamaka, also testifying on BF-13.

MS. KAMAKA: Good morning, Mr. Chair.

CHAIR WHITE: If you could move the microphone a little closer?

MS. KAMAKA: Okay, 'cause I kind of talk loud so I didn't want to ...*(inaudible)*... at you.

CHAIR WHITE: It's okay, we have ones that talk loud, too, but we still gotta have it --

MS. KAMAKA: Okay.

CHAIR WHITE: --close to the mic.

MS. KAMAKA: Well as you know my name is Joelvonne Kamaka and I'm the leasing director at Hale Makana O Waiale, the affordable rentals in Wailuku. And I'm here to represent Ka Hale A Ke Ola Resources Centers, Incorporated. We at Hale Makana are currently housing 403 adults and 372 children for a total of 775 families and individuals. We also have a very lengthy waiting list of 304 families and individuals, and this would include 23 individuals for our studio units, 195 families for our 2-bedroom units, 65 for the 3-bedroom units, and another 21 families for our 4-bedroom units still awaiting a housing opportunity at Hale Makana. As Rebecca said, we are in our 16th year of providing housing, affordable housing for Maui County. It is imperative to the community that we serve, to be able to provide a safe environment for our families and individuals; however, like all good things, in order for Hale Makana O Waiale to continue to provide a safe and healthy environment for our families and individuals we serve, normal wear and tear such as our staircases and flooring, and also building concerns must be maintained. So I ask, Mr. Chairman and Council members, to help us to provide the community that we serve with the funds that we are needed to continue to provide the safe environment. I am here not only as a member of our community but more importantly, as an individual serving Maui County through Hale Makana O Waiale affordable housing. Thank you for your kind attention and time. Aloha.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you very much.

MS. KAMAKA: Thank you.

CHAIR WHITE: The next testifier is Joseph Molina followed by Mike McCormick.

MR. MOLINA: Good morning, Chairman and Members. Hear, you guys heard what Ms. Rebecca Woods said, you know, how much guys we helping out over here and our families at Hale

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Makana. And, what you call that, the place is getting real, real bad. I mean we really need, you know, little bit more help, because...what, the only thing what I don't understand like the last time I came here was, you know, you guys was talking about, you know, giving money to people that they don't have affordable homes yet and you going help them. You know down the line they going be in the same boat with, like us, you know, when the, when everything start getting bad like the stairs or, you know, the floors. So I would think maybe one suggestion would be maybe people that have the affordable homes already, they should get, you know, just little bit more so that we can continue keeping up the place, you know, keep 'em in good working condition and safety for our people that live there. Yes, we really need your guys help, and we know you guys been helping us, too, and we appreciate that in the future. But like how Becky said, we've been spending a lot of money out of pocket, and, you know, when we a nonprofit organization, no more too much *kala* go around, yeah, you know, we gotta keep what we get. So and tight, everything is tight, so we'd appreciate that, you know, you guys continue helping us guys. I thank you.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you very much, Mr. Molina. The next testifier is Mike McCormick followed by Christina Chang. And Ms. Chang is the last person to sign up, so if there's anyone else wishing to do so, please see the folks in the lobby.

MR. MCCORMICK: Yeah.

CHAIR WHITE: Mr. McCormick.

MR. MCCORMICK: Aloha, Budget and Finance Chair White and distinguished Maui County Council members. I want to welcome the new Council members here that I haven't had a chance to testify, and welcome back Councilmember Hokama to the Council. As the State director of Best Buddies, Hawaii, I have the opportunity to work with about 365 students with and without disabilities in Maui County schools, and I'm noticing as these students grow up and everything and as I've gotten to really know them almost as my own children, we have students that are really going to need housing later in life. And it's a pressing issue, I experienced it on my own. I have a 63 year old brother that was born with IDD, and when my mom died my dad came to my sister and said we need to find housing for Denny. My dad was in his 80s and could no longer take care of my brother Dennis. So I think the request for Lokelani `Ohana today is something that we really have this issue coming up, and I just want to let the Council members know, it's something to really be on your radar, how we're going to address this issue, 'cause I'm working with the keikis now that will soon be our adults. And conventional wisdom used to be that these students and these young kids wouldn't outlive their parents, that's not the case, they do, so this is something we just really want to put on our radar. And thank you for listening to my testimony.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you, Mr. McCormick. Next testifier is Christina Chang.

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MS. CHANG: Good morning.

CHAIR WHITE: Good morning.

MS. CHANG: Thank you for having us back. My name is Christina Chang. I'm the president and executive director of Lokelani `Ohana. And we appreciate this ability to testify again, and understand that presenting more fiscal documentation in how we would pay for a balance on a home was important to present this morning. Initially, when we wrote the affordable housing grant, we targeted it on a home in Wailuku that was just coming on the market that was ten bedrooms and seven bathrooms which is a really rare home to find, Central Maui. And in our relationship with writing the CDBG grant which we did after the affordable housing, they asked us to get a contract on the home which we did, but we found out post-contract that there could be no money entering into escrow prior to CDBG funds becoming available. So that portion of the CDBG grant which we had hoped to pay for the balance of the mortgage could only be applied towards the ADA estimate that we had done on the home. In the process of finding that out, I had maybe a year and a half, almost two years ago, first made contact with Rocky Chenelle, because we were investigating how we could pay for a balance on a home or obtain a mortgage for housing. Since one of our main programs out of the three that we run is housing and it's the greatest need in the County for people with developmental disabilities. There's 20 Medicaid Waiver agencies and the ARC of Maui is the leader in providing housing. There are other agencies that have the desire to provide housing, including Lokelani `Ohana, but it's the greatest need for programs for people with disabilities in Maui County, actually in the State. So when we went through our home inspection on this home on Vineyard, we found out that it was toxic with mold and the trustee and the bank wouldn't let us do an inner test on the walls, so we had to break our contract on that house. The house that you see featured in the packet at 295 Mikohu is a home that we are a backup offer on. The reason we're not the first offer on the home is because the owner didn't know when we would be able to receive Affordable Housing Funds for this house, and that's the position that nonprofits are in. When you're looking at buying a home or providing housing for people with disabilities, you want it to be a long-term housing situation for them, not a rental that is not secure and does not provide stability for them. If they're leaving their home from their parents, they don't need to be moved around, they need a place that they can call their own for the rest of their lives, and that's what we are working on providing for people. So in order to own the home...and you look at what the market is. If you look at the CMA, there's very few Central Maui homes where they can get to programs or work or the bus, that have enough rooms where people with special needs can live and also have their care providers live in the home with them for supporting their life. And we're really sad we lost the home on Vineyard and now we're the second offer on the home at Mikohu, and we are happy to deposit our hundred grand into escrow and are hoping that you vote yes and release the funds for us to be able to provide a home, and if we can only buy a home for 500, we would. But we know that in order to have enough rooms for both people with special needs and their caregivers, we need a larger home --

MR. KANESHINA: Three minutes.

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MS. CHANG: --and that's why we were going for a mortgage. Thank you.

CHAIR WHITE: Thank you. Members, any questions for the testifier? Seeing none, thank you very much. And thank you for the extra documentation this morning.

MS. CHANG: And thank you so much.

CHAIR WHITE: Is there anyone else in the Chambers who would like to testify this morning? If so, please come forward. Seeing no one rushing for the podium, without...oh, we'll check in with our district offices. Are there any testifiers in Hana?

MS. LONO: The Hana Office has no one waiting to testify, Chair.

CHAIR WHITE: Thank you, Dawn. Any additional testifiers from Lanai?

MS. FERNANDEZ: The Lanai Office has no one waiting to testify.

CHAIR WHITE: Thank you, Denise. And any additional testifiers from Molokai?

MS. ALCON: There is no one here on Molokai waiting to testify.

CHAIR WHITE: Thank you, Ella. With that, Members, without objection, I would like to close testimony for this morning.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Public testimony is closed.

...END OF PUBLIC TESTIMONY...

CHAIR WHITE: Members, we have four items on the agenda today, and the first relates to the items we've been hearing testimony on relating to the Affordable Housing Fund. And the remaining three will assist us in deliberations on the annual budget, and includes discussion on our County vehicle policy, union negotiations, and Real Property Tax computer equipment and personnel. As you know, no action will be taken on the last three items. So with that, Members, we will move forward into our first item on the list which is...oh, actually I should ask for your...I've lost my...I covered up my agenda. It's here somewhere. Anyway, we're going to be moving the, moving to the items to 1:30. On the affordable housing list, Item A relating to Lokelani `Ohana will be taken up first and then Item D which is relating to the administrative expenses. Those two will be taken up this morning. Due to some issues that we need to resolve with the help of Corp. Counsel, we will be...well with the Committee's approval, we will be moving the Kihei Kauhale Nani item and the Ka Hale A Ke Ola item to begin at 1:30 after our lunch break. So without objection, Chair would like to move Items B and C to 1:30.

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COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay, thank you.

ITEM BF-13(1): AFFORDABLE HOUSING FUND PROGRAM ANNUAL PLAN (FISCAL YEAR 2013)

CHAIR WHITE: Members, we will start with Lokelani `Ohana's request, and I'll ask Ms. Ridao to give us any further update that she might have for us this morning.

MS. RIDAO: Thank you, Chair. I have no further update as, in addition to what you heard this morning. I think you heard from the Lokelani `Ohana people and they gave you the most current information.

CHAIR WHITE: Thank you. Anything from Mr. Baz? Okay, thank you. Members, I'll open it up for discussion. Any...Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Ms. Ridao, the money, if this were to pass, we really don't have a house yet, they've got a second offer on a house. What's the...or maybe it's, this is for Mr. Ueoka. What are the legal ramifications of not having a place that they can put the money into? Or do we just say they're going to get the 400,000 and then if they can find a place, great, if not, then what?

MS. RIDAO: Maybe I'll go first, Member Couch. And in circumstances like this that we've done before, none of the monies are released until an escrow is opened and there's an official closing that will happen, but as you know, there would be other conditions. I mean they need to put in their 100,000, and I'm sure escrow will be taking care of working with USDA and the closing of those funds.

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

CHAIR WHITE: Any further questions, Members?

COUNCILMEMBER VICTORINO: Recommendation?

CHAIR WHITE: Okay. The Chair...seeing no further questions, the Chair is more than happy to make his recommendation, and that is to pass...okay, since we haven't read the bill title in this, during this meeting. The bill title...well the Chair's recommendation is to pass A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2013, Affordable Housing Fund, Fiscal Year 2013 Affordable Housing Plan, Hale Lokelani `Ohana Project. The Chair would entertain such a motion.

COUNCILMEMBER VICTORINO: So move, Mr. Chair.

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COUNCILMEMBER BAISA: Second.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: It's been moved by Mr. Victorino and seconded by Ms. Baisa. Any discussion, Members? Seeing no further discussion, all those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say "no"? Motion carries with eight ayes, zero noes, Member Carroll excused.

VOTE: AYES: Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Carroll.

MOTION CARRIED.

ACTION: Recommending FIRST READING of proposed bill.

CHAIR WHITE: And without objection we'll allow the Staff to make any technical, nonsubstantive changes.

MS. SAKAMOTO: Revisions.

CHAIR WHITE: Stumbling through this, but. Okay, thank you, Members. The measure moves forward. And we are now on Item D which is the, A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2013, Affordable Housing Fund, Fiscal Year 2013 Affordable Housing Plan, Administrative Expenses. So with that, Ms. Ridao.

MS. RIDAO: Thank you, Chair. I'm not sure if you shared with the members of the Committee the memo that I transmitted to you?

CHAIR WHITE: Yes, it's in their binders.

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MS. RIDAO: They do have it? Okay.

CHAIR WHITE: Yes.

MS. RIDAO: Thank you. So Chair asked me for a breakdown on what the administrative funds were used for. Last year we spent close to 80,000, I think it was 70 some odd...76,000 or so, and this year I added another 20,000 to the request only because if it were only 80,000, I thought we would be pretty tight and, you know, there's always the unknowns out there. One of the costs that I think may increase and this all depends on where the National Affordable Housing Conference is going to be in 2014. This past year it was in Honolulu so that was great, we didn't have to spend very much money to go to that. And then, you know, unforeseen expenses that may occur. And that is only reason I increased it by 20,000. I'd be happy to answer questions.

CHAIR WHITE: Okay, thank you. Members, any questions? Ms. Baisa.

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. What is the date of that memo, please? We're trying to find it, we have a lot of paper.

CHAIR WHITE: March 19th.

COUNCILMEMBER BAISA: March 19th. Also, I'm not following the numbers because our agenda says increasing by thirty from seventy to a hundred thousand, and we heard eighty and twenty, so something is strange.

CHAIR WHITE: March 19th is the date.

COUNCILMEMBER BAISA: Okay, okay. Okay, got it. Thank you.

CHAIR WHITE: Yes, Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you. Let me ask the Director some questions, please. On Page 2, this 30,000 for your audit of fund recipient projects. Can you give us some comment on this please?

MS. RIDAO: I'm sorry, give you some what? Background?

VICE-CHAIR HOKAMA: Yeah, for this 30,000.

MS. RIDAO: Okay.

VICE-CHAIR HOKAMA: I'm trying to understand what this 30,000 is for.

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MS. RIDAO: Yes. And to clarify, you are correct, Member Baisa, it was 70,000 last year. It was. Okay, let me give you some background on the audit. I wanted to do an audit this year on the use of the Affordable Housing Funds just to make sure that the funds that were given out, especially the construction funds were being used for its intended purpose. It was very, very interesting. We put out an RFP and we only got three people responding. Two of 'em were over \$25,000 and the last one was for 20,000, but we ran into some problems. Because we require all of our vendors to be able to clear the DCCA clearance, they were not able to do that, so then I was kind of in a quandary as to do we go back to the 25,000 or do we go out and see if we can maybe go...so we're in the process right now of seeing what we would get, what kind of bids we would get from Oahu CPAs to come over and do the audit. So I'm just thinking it's going to be between 20 and 30 thousand.

VICE-CHAIR HOKAMA: Okay, thank you. And I appreciate your initiative in this, Director Ridao, I think that's really great what you would like to do. I think this is the Committee's responsibility under finance components, Chairman. If we're going to do this audit, I would prefer that we do it, and I would like to control the audit parameters and have the audit report to the Committee. That is the role of the legislative branch, the accountability portion. So for me, I would either prefer us to initiate it and then have the new auditor eventually, if it's appropriate, assume that responsibility or as the Charter says, what we start we can finish. But in this manner I would prefer that we do the audit, not the Department, Chair. Thank you.

CHAIR WHITE: Well like you, I appreciate the interest to conduct audits of any of our fund recipients, and I think we have outlined in the new position of the County Auditor that they would be available to or they would be able to not only do audit of County functions but also of all the recipients of County funds. So the Chair would be open to, you know, that consideration so.

VICE-CHAIR HOKAMA: Chair, I would just say that I think it also follows the new proposed policy that we're sending to Council from Policy Committee on how we want to look at grants down the road and the audit components. I think this follows in the same direction, the same flavor of policy administration, so I would just ask the Committee members to take that into consideration on this request. Thank you.

CHAIR WHITE: Okay, thank you. Ms. Ridao, any response?

MS. RIDAO: I have no objections for the Committee or the Council to take out, take on that role.

CHAIR WHITE: Okay. Ms. Baisa.

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And I support the idea of audits. I'm not really clear at this point about who does audits because of the Audit Office coming in and how they're going to relate with all of these auditing that goes on. But I do believe we need to do it, it's our responsibility. These are public funds and they need to be looked at. You know when you look at \$30,000 it seems like an awful lot of money, but when you realize that there's a number of grantees here, I think there's going to be around seven of 'em, and if you divide that

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then it's really not so bad. But, you know, 30,000 looks like a big lump until you separate it in all the different agencies. So I think we should definitely plan for this, and if there's another alternative that arises, so be it.

CHAIR WHITE: Right.

COUNCILMEMBER BAISA: But at least let's set aside the money. Thank you.

CHAIR WHITE: Thank you.

COUNCILMEMBER COCHRAN: Chair? Oh.

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Oh, thank you, Chair. And I concur with all the comments so far. My concern if there is any is if we forgo this appropriation now to wait for the whole County Auditor Department or whatever that's going to be to materialize. So is it going to, you know, set back this process that you're looking to do here? You know I mean I'd like to...if so then I'd much rather give the funding now, get this, yourself going and what you want to do here, and then as the big County Auditor position transforms and gets ironed out and all that kind of stuff then we take over, basically. So that's just what my question is, I guess, is this going to set you back in a way if we . . .(inaudible) . . .

MS. RIDAO: Thank you for that question.

COUNCILMEMBER COCHRAN: Thank you.

MS. RIDAO: The reason that we, the Department and Division considered doing this audit is that this Affordable Housing Fund will...I don't know if I'm using the right terms, but will sunset in 2015. And in preparation for a report to the Council in 2015, I wanted to, you know, make sure that the monies were being used as they were intended. I have no, you know, preconceived ideas that there's problems out there, I just wanted to be sure it was, you know, the fund is in good shape.

COUNCILMEMBER COCHRAN: Right. Thank you, Ms. Ridao. Thank you, Chair.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Oh, thank you, Chair. I would have the same concerns as my colleague, Ms. Cochran. When would that sunset? You said 2015. When in 2015 would that be sunset? Is that the beginning, middle, end?

VICE-CHAIR HOKAMA: Chair?

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CHAIR WHITE: Mr. Hokama.

VICE-CHAIR HOKAMA: The Charter says we stop collecting, I think, in 2015, it doesn't say we stop expending the funds in the special account. It just says we stop collecting the 2 percent real property tax from General Fund to be placed into the Affordable Housing Fund. So timing-wise I believe it's just a revenue issue --

COUNCILMEMBER GUZMAN: Okay.

VICE-CHAIR HOKAMA: --of when it ends, but it doesn't mean that we stop --

COUNCILMEMBER GUZMAN: Okay.

VICE-CHAIR HOKAMA: --fulfilling the responsibilities that the Charter allows us with the remaining balances, I believe, Chairman.

CHAIR WHITE: And there's nothing that prohibits us from adding to the fund?

VICE-CHAIR HOKAMA: That's correct.

CHAIR WHITE: It just gives us the opportunity to do whatever we feel is appropriate. Mr. Baz, did you find what you were looking for?

MR. BAZ: Yeah, Mr. Chair, thank you. I was just going to reference the Charter and Member Hokama mentioned as well, the Charter, a requirement to put aside 2 percent expires in 2015, but the Council and Administration can set aside either more money other than that or the Charter could be amended to increase that. So just that note, sir.

CHAIR WHITE: Okay.

COUNCILMEMBER GUZMAN: Thank you.

CHAIR WHITE: Okay. Mr. Hokama.

VICE-CHAIR HOKAMA: Just so we can get a little bit from Director Ridao. I guess Kulamalu is big carrying costs, yeah, for you? About 35,000 a year, Director. Is this the only one that your Department is paying this type of fees for? CAM --

MS. RIDAO: Yes, this is the only --

VICE-CHAIR HOKAMA: --a water meter --

MS. RIDAO: --project we pay CAM for.

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VICE-CHAIR HOKAMA: --maintenance.

MS. RIDAO: Yeah.

VICE-CHAIR HOKAMA: Okay. So we kind of get a sense, I know we gave you plenty money, how long before we start moving on this project so we kind of can figure out how long we're going to carry this day-to-day expenses?

MS. RIDAO: The...was it this Committee that interviewed or met with the architect? So that has been taken care of. I believe there was some, a little bit of a snag in getting the contract signed but that's done now. So her initial plan was to have the first preliminary draft of the design ready by the end of April. I'm hoping that she's going to be able to keep to that timeline, and I believe that we were hoping to be in construction by the end of this calendar year.

VICE-CHAIR HOKAMA: I wish you good luck, Director. I really do.

MS. RIDAO: I know, I've been there before.

VICE-CHAIR HOKAMA: Yeah, yeah. That's why I wish you good luck. I hope you hit your marks. Thank you, Chairman.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Ridao, for all that information. The question I have and I might have missed it but how come this isn't in the funding that we gave to this project as opposed to having us take care of this? Usually, I mean, wouldn't that be all part of the big lump sum for the project instead of now it's in administrative costs?

MS. RIDAO: Well this is...I think it's because it's kind of like an ongoing thing and kind of like what Councilmember Hokama was alluding to. You know if the, if we don't hit our marks on getting the design, getting the construction online, we're going to have to be paying for this annually, and then we would be coming back every year in our budget to do that. If we put it in the administrative funds it's a lot more, it's easier to work with I think, more flexible.

COUNCILMEMBER COUCH: All right, thank you. Thank you, Mr. Chair.

CHAIR WHITE: Any further questions, Members? Seeing none, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR WHITE: The recommendation is to pass the proposed bill on first reading.

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VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER BAISA: Second.

COUNCILMEMBER VICTORINO: Second.

CHAIR WHITE: It's been moved by Mr. Hokama, seconded by Ms. Baisa. All those...any further discussion? Mr. Couch.

COUNCILMEMBER COUCH: And so you're saying that the 30,000 is okay? We're going to let it go that way as opposed to...

CHAIR WHITE: Well we're...this is up for discussion, I'm just making the initial motion, and then if anyone would like to propose an amendment, I'd be happy to...

COUNCILMEMBER COUCH: Then the question also is if, is the 70,000 already in there or do we have to pass that anyway? If we wanted it to be 70,000, is it already in the budget or?

CHAIR WHITE: Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. No, if the amount you wish to set aside for administrative expenses would remain at 70,000 then that, then no bill needs to be moved forward. That amount is already as a proviso in the Affordable Housing Fund section.

CHAIR WHITE: Oh, okay.

COUNCILMEMBER COUCH: Yeah. So both, you know, all of our colleagues have some really good points, Mr. Chair, and it's one of those things that, you know, I think we should be doing with the County Auditor, we should be doing the audits. But when are we going to get our County Auditor? And we're supposed to get it by the 1st of July but I'm not sure. This one's a tough one. I'd like to hear what the other Members have to say about it. I do think we do need to have it audited. So I'm just curious as to what the other Members think. Thank you.

CHAIR WHITE: Okay. Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, my preference would be...and I know I made the motion so I would be happy to withdraw the motion. I think we can file this bill, I think we have enough monies in the Professional Services Account of the Council for Chair Baisa to consider if we move a resolution forward requesting the audit. And as our Chief Procurement Officer then Chair Baisa can, once Council authorizes the audit can move forward to securing that for us under Professional Services.

CHAIR WHITE: Yeah.

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VICE-CHAIR HOKAMA: And again for Mr. Couch, if and when it's appropriate, we can either finish the audit we initiate or we can transfer it to then the new auditor for completion, Chairman. Thank you.

CHAIR WHITE: Okay, so will you withdraw your second?

COUNCILMEMBER BAISA: Fine, fine.

CHAIR WHITE: Okay. I saw Mr. Baz moving.

MR. BAZ: Thank you, Mr. Chair. Yeah, Director Ridao and I just discussed it, and she will be recommending to you the, what she was planning on doing with the auditor, sending a letter to Chair Baisa with that information and the list of grantees and information, as well as the auditor's that have expressed interest in doing this type of audit.

CHAIR WHITE: Thank you. Mr. Hokama.

VICE-CHAIR HOKAMA: Just one thing I wanted to ask Director Ridao. This audit, in your mind had you intended that it would also review the projects, other type of government funders? Let's say for example and I don't know if it's true or not but let's just take the first one we've moved out this morning, Hale Lokelani `Ohana. If they had State and Federal funds, whether it be HUD or State just General Fund, would that audit also include review of those type of funds, Director? In your mind you had that?

MS. RIDAO: Yes, it would. In my mind it would be the intended use, so using that as an example --

VICE-CHAIR HOKAMA: Yes.

MS. RIDAO: --the audit would say, you know, the County funds were this much, the USDA funds were this much, and it was appropriated by USDA. The problem would be is if the County funds were used, their funds were used, and USDA didn't put the money in, and then they would say that to us. That would be a red flag for us, yeah. So it would have to do with the intent of the project. So if a project were using Affordable Housing Funds for only a portion, yeah, we would look at the full picture.

VICE-CHAIR HOKAMA: Okay.

MS. RIDAO: Yeah.

VICE-CHAIR HOKAMA: Thank you. Thank you very much, Director. That, I understand it clearer now, Chairman. Thank you.

CHAIR WHITE: Okay, thank you. Is there, do you feel that there is a significant amount of unknowns out there as you had mentioned earlier to require the full 70,000?

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MS. RIDAO: I think I can...with the audit not in my, having to do by my Department, I'm comfortable with the 70,000.

CHAIR WHITE: Okay.

MS. RIDAO: Yeah.

CHAIR WHITE: But you don't feel that we should reduce it?

MS. RIDAO: I don't think there's going to be...the only unknowns right now would be where the affordable, National Affordable Housing Conference would be, and I'm hoping that Kulamalu will be, you know, moving forward. So this would be eliminated from this, using this fund for the Kulamalu CAM.

CHAIR WHITE: But you're suggesting that the Kulamalu CAM is going to be necessary out of this approved budget?

MS. RIDAO: Yes, for this time. Yes. Once the project is constructed then the cost of operations, the CAM would be included in the cost of operations.

CHAIR WHITE: Right.

MS. RIDAO: Yeah.

CHAIR WHITE: Okay. Further questions, Members? The Chair would entertain a motion to file the bill to increase the administrative fees from 70,000 to 100,000.

COUNCILMEMBER VICTORINO: So moved.

COUNCILMEMBER GUZMAN: Second.

CHAIR WHITE: It's been moved by Mr. Victorino, seconded by Mr. Guzman.

VICE-CHAIR HOKAMA: Chairman?

CHAIR WHITE: Discussion?

VICE-CHAIR HOKAMA: Just a point of order. Since a package of bills came from the communication, I would have you consider just deferring this bill at this time instead of filing it. I'm not too sure if we want to do that at this time, procedurally, Chair.

CHAIR WHITE: Yeah, that's right, it is part of a package so.

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VICE-CHAIR HOKAMA: So I would just say if maybe we just defer this portion of the consideration, I think that would be okay for us to move forward, Chair.

CHAIR WHITE: Okay.

VICE-CHAIR HOKAMA: Thank you.

CHAIR WHITE: The Chair will change his recommendation to deferral. So without objection, we'll just defer this portion of the packet.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR WHITE: Thank you, Members. As mentioned earlier, we will be moving the remaining two items to after lunch. So, Members, our next item is a discussion on the County of Maui vehicle fleet. And we'll take a short recess. . . .(gavel). . .

RECESS: 9:53 a.m.

RECONVENE: 9:56 a.m.

CHAIR WHITE: . . .(gavel). . . Members, we'll reconvene.

ITEM BF-65: COUNTY'S MOTOR VEHICLE POLICY (CC 13-107)

CHAIR WHITE: And we are on the item of a discussion about the County motor vehicle policy. The Committee is in receipt of County Communication 13-107 from the Committee Chair entitled, County of Maui Motor Vehicle Policy, and in the communication we have a response from Department of Management with information on our, the inventory and a breakdown of take-home vehicles as well as the new Motor Vehicle Policy. And I want to thank the Administration for their diligence in moving forward with this, because as you all remember this was a, this came out of a finding from the Cost of Government Commission, and then we, I think all of us, not just the Council but the Council and the Administration felt that it was appropriate for them to move forward with development of a policy and get control over the number of vehicles and the use to which these vehicles have been put. So with that I'd like to open it up to whoever would like to start the discussion off. Mister...we have David Ching, the Deputy Managing Director and Agnes Hayashi, an Executive Assistant for the Mayor with us.

MR. CHING: Good morning, Chair.

CHAIR WHITE: Good morning.

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MR. CHING: Good morning, Members. David Ching, Deputy Managing Director. Thank you for this opportunity to come before you and discuss the Motor Vehicle Policy. As Chair has mentioned, the Administration has gone forward with recommendations by prior Councils as well as Cost of Government Commission. We've developed and implemented a Countywide Motor Vehicle Policy. Probably about, if I'm not mistaken, almost a year ago we implemented the full policy after having gone through a number of revisions and after going through consultations with the various bargaining units. And since then we've been diligently implementing the policy throughout the County. We have not fully implemented the policy, I'm sorry, every department has not fully implemented the policy to date. They are in various stages of implementation, because the policy does require a number of new actions that need to be taken by employees as well as individual areas within departments that have motor vehicles. So we're in various stages. We have some who have, who are completely implemented, we have some departments who are still in the infant stages, and for a little bit more of the details of that, to answer your questions, we have Agnes Hayashi here from our office who is primarily our lead person for this project.

CHAIR WHITE: Ms. Hayashi.

MS. HAYASHI: Thank you, Chair. As the Deputy Managing Director Dave Ching had mentioned, just to supplement for background information, it was a recommendation of the Cost of Government in their 2009-2010 Annual Report, and we started this effort in about March 2011 starting off with a comprehensive physical inventory. And we did that primarily because much of the Cost of Government's concern which was basically the, their observation of excessive number of vehicles, excessive delegation of vehicle usage, inconsistencies among the departments in the vehicle usage, poor inventory recordkeeping, and vague or nonexistent policy directives. That was their finding based on their observations of the situation at that time. For us to do our due diligence to ensure that, that was adequately addressed, we went into this project, as I mentioned, in March 2011 starting off with the physical inventory which then at that conclusion when we identified the type of usage by the department and an accurate count of small vehicles, which by the way excluded Fire and Police and Council. We then launched into...basically I identified eight comparable mainland jurisdictions and utilized the 2009 vehicle audit done on the City and County of Honolulu, and then incorporated industry standards which primarily includes the minimum use mileage analysis which is a key focus in this policy. And what that does is it gives us a standard way of identifying and evaluating usage which then can be used towards identifying take-home vehicle usage, assignments, dedicated assignments to the departments, and also overall usage by the departments. With that we then went into...that was about a four month independent research on the various existing vehicle policies. We then launched into a two-month departmental review, a six-month review by Corporation Counsel for form and legality, and then almost simultaneously we launched into a eight-month union consultation. And I just wanted to share this with you because it was, this project was not something that was taken lightly, we did recognize the concerns of Cost of Government and wanted to make sure that it was thoroughly addressed. And with that the policy was launched on July 1, 2012 which was to coincide with the budget process. Based on...you know, Councilmember White, you requested information from the Department of Management in terms of status, and that's the

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communication I understand that's being addressed in this body right now. Okay. In terms of savings as the Managing, Deputy Managing Director had mentioned, we are in various stages of implementation. The package that was provided to the Committee includes responses that we received directly from the departments. So to highlight and this was specifically with take-home vehicles because I believe that's what you requested --

CHAIR WHITE: Yes.

MS. HAYASHI: --Chair. To date we have 119 take-home vehicles that the departments are reporting. Prior to the policy we had 165. The Department...as Deputy Managing Director mentioned, the Department of Environmental Management has fully complied with the policy and has, and currently as a, I guess, just to highlight, they started off with 42 take-home vehicle, currently they have 6. And using that Department as...because they are fully implemented, using that as a, I guess, as a model department, because I think they really did a really good job in implementing it. Their savings potentially...and I'm going to give you some round numbers and this is on the low side, based on average commuting miles, because take-home vehicles your savings is on the commuting miles. And what they did was fully implementing the policy, meaning they did take into account what were the requirements of a take home which is primarily emergency response and a direct operational need. Their reduction of 36 vehicles potentially on the low side would achieve an annual savings of about 133,000, and that's about \$3,700, approximate, per vehicle per year, approximately.

CHAIR WHITE: What was the per vehicle?

MS. HAYASHI: About 30...this on commuting miles, this is all based on commuting miles, and for this particular department based on their low side average commuting miles it would be about \$3,700 per year, approximately. Again, this is a rough estimate.

CHAIR WHITE: Thank you.

MS. HAYASHI: So for their 36 vehicles, as I mentioned, it comes out to about 133,000 for the year in annual savings.

CHAIR WHITE: Does that conclude your remarks?

MS. HAYASHI: Yes, unless there's any further questions.

CHAIR WHITE: Thank you. Members, questions? Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Chair. And I'd like to thank the administrative staff for this great report. It's something we've been talking about for a long time, and I know we've been anxiously awaiting to see how it would come out and what the results of it would be. It isn't so much, you know, us having to know but there's a public perception when people see County vehicles all over the place, and, you know, so I think it's really important that we're able

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to show that we have a policy and we are monitoring. And it's very nice to see the estimated savings on only one department. Question, you mentioned that this is not fully implemented. What departments are you still waiting for?

MS. HAYASHI: Each department is in various stages of implementation for whatever reason. I would have to say that except for the...as I mentioned, the policy does not apply to Fire and Police --

COUNCILMEMBER BAISA: Correct.

MS. HAYASHI: --and except for DEM that's fully implemented, that would leave the remaining departments that are still in the various stages of implementation.

COUNCILMEMBER BAISA: Can you enlarge on that? Like in various stages, where are they? I mean are we still trying to figure out how many vehicles they have or how many are being taken home or how to get out of taking them home? Or what are the barriers to implementation I guess is a better question.

MS. HAYASHI: I'll just start. Okay. Different departments...well obviously departments, Councilmember Baisa, different departments have different usage, and of course there's more departments that have more take-home vehicles than others because of the function of the department. I believe that...so for the departments that are not, that do not have a lot of vehicles, their stages of implementation, I primarily concentrate on fulfilling documentation of authorized operators, okay. Because there are the, there is...this policy is very comprehensive, it does not just address take-home vehicles, it tried to address very comprehensively all areas of management in terms of vehicle use and control. So there is different aspects and not just take-home vehicles. So a lot of it as Deputy Managing Director David Ching mentioned, there's various initiatives. So when I speak to full implementation, I mean there's pieces of it that are in collection of fulfilling documentation, like I said, in the authorized use. And there...and because it's new, quite frankly, there is some discomfort, I would say, of employees --

COUNCILMEMBER BAISA: Oh, sure.

MS. HAYASHI: --you know filling out these forms. And like I said it was fully reviewed by Corporation Counsel, it went through union consultation, but there is some, just, you know, just because it's new. Change is always difficult. So I wouldn't highlight that as significant obstacles but it is something that we need to address, and we need to make sure, I feel, as Department of Management and as the Administration, the directors and deputies of every department, they need to make sure that the employees are comfortable with this, that they're comfortable with the forms. Okay. On the take-home vehicle side, that's another, that's something else we need to address, and they have different challenges. And I will defer now to the Managing Director to speak to that.

COUNCILMEMBER BAISA: Thank you.

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MS. HAYASHI: The Deputy Managing Director.

MR. CHING: Thank you. The reason we have these various stages of implementation are because the requirements of the, this policy are so different than what has, we've had before. In the past there was very little oversight on who got a vehicle, on what the vehicles were used for, and very little tracking, and very little real assessment of whether or not that vehicle was actually required to do the job. So departments not only have to come through and implement a totally unfamiliar policy, they've got to go through and train for that policy. They've also got to make some determinations that some of them are really not prepared to do, and if you really look at the requirements of our policy, you can almost say that there's almost no reason to take home a County vehicle. And you can make that case, that case can be made by every single director and deputy out there. Every single manager of a vehicle can make that case, because we have baseyards all over the County, we've got places that vehicles can be stored and picked up. So but that's not the only determining factor is whether or not it should be taken home. It's how the vehicle's used, when the vehicle's used, and really what the vehicles are used for. So directors and deputies need to make these calls, and they need to make them on a case by case basis and we have hundreds of vehicles. So every single case needs to be assessed, the case needs to be documented, the documentation then needs to come upstairs to Managing Director's Office, it needs to be reviewed, it needs to be approved. And then and only then will that one case or that one instance for vehicle use be allowed, and we've got to do this over 1,000 times. So that's why some of the departments are in these infant stages. And there also is as Agnes mentioned, there's resistance, people don't want to do what the policy says, because it means that now I'm accountable as an employee taking home a vehicle, I'm a little more accountable. We're all aware of the accountability because the documentation is there, and some of the employees really aren't that comfortable with signing off on these documents. But I really need to say that the policy is balanced, it's fair, it is responsible and accountable, and it's asking nothing more than really what we, what's required by law. So if you're a good employee of ours and you are using your vehicle as it should be used, only for official purposes and you're doing nothing wrong with that vehicle then even if you got in an accident it's okay, you're part of the County and the County will take care of you. But if you're not, that's where the policy starts to come into effect, and that's what a lot of people are not comfortable with. I mean do we...the truth, people just aren't comfortable with knowing that they may now, because of this policy, may be held accountable for misusing County property. Thank you.

COUNCILMEMBER BAISA: Thank you, Mr. Chair. And thank you, staff, for your answers. I know it's a real difficult thing to answer, and implementing, like you said, major change is never fun and never easy. 'Cause, you know, we're all comfortable in the way things are. But I think this is really necessary. I think the public perception of, you know, how we use County vehicles is very important. Also, there's another piece to this isn't there? And how is the status of that GPS thing?

MR. CHING: Thank you, Member Baisa. Chair, if I may? We are actually in the process of receiving requests for proposals for 200 GPS units for individual vehicles. The purpose is for the County to be able to track the actual use of vehicles outfitted with these GPS units. The reason there's

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only 200 right now is that's about all the money we could find this fiscal year. You will find in the upcoming fiscal budget additional funds within the Office of Management to acquire 300 more units for a total of 500 units that we'll have for the next fiscal year. And these units will be able to help us pin down real costs, real savings for the vehicles that we put into them. We're asking for very specific and detailed information from these units. Not only where that vehicle is going but is that vehicle subject to any recall, what the maintenance is, what...where...we'll have capabilities, excuse me, we'll have capabilities to what they call geo-fence or digitally mark off areas that the vehicle must stay within or that the vehicle cannot go to. So we'll know if the vehicle has exceeded those boundaries and for how long and for how much. We'll also have maps that make use of satellite data that will show what they call a bread crumb trail, that every two minutes they'll show where the vehicle went, how fast it was going, and what its route was. So all of this is, again, we've targeted towards the vehicles because the vehicle is our County asset. It's not meant to track our employees; however, we will know who's driving, we'll have a driving record, but that's not the intent. The intent is not to track the driver, the intent is to track the vehicle and the use of that vehicle, and eventually build enough statistical data that will give us hard numbers for us to manage and really manage the use of those vehicles. Because I'll tell you, right now we're getting requests for take-home vehicles that really when we finally get the true data, we're going to find that these requests were built on really flawed data, people's false expectations of what's required. So we'll be able to make better decisions, and eventually, you know, we do plan to take a number of vehicles that are being underutilized and put them in a common motor pool for County use so that we don't have to get into these situations where everybody's taking home a vehicle because they think they need one.

COUNCILMEMBER BAISA: Thank you very much, Mr. Ching. And thank you, Mr. Chair.

CHAIR WHITE: Thank you. Mr. Guzman.

COUNCILMEMBER GUZMAN: Oh, thank you. This is for the Administration. First of all I'd like to commend the Administration for doing such a thorough job in the analytical approach in putting together this policy using national standards as well. It's very impressive to see that one of the departments, Environmental Management did fully implement it, considering the fact that they're...if you rank the departments, they actually are the fourth highest in amount of vehicles. So my question is since you've done a great policy and it sounds as though you have phases or stages that you should be implementing, isn't it possible that you could divide those phases or stages into increments and put deadlines on those for the departments to follow? Just a question. Thank you.

CHAIR WHITE: Before you answer I'd like to recognize the presence of Member Carroll. Thank you. Proceed. Go ahead.

MS. HAYASHI: If I may? Thank you. Councilmember Guzman, that's an excellent suggestion. The policy touches on various management controls, and we could certainly categorize them. The budget process has helped in that way, and actually it complements this whole process. Because

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part of the approval of vehicles in the budget had to first go through the policy, and I think that was the most impactful realization of the departments. Because many decisions on acquiring the vehicles did not realize because the Managing Director held firm to the requirements of the policy. So in terms of...I think the budget process was the first real, I guess, real phase, the first phase that impacted the departments. The next phases are or the other areas are in terms of using a personal vehicle, so as much as we can, you know, basically if the policy isn't implemented then if they are using it without the proper documentation it's in violation. It's simple as that, and the policy does say that if you do not have this approved you are in violation and you're subject to discipline which the department directors then must uphold.

COUNCILMEMBER GUZMAN: Yeah, so --

MS. HAYASHI: Because...

COUNCILMEMBER GUZMAN: --are there deadlines set? I mean because resistance is always resistance, but when you put a deadline on it I think people are more inclined to follow deadlines.

MS. HAYASHI: Yeah. We've been trying to coach the departments, and deadlines make sense. But basically I guess what I'm saying is that if the directors have not, if the directors and deputies have not implemented it and they are allowing their department or their employees to be using the vehicles then it becomes a disciplinary measure that the department directors as the directors of the department, as the agency head must be responsible to and be held accountable. I mean I think it's very straight forward in that the policy, it's not so much...I mean I recognize what you're saying, but as the agency head, that is for every aspect of a department, that is their responsibility. I just see it as...

COUNCILMEMBER GUZMAN: I...just one comment is that \$133,000 a year from one department, just, you know, I can just imagine our savings if all departments were fully implemented. That's just a comment. Thank you.

MS. HAYASHI: Thank you.

CHAIR WHITE: Thank you, Mr. Guzman. That, the number if you want to apply the...the reduction in Environmental Management from 42 to 36 vehicles...I mean, sorry, from 42 to 6 vehicles represents an 86 percent reduction in a department that has a lot of challenges maintaining systems. So if we were to apply that same reduction to the remaining 119, we would achieve an additional \$370,000 in savings. So, you know, this is real money and I certainly appreciate your question on whether they've been given any deadlines, and I don't think you got an answer yet.

COUNCILMEMBER GUZMAN: Yeah.

CHAIR WHITE: So maybe we can take another crack at the deadline question.

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MR. CHING: Chair, if I may? There actually have been a number of soft deadlines given to the departments. We...as Agnes has said is we haven't, the Department of Management hasn't come down with the hammer yet on the departments that have not fully implemented the program. We are trying to coach the departments into it. We are trying to get them to get their personnel to buy in. One of the big hang-ups here, especially for the people who use vehicles is that in this policy every driver is required to do a daily inspection of the vehicle before they take the vehicle out. They must document what the condition of the vehicle is prior to leaving, and when they get back and they're done for the day, they gotta do the same thing and document the condition of the vehicle at the end of the day. This has brought up a number of complaints, of instances where employees are just finding it difficult to do. Things like check the oil. Things like check whether or not your lights are working. Are there dents on the vehicle. We've had to make instructional videos to show the employees how to do this, and this is, I mean, you know, I see a lot of you smiling but this is real. This is the kind of hurtle that Management has to go through to implement something that, you know, really is for everybody's benefit. I mean you should...we don't do it to our personnel vehicles, I'm sure nobody does it every day. CDL drivers do it as a requirement by law, but, you know, we should, we should check the condition of our vehicles before we jump in and take that 3,000 pound piece of steel down the road. You know so we've had a number of occasions and we've had a number of instances where, you know, hurtles have been thrown up because people just don't want to comply with this policy, and we're still fighting challenges to this day. So what we're trying to do is to get people to buy in, and some departments have done a great job at it. And, you know, I gotta commend, every day I go by Kaunoa Senior Center early in the morning and they're out there. The Meals on Wheels people are out there, there are all these, females, a lot of them out there inspecting their vehicles as I go by. They got the hoods up, they got the lights on, they're out there with their checklists, commendable. But then we have other departments that the employees don't feel that this is a necessary thing for them, so instead of going out there and as Management and saying okay, now we terminate 200 people 'cause they just don't want to comply, we're trying to train into it, we're trying to implement in a reasonable manner. So that's pretty well a reason for a lot of the non-100 percent implementation. Thank you.

COUNCILMEMBER GUZMAN: Maybe we should bring those departments on the floor and have them explain it to us.

CHAIR WHITE: They'll be here during budget.

COUNCILMEMBER GUZMAN: Okay, thank you.

CHAIR WHITE: Okay, Mr. Hokama followed by Mr. Couch, and then Mr. V then Stacy Crivello.

VICE-CHAIR HOKAMA: Chairman, thank you. I'm happy to hear what I'm hearing, for me it's just 25 years too late, but I'm happy to hear it today. You know, Chairman, what disturbs me is I don't know why we're coddling employees, either you do your job or get disciplined.

CHAIR WHITE: Take the vehicle away.

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VICE-CHAIR HOKAMA: And if you don't like it, quit. You know I mean what we asking is not what isn't done in private sector, in nonprofit sectors. You know I mean I don't have a problem with codifying the policy and putting in penalties, because what I don't understand is unless the State changed the statute, Chairman, I believe every department head is required to sign off the physical inventory of their department. So if they're not doing that, we're already violating State law, and that means we get employees not doing their job so they should be either disciplined or terminated. So where are we on that point there, Mr. Ching?

MR. CHING: Chair? Thank you for that question, Councilmember Hokama. Really, we...as far as we've taken it in Management, we're still implementing the policy. We're increasing the pressure every day, but we haven't gotten to the point that we're ready to apply the full discipline of the policy yet to everyone. And we're, like I said, we're trying to ease it in and I know it's taking us a little while, but there's going to come a time very soon that that will change and we will stick to the letter of the policy. It is a new policy, it's a pretty long policy, I think it has, comes with almost 20 forms, and these things haven't been available, like you said, for 25 years too late. So people still need to get a chance to do it.

VICE-CHAIR HOKAMA: Well one thing I was looking for and maybe you can tell me where, you know, but I don't know how you guys going get around the State statute, you know, personally, and I know Mr. Ueoka has his head down but he knows what I'm referring to. So, you know, I don't know how we're going to ask to defend the County if we're taken to court about violating the statute. And, you know, for me there's no sacred departments, you know. Police is not sacred, Fire, neither is Mayor and Council, they should all have, be under the vehicle policy. You know if Police and Fire, hey if they need to have certain special language because of their unique requirements for their responsibilities, I can live with that, but everybody should have a vehicle policy for their department. And maybe I should ask, is part of the problem is the County doesn't have a Countywide, you know, standard operating procedures regarding this kind of areas? And that every department winging it and doing it on their own, and there's no set unified thing from either Management, Department of Management or Personnel Services? Is that the problem? And do we need to enact an ordinance that you guys better get it together and have this all done? Because, you know, I know Ms. Baisa had one SOP for her entity, our corporation had SOPs, I mean we all get SOPs, even Mr. White's company has an SOP. If you're telling me the County doesn't have it then we're gonna have a really fun time in budget.

MS. HAYASHI: If I may respond? Councilmember Hokama, this policy actually stems back, the basis of the policy stems back to I want to say 2001, and that's actually when...and I believe it was Cost of Government back then, and it really has...and speaking very frankly because I was also involved in that policy, I mean it really has taken over the years. Because this policy is now, I will say, very comprehensive, but we've been trying to address it in bits and pieces. And it has been, different issues have come up, and I will say departments having different policies came about as a, because for whatever different circumstances, they were trying to address their operational needs. And I think we've come full circle realizing that many departments do need the oversight, do need the overall oversight so that we can have something that's consistently

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applied. And this is particularly important as we try to address the union concerns, because one of the things we haven't talked about is that one of the biggest obstacles and challenges that we're really trying to appease and work closely with is the union issues. And even though I mentioned that we went through an eight-month consultation period which I will say with, were, included many, many questions and very comprehensive ones. To this day we are still getting questions, and we're...from the unions, and even though we officially had closed the consultation period, we're still struggling with many issues of...and I will mention, too, that Police and Fire, this is, I want to say the SOP for the whole County. Fire and Police were excluded because they did have policies or they, because they were emergency, more typically...or they were different because they were emergency response. They had already very...especially Police had effective policies in place which we did not want to dilute in any means because it was working well, and Fire is taking that same position. And we might find that other departments might have that where this necessarily may be, may work against them, because they need, you know, more specific issues to deal with their emergency response. But in terms of, you know, I was mentioning...you were mentioning codifying, one of the things that we do need to address and why we have these challenges is because of different grievances that have come up, arbitration rulings, all of that, that we're trying to work with the unions to make sure that this is something that's workable. And the fact that we looked at eight different jurisdictions and are taking industry practices that have been proven, and we're taking and we've incorporated the 2009 City and County of Honolulu audit recommendations. This is not something that we made up on the fly and that is not proven to work, this is things that, these are procedures that other jurisdictions have used and have successfully implemented to better manage their assets and to result in cost savings.

VICE-CHAIR HOKAMA: So the answer, question is still how long is it, this going to take? You keep telling us, you know, we're working on it, we're working on it, and like I said, you know, I've been hearing this from 25 years ago. You just mentioned 2001, we're still working on it, so when are we going to get done?

MR. CHING: Chair, if I may. It is being done. What is not being done is we are not holding every department 100 percent accountable for 100 percent of the policy yet. It's still fairly new. We do intend to very shortly start making that a fact. Very shortly we will be holding the departments 100 percent accountable for 100 percent of the policy.

VICE-CHAIR HOKAMA: What if we just say if your department isn't in full compliance by the time your request comes to, before Mr. White and this budget cycle, you're not going to get considered. Simple. Simple.

MR. CHING: Chair?

VICE-CHAIR HOKAMA: Live what you get, yeah, 'cause you're not going to get a new one 'til you comply.

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MR. CHING: And that's fair, I mean that's already what's going through the process or the budget process already this year. Any department that hadn't complied or hadn't been, hadn't provided enough justification for their vehicles, they're not getting new vehicles. And by next fiscal year it'll be fully implemented. I really see within probably the next calendar quarter that we'll be fully implemented with the policy. There are still challenges out there. The unions, several unions are still challenging aspects of the policy, and we're going back and forth with that. We're still getting challenges from departments that . . .(inaudible) . . .

VICE-CHAIR HOKAMA: So, Mr. Ching, what you need to tell us is if there's something the Committee can recommend to Council to support your efforts which is codifying a portion of the policy or the whole policy codified. I mean make it general like so it complies with the statute that would support your folks' position and get maybe better buy-in because it's the law, not a administrative policy.

MR. CHING: Chair, that, you know, it sounds really good, I want to say yeah, let's jump on that and do that. The problem is that I don't, you know, sitting right here right now, I can't...our bargaining units, our employees, our departments are so creative, you would be surprised with what kind of hurtles can be --

VICE-CHAIR HOKAMA: Yeah, they're being creative to avoiding this . . .(inaudible) . . . --

MR. CHING: --thrown up in front of us to avoid this. So if it was me personally, I agree with you 110 percent, let's codify it and put it into ordinance; however, I don't really know if that's best for our organization, and I'd like a little bit of time to think on that and probably get you a better response after, you know ... (inaudible)...

VICE-CHAIR HOKAMA: That's fair, Director Ching. That's a fair request, that's fair.

MR. CHING: Thank you.

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

CHAIR WHITE: Mr. Baz, you wanted to add something?

MR. BAZ: Thank you, Mr. Chair. Just to, for the budget process, to let you know from, you know, it seems like the only hard deadline and teeth that was a part of this policy so far was, you know, the proposal, Fiscal Year '14 Budget. My staff and I did not put any vehicles in the proposed budget unless they were authorized to be put in by the Department of Management and went through the vehicle policy process. So there was departments that tried to get around that. There was departments that said oh yeah, no, the Managing Director's going to approve it and didn't, so those vehicles did not get in. Those...that was a very strict process that me and the Managing Director worked on this year for this budget proposal, so the vehicles that you see in there did go through the required processes. There were other vehicles that were requested that we denied,

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and that's part of the, I guess, like I said, pretty much the only teeth we have so far is denying their request to purchase vehicles.

CHAIR WHITE: That is just for, just to clarify, that statement is only for new vehicles, not for existing ones?

MR. BAZ: New or replacement vehicles, yeah.

CHAIR WHITE: Right. Okay, thank you. Okay, Members, Mr. Couch is just on the edge of his seat, but we're going to take our morning break. Please be back here at 10 minutes to 11:00. . . .(gavel). . .

RECESS: 10:39 a.m.

RECONVENE: 10:51 a.m.

CHAIR WHITE: . . .(gavel). . . Okay, Members, the Budget and Finance Committee will reconvene. And we're in, for the public's information we're in the discussion of the County's Motor Vehicle Policy, and we've had a very good discussion thus far. And I'm sure we've got many more questions. And we will start with Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

CHAIR WHITE: And Mr. Victorino comes back, he's next in line and then Ms. Crivello.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Department, for being here. Mr. Chair, I first want to really commend the Department of Environmental Management for an 85 percent cut in take-home vehicles. That, I mean even if the other departments get half of that, we're in good shape. So...

CHAIR WHITE: And, Members, if you'd like, we can certainly call Mr. Ginoza down to find out what his challenges were and...

COUNCILMEMBER COUCH: Quite possibly that might be --

CHAIR WHITE: So...

COUNCILMEMBER COUCH: --but not at this time for me anyway. And then also you know what, the Administration, too, because they told it like it is and they didn't hold anything back, and it's refreshing to have them say, you know, we're having problems, we need your help or this is what our problems are instead of trying to sugar coat everything. So I want to thank, commend them, too. Either Mr. Ching or Ms. Hayashi, it looks like here where your list of County vehicle inventory, it says Civil Defense has two vehicles and the Civil Defense staff with take-home vehicle privileges are and it lists four people. So are some people sharing a single take-home

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vehicle? Because I'm assuming Emergency Management Officer Faust would be taking one home almost every night.

MS. HAYASHI: The staff with, the Civil Defense staff, their justification has been noted that they are subject to callback and they do rotate standby duty.

COUNCILMEMBER COUCH: So it is one vehicle that they, the three of them rotate with?

MS. HAYASHI: Yes.

COUNCILMEMBER COUCH: Okay. That, there was just a little discrepancy there. I was not sure. And, mister...

MS. HAYASHI: I'm sorry.

COUNCILMEMBER COUCH: Oh, sorry.

MS. HAYASHI: Councilmember Couch, it's two vehicles --

COUNCILMEMBER COUCH: Correct.

MS. HAYASHI: --that they share. Okay.

COUNCILMEMBER COUCH: There's two vehicles but does --

MS. HAYASHI: Four...

COUNCILMEMBER COUCH: --four people, so Ms. Faust sometimes doesn't take one home?

MS. HAYASHI: That is my understanding.

COUNCILMEMBER COUCH: Oh, okay. All right, that's good. I mean and I, Mr. Chair, just two departments real quick, just questions I have. Liquor, why would the Director of Liquor Control ever need a take-home vehicle? Whoever wants to answer.

MR. CHING: Chair, I really couldn't give you details, and I haven't personally reviewed their justification. So I think we're going to have to reply in writing on that.

COUNCILMEMBER COUCH: Okay, if you could. For that matter, you know, Director of Parks, Director of Public Works...

MS. HAYASHI: May I respond?

COUNCILMEMBER COUCH: Pardon? Yeah.

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MS. HAYASHI: I'm sorry. Councilmember Couch, I just wanted to reiterate that as we mentioned, the take-home vehicle requirements like many, like several aspects of the vehicle policy is not fully implemented, so these departments that are included in that communication, they responded to the Managing Director's request for information, but that doesn't necessarily reflect that they have actually gone through the process and are approved. The only department that has complied with that as, is what I mentioned before.

COUNCILMEMBER COUCH: Right. And that's my point, just to give a little shot that says look, these are some of the things we're going to look at. If we have to codify it, I can see one, two, three, four, five, six right off the top vehicles on the Parks Department that they don't need, in my opinion, don't need to take home, and I'd like to have a justification on that. Plus, another one, two, three, four, five, six, seven, eight that may or may not be necessary. What I'd like to, Mr. Chair, is request of all the departments is the, something similar to the Parks one except for another column that says...two columns. One, what the vehicle is, and two, what the justification is. Can we request that of the departments?

CHAIR WHITE: Yes, we can.

COUNCILMEMBER COUCH: Okay. It's just it boggles my mind that you're getting pushback, you know. These are our vehicles, these are the County's vehicles. It's the management's vehicles, it's not that employee's vehicle, it's not a perk for that department. These are ours, and we can say what we want to do with it. So I'm a little concerned that the unions are pushing back on it. Do the unions say whether or not we can use computers? I'm just...it's a rhetorical question. It just boggles my mind. The other question is, you know, you say you got 20 forms and that's kind of excessive in my opinion, but I haven't looked exactly what all the forms are. Do you have any way that they can fill this out online either with the computer at their office or a tablet if they're...I'm assuming most of these vehicles that are going out have some sort of computation device whether it's a laptop or a tablet in them, or soon will be. No? Okay, good. It seems like a lot of this stuff could be done with a rugged tablet and some of the forms filled out, and, you know, it could be linked to the GPS unit, which thank you also for putting that in the budget. I fully support a GPS in every vehicle. So just, you know, it's one of these things that just going through here it just kind of boggles my mind, and I am so glad at least Department of Environmental Management took it upon themselves to follow the suggestions and follow the policy. And, you know, I wish the other departments would comply sooner rather than later. Certainly, I hope, before we vote on the budget, because there are things we can do. We can defund the vehicles, we can defund salaries, we can defund a lot of stuff, and I'm not opposed to doing any of that. So, Mr. Chair, thank you.

CHAIR WHITE: Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair. And my colleagues bring up major and what I call important points to look at and they make good sense. But I want to ask you a little different question, I want to take a little different take on all of this, Mr. Ching. Your checklist, give me

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an idea, how long would it take an individual to do that checklist? 'Cause you're telling me that when they take the car out they do the checklist, when they bring it back they do the checklist, right? Give me one minute, two minute, three minutes. What would you estimate, Mr. Ching? And I know everybody not the same so some people may take a little longer, but just give me a rough idea.

MR. CHING: Chair, it should take about five minutes either way, and it's probably a lot less. We actually, in fact you can actually get that answer by going on our internal Intranet. We have a training video that actually walks one of our employees through the entire checklist process in a dress and high heels. And it doesn't take very long to do, and --

COUNCILMEMBER VICTORINO: It wasn't Agnes.

MR. CHING: --just a few minutes.

COUNCILMEMBER VICTORINO: It wasn't Agnes.

MR. CHING: It's not strenuous, and it's, you know, a pretty simple process.

COUNCILMEMBER VICTORINO: Okay. So every day before the person takes the vehicle out they check it, they bring it back they check it, right? That's the process you've just given us, right?

MR. CHING: Correct.

COUNCILMEMBER VICTORINO: Okay. So let's say, you know, for computational purposes I'll give them three minutes every time they do it, six minutes a day. Pretty fair, yeah?

MR. CHING: Fair.

COUNCILMEMBER VICTORINO: Pretty fair, yeah. I don't think I'm being unreasonable in that sense, yeah?

MR. CHING: No, fair.

COUNCILMEMBER VICTORINO: Okay, okay, okay. I'm glad to hear that. And we have 314 vehicles, not counting Police and Fire. We leave Police and Fire out just for conversational purposes, yeah. Okay. In an average year we have, what, 234 workdays, I give or take as holidays come and go and they change a little each year, right?

MR. CHING: Yes.

COUNCILMEMBER VICTORINO: Okay. And we average, what do you think an average salary for the County of Maui with benefits would be, Mr. Ching?

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MR. CHING: Sorry, I...

COUNCILMEMBER VICTORINO: Yeah, and that's a tough question, but somebody could give me a rough estimate of what you think with benefits an average hourly salary for an employee in the County of Maui would be. Again, leaving Fire and Police out.

MR. BAZ: I'm...probably with fringe we're talking about maybe between \$40 and \$50 an hour.

COUNCILMEMBER VICTORINO: Okay, fair enough. Fair enough. I think you're, you know...*(inaudible)*... I mean you got higher and lower but, you know, I think you're okay with that. So I did some quick computations just based on all of this, because you know what brought that up? When you folks came to us and said by moving from One Main Plaza and build a new building, we'd save astronomical minutes of walking and times this, times that. So I'm using the same thing. Since we're all so brilliant in this office so I'm going to, you know, take the simplest computation I could is salaries, figuring that if you did \$40 an hour, 6 minutes a day, so, you know, that figures about 50 cents an hour [*sic*]. And I did all of this and I went out and you can check my computations but I came up with someplace in the area of around \$2 million when you added all the time people would spend doing this. Okay. And you can go play with the numbers, everybody can go play with 'em, you know, and they can be off by somewhat of, you know, but I'm just, you know, real roughly because we've been talking about how much you save per mile is. And that was another question I asked...I need to ask is how was the miles, computer miles...commuter miles, how much was that? What did you guys base it on, commuter miles?

MS. HAYASHI: Councilman Victorino, is this in response to DEM?

COUNCILMEMBER VICTORINO: Well, yeah, 'cause that's the only one you did, yeah.

MS. HAYASHI: Oh, yeah. Yeah. Yeah, on the low side we looked at 25 miles per day, commuting miles, and they really range because they might be coming from Lahaina. I mean that was on the low side.

COUNCILMEMBER VICTORINO: Yeah.

MS. HAYASHI: We were doing 25 miles a day.

COUNCILMEMBER VICTORINO: Okay. We need you to take 25 miles per day, what's that times per mile? You know like we use, if I ask for reimbursement from the County I think it's 55 cents a mile or something like that now or 50 cents, I cannot...it changes depending on the gas, the price of gas, and, you know, that moves around.

MS. HAYASHI: Yes, I did rely on the IRS rate.

COUNCILMEMBER VICTORINO: And that is?

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MS. HAYASHI: .565 which also --

COUNCILMEMBER VICTORINO: Okay.

MS. HAYASHI: --incorporates...and the reason why I used that rate was because it's not only mileage but also we have to look at the administrative overhead and the maintenance of the vehicle which should be included as well.

COUNCILMEMBER VICTORINO: Okay. 'Cause, Mr. Chair, why I brought all of this up is the fact is we would realize a substantial savings, there's no question. Even when you throw these numbers in, a substantial savings. But I always like the whole picture, I like people to see the entire picture, you know, not just the bright side of the story. There's the other side of the coin which shows there is time, and people have to go and check the oil and the water and the blinkers and the lights and the dents and all the other things, right? Okay. I do that when I get a rent-a-car, but I never check oil, water or anything of that nature, I check the dents, right? I mean how many of you rent a car and go and check the oil and water and air and all that stuff, right? None. In other words what I'm trying to say is we have a motor pool that should be doing all of that stuff. Our people should, if anything, log in the miles. And I've been private sector, and when I had a car, all I was responsible was logging the miles when I started, when I brought it back, and then any dents that was put on the vehicle or any scratches that wasn't there when I took it out. That was the private sector. I don't know about other private sectors that make, other than CDL, make their drivers do all this other stuff every time they take a car out. Now this is my point I'm making is I love the system, I think there's a lot of benefit to it, but maybe we've gone overboard and maybe there's some things that need to be addressed. Again, it will be up to the Administration, it's not up to me, but I'm just saying, when you start calculating, savings is not as substantial when you start adding all of this time in for people to do these things. And if the, God forgive, if they're doing it right. Make a mistake, pau. You know what I'm saying? But we have professionals that's supposed to be doing tire checks and oil checks and all that, all these regular schedule. I don't know of many companies that make everybody who takes a car out for business usage do all of that other stuff. You log in the miles, you take out, you log when you come back in, and you show any damage to the vehicle. That's as much as I know. So again, I think it's a good thing you guys have done. I love the numbers. I love the ability to track. I agree with all of this stuff, and, you know, Mr. Couch has said, it can be real easy, everything can be computerized. But even in computerization you still gotta open the hood to check the oil and the water and whatever else, and open the lights and the blinkers and all the other stuff, as you just stated, Mr. Ching, right?

MR. CHING: Yes.

COUNCILMEMBER VICTORINO: Okay. So, again, I love all this conversation, but again, let's put the whole picture in front of us before we say then we save all of this. Again, even if my numbers are off, you're talking so many minutes per day, per trip, per person, and if let's say the car is pulled out by three people three times in that day, you times that by three minutes times

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two, whatever, right. So you can take this in the umpteenth, you know, the infinite whatever it could be. We save money and I think it's great, Mr. Ching. I think this is a great policy. But I think that some of this may be overboard and that's maybe why you're getting some of the pushback, because that's what I've heard from the people. Why we have to do all of this when you have a motor pool that should be doing all this stuff, and we shouldn't have to check water, oil, air pressure, and all this, lights, blinkers, all that kind of stuff. I don't know, just that's one of my take on this whole policy. Other than that, I think the policy has great merit, and I thank you for all your guys hard work. But I just wanted to bring back what I've heard outside, and I think I mentioned that to you, Agnes. I mean it's not something that's a secret, I've mentioned that already. So I wanted the whole picture brought up so that people understand we save but it is costing us in some other part. It is costing us, some other part of this whole equation. So anyhow, Mr. Ching, that's my take on that, and thank you for your efforts.

MR. CHING: Thank you. Chair, if I may? I just want to add one thing to the big picture since we're going there. Part of the reason for that pre-trip inspection is a safety factor. If it includes checking your fluids, steering fluids, brake fluids, oil, your tire pressures, it even shows you how to check whether or not your brakes are functioning. That's something that we feel is, yes it's time consuming, yes we don't all do it to our own private vehicles, but in the interest of what is best for our County, in the interest of preventing huge lawsuits because we didn't check, we just got in the car and we drove off and we got into an accident and God forbid, seriously injured or killed someone because we didn't check before we got in. That's not really what we want to leave on the table. So, yes it will cost some money to do that, but I think the price of a life is way in excess of that. So thank you.

COUNCILMEMBER VICTORINO: Well, Mr. Chair, I thank him for that clarification. But again, I think we have motor pools that are supposed to be checking all of this stuff. We pay these mechanics and we have mechanics that we hire to do these things. I mean no offense to you, Mr. Ching. You know I think if something like that happened because a failure in the system, that's where the system is failing. To make people responsible to check everything every time they take the car out to make sure their safety is protected, I think we've carried it to an umpteenth level now, it's a whole different level in my mind. But I'm not against, you know, safety. I am saying, do we not have a motor pool who's supposed to be doing these vehicles' maintenance, et cetera, on a timely basis?

MR. CHING: Chair, we do have a motor pool that does maintenance of the vehicles on a regular basis; however, in, it's in nowhere near frequent enough to ensure that the vehicles are safe all the time. So there's only one way we can do that, and unless...and we've put this out here to the unions, we've put it out to the employees, if you can find a better way to ensure us as managers that the vehicle you're taking right now is in safe condition, if you can find a better way to do it without looking at it, without inspecting it, great. Bring it up, tell us, and we'll see if that makes sense and we'll implement that. But nobody's been able to do that, so in the absence of that, an alternative, we've come up with what we feel is the best solution for now.

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MR. BAZ: Mr. Chair? If I might just add. The Police Department has a, one person assigned for police vehicles, to do those type of inspections that Member Victorino is discussing. The rest of the County does not. The motor pool staff that Mr. Ching's talking about are the maintenance mechanics that do the oil changes and things on a scheduled basis. That's why the dependence on the people that are driving the vehicles to inspect their vehicles for, you know, this, a lot of it like Mr. Ching mentioned are safety requirements to make sure that those vehicles have the proper fluids in there to...you know if you don't have any brake fluid and you come into a vehicle, you're going to have major difficulty stopping. So a lot of it is safety-related reasons, not necessarily just for time-consuming efforts.

COUNCILMEMBER VICTORINO: Mr. Chair, thank you. And I think we're, you know, I've made the point, and, you know, safety is now, it changed from, you know, efficiency to safety now. And, you know, we've gone two different sides of the coin. And again, I take it as there's a flaw in the system, and the flaw is that we don't have a regular maintenance program on our vehicles, and we're expecting our employees now to be doing that for us in the sense of making sure, hey, our brakes not working good. Now I don't think any employee took a car that the brakes wasn't working and knew that and went out and drove. I don't think anybody's that foolish; however, you know, again, I'm not knocking the policy, I'm really saying that to me we're adding time and we said oh, we saving all of this, well looks like on the other side, what does it cost us in number of minutes, hours. Just like we talked about walking from One Main Plaza and now having this and cutting down 19,000 hours or whatever it was, I forget the numbers. You know you named all that, you add that up, that's not the savings that we're being lead to believe. So, again, that's my whole picture on this. And, you know, again, I thank the Department, I'm not knocking the whole idea, and I think it's a wonderful idea. And I think it's great for people to let us know that the brakes not working well or something, you know, I have no problem with that. But do, is that what we're trying to throw the onus on them and take away from having what we should have is a regular maintenance program for our vehicles?

CHAIR WHITE: Yeah.

COUNCILMEMBER VICTORINO: And that's what we should been have, we should have had for 25 or 30 years or whatever instead of all this other garbage that we've been running around talking about, yeah. That's my take, Mr. Chair, thank you very much.

CHAIR WHITE: Okay, thank you. Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I can appreciate where the work that you've put in for our policies, and I think that's a very positive going forward approach. And when it comes for the implementation of the policies, you know, obviously this is your challenge. And I agree with you, Mr. Ching, that the driver...well actually the County has the responsibility to be assured that our employees are, their working environment is safe, and if the driver is going to jump on a vehicle, you know, the private sector does that and a supervisor is responsible in most places to assure that the driver is safe in what they're doing. And I don't see a problem with we requiring that from the employees. I think management has to get, has to buy into this policies

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for more than one reason, and then get it down to their supervisors. And then partner with the unions to see how much they value the employees and what the repercussions can be if they lose their brakes or what have you or their tires are in a situation. I think they have to take ownership, too, and how we empower them to do that will be I think a partnership with management and union. I'm to understand that most drivers have their assigned vehicles, if I'm reading this right, and what I don't understand is why they don't want to take ownership and accountability. We may have a motor pool but it's to their benefit that they take a few minutes to check this out. The other part that I would hope Administration would consider is I think in following what Councilmember Couch is saying, how do we streamline all the paperwork? You know can...this is the world of technology, why can't we have something simple like the rent-a-cars have? Or even, I retired over ten years ago from the private sector, we already had handhelds where you have your work schedule, you pump in your mileage, your start off the day, you end your day with mileage, and basically that report goes into some system where the supervisor would check it out. And if there are problems then the driver will not even attempt to drive the vehicle, and that becomes management's responsibility. So I think if we can look at that, and it is a matter of safety. When there's safety involved you will save money the long run. It's better to be safe than sorry. I think for the part of the take-home vehicles, I forget what Council member said that, but we do need justifications as to why there's this homebound vehicle and making stops here and there. And granted, there are departments and department heads that justifies, but let's have something written and submitted to us so that we can support the departments and at the same time support the Administration and our work to try and save the dollars in the long run. That's all I have to say. Thank you.

CHAIR WHITE: Thank you. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And first of all I want to compliment you folks in getting this far. I would definitely like to see it have gone further but here we are in discussing it. You know I've been waiting when I first got on the Council three years ago, and then it got even more disturbing just now to hear it's been since 2001, so for me it's time, time is now. And I'd like to, again, compliment and kudos to our shining star Mr. Kyle Ginoza of DEM. You know when I look at his example, I see no reason why the rest cannot also be up to par with what he's done. So again, thank you to Kyle. I'm...in regards...and safety is key, and the daily checking of the motors and all that, your vehicle, I think is difficult. You need, the driver needs to do it if it's a take home, there's no motor pool mechanic there at your home. And in regards to the GPS, I completely, wholeheartedly support that. I think it's going to work wonders for the entire system, and that includes the maintenance aspect which is in turn guaranteeing safety of our people and the drivers. So I guess I don't really have a...actually, my question is have you thought it through a little bit just to get a guesstimation if all these departments complied as DEM has, what kind of numbers you would be looking at?

MS. HAYASHI: Councilmember Cochran, that's an excellent question. I...part of this process with the vehicle policy is that the first thing that we're relying on the departments to do because they are the experts and, for their operations, is to justify and tell us through...instead of us, instead of Management telling them, for them to justify their usage based on the unique needs of their

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department. And that's exactly what DEM did. So, you know, I'm not sure if it would be a safe or a conservative measure to apply DEM's reduction to the rest of the County across the board because every department is unique, but certainly DEM we view as being one of the most complicated departments and most, you know, most challenging to implement this policy, has succeeded. I mean if that is any indication. But I do want to stress that every department is unique, and I don't think it would be fair for Department of Management to impose such tough restrictions or use that as a model, although it certainly could be. But I also wanted to take the opportunity to just clarify about this idea of the 20 forms, because one of the criticisms of the vehicle policy is the number of attachments. If you go online and you see, you know, we did want to make it accessible so it's online. But one of the things the policy wanted to do, as I mentioned, was to be comprehensive, so really there are 20 attachments. There's 17 forms but it really introduces only 5 new ones, the rest are existing forms that are utilized in the management of the vehicles, like the garage services form that Public Works has already in place, the risk management forms to authorize usage. So really the criticism of the number of forms is, that's not quite truthful or indicative of this new policy. There really is only five new ones, and three...two of them are strictly on take-home vehicles so we can control and manage it better. Another two is what you were mentioning about the justification of take-home vehicle, exactly what you were all asking for, there's a whole section on justifying that. And then another one is on tracking daily vehicle usage. Again, which...I'm sorry and the pre and post inspection. But alluding to that, we see the GPS implementation on the vehicles as a stepping stone, because that implemented, successfully implemented will take away, will actually, hopefully, eliminate the need for those two forms because it would be tracking it mechanically. So in terms of, you know, the time it might to take because if, we're looking at these 17 forms, it really is, that's really not indicative of what the new policy has done, because many of them are, were already existing and required for the operations and for different aspects. And then if I may, I'm sorry, but I do want to mention that we were entertaining or we are seriously entertaining with the implementation of the policy and then a better, you know, through the evaluation of usage, with the minimum use mileage analysis, is the implementation of like a rental cars arrangement with our motor pool. That would be like the next phase of this once we get a handle on usage, and so that is on the table for us, you know, in line with, along with the GPS where we would have like, Councilmember Victorino, your concern about having trained employees, you know, mechanics. I mean certainly that is something that is, you know, a very good idea, and we fully see that, that being an integral part of this rental car concept. Once we pool all the vehicles that we identify through the minimum use mileage analysis, as not necessary to be dedicated to one employee or one division, because we can pool these. And that's the whole concept behind it is that if they don't meet this threshold, one is we can pool them for other departments to be used instead of sitting around on, in the parking lot, and also it'll be the threshold to identify whether in fact we do need another vehicle if we can't share it with another, among other departments. So I know I said a lot, but thank you for your indulgence. I just wanted to clarify all of that so that you would have a better idea of where we're trying to go with this. Thank you.

COUNCILMEMBER COCHRAN: Thank you, Ms. Hayashi. So in the end I guess there's no guesstimation of what the revenue would be generated, but, you know, I'm looking forward to

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seeing that number, just judging from Mr. Ginoza's Department. And I just want to say again, thank you, and I'm glad we're at this stage in the process, anyway. So thank you, Chair.

CHAIR WHITE: Thank you. Question for you. On the 119 take-home vehicles that we have on the, remaining on the list, how many of those have gone through the authorization process and have been signed off by the MD? We know there's six out of...

MS. HAYASHI: There's, Chair, there are 20. Twenty has been...I'm sorry, 24.

CHAIR WHITE: So 24 have been approved?

MS. HAYASHI: Between 20 and 24, I have to go back through my notes, but yeah.

CHAIR WHITE: Okay. Then the next question is on Section D.4 which is justification documentation, there's an item that requires a completed cost of commuting worksheet and the minimum use mileage evaluation determination worksheet. Of the remaining vehicles which I think is 95, how many of those 95 vehicles have completed and provided those documents to the Managing Director's Office or the Management Office? What I'm trying to get an idea of is how far along some of these departments are in the process, because we also have a requirement, one of the primary criteria for a take-home vehicle is frequent non-duty callouts. And that frequency is defined as at least one callout every two weeks. So I'm, again, I'm asking of the 95 that have not been authorized, have you received at least the initial documentation and initial criteria to make you feel like they're somewhat justified?

MR. CHING: Chair, the number I'm being told is 27 vehicles, but I think to really get to the meat of your question and answer it is it's going to be kind of difficult for us right now to, and for the departments for that matter, to accurately fill out those forms. In fact, they haven't been asked to do that in the past, so most of the departments don't even have that data. They're estimating, they're doing guesstimates, and we are suspecting that a lot of this, the data that we've got so far, actual work usage for instance, nobody's been asked, they've haven't been asked to quantify or differentiate between work mileage and commuting mileage. So...

CHAIR WHITE: Well with something like the callouts, I think you would be able to quantify because that's recorded.

MR. CHING: And certainly, Chair, callouts we can quantify, not always the mileage, because we can quantify the incidents right now but necessarily the mileage; however, I will say when we do get those GPS units in those vehicles, we'll be able to specifically tell you exactly how many miles were for commuting, exactly how many miles for the callouts, the time the vehicles were used on the callouts. But because the departments were never asked to classify this information that way, they haven't taken...they don't have accurate records to fall back on, so they're guessing and their estimating what their usages are which we suspect will be pretty far off from what we actually see when we do get actual data from GPS units.

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CHAIR WHITE: And have you suggested to them that they might follow the same methods implemented by Environmental Management?

MR. CHING: Chair, yes; however, as Agnes has stated earlier, the individual directors are responsible for justifying or really saying hey, yeah, it makes sense for you to have a take-home vehicle, and they're doing it on a case-by-case basis. Like I said earlier, if you read the policy and take it for the letter it is, there's almost no reason to have a take-home vehicle, and unfortunately like I said, departments and employees are very creative in their reasoning. And our interpretations have been pretty broad to allow take-home vehicles. So...

CHAIR WHITE: And do you have an idea how many take-home vehicles there are in the Police and Fire Departments that already have established policies?

MR. CHING: Chair, we have not collected that information. Sorry.

CHAIR WHITE: Okay.

VICE-CHAIR HOKAMA: Can we request it?

CHAIR WHITE: Yeah, I was just going to say we would like to have...well we'll send a letter inclusive of Mr. Couch's question. We're going to want to know how many vehicles, how many...which departments have provided the information on callouts, because I think that's the first critical criteria. We would like to have an idea of which ones have filled out the cost of commuting forms and the minimum use mileage evaluation determination forms. We'd like to know how many take-home vehicles are in the Police and Fire Departments. And the reason I ask that is that I think most of the justification that you're hearing is we need these vehicles for proper emergency response, and if the Police and Fire can respond to an emergency with a low number of take-home vehicles then I would submit...and if Environmental Management can do so with six vehicles --

VICE-CHAIR HOKAMA: So can Water.

CHAIR WHITE: --so can Water, so can Public Works, so can others. So, okay, Mr. Couch. You had your hand up, you raised your hand.

COUNCILMEMBER COUCH: ...*(inaudible)*...

CHAIR WHITE: Oh, okay. Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman, I would ask for your consideration to even broaden the request that you and Mr. White *[sic]* would like to put forward on the Committee's behalf. I would like to know if the department ever did the scrutiny of telling them about reimbursement, mileage reimbursement, because I haven't heard that in the discussion this morning. We talk about renting another vehicle, purchasing another vehicle, but I think for many employees

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reimbursement of mileage is just as good. And so I would like to see why that is not being considered first before they even look at one rental or asking us for a vehicle for the department.

CHAIR WHITE: So is, just to clarify, is your question having to do with reimbursement for personal miles?

VICE-CHAIR HOKAMA: For County business, why aren't we pushing use of personal vehicle and getting them reimbursed, you know, 'cause that'll take away the concern about checking the County vehicle. If they're willing to drive their own vehicle, I got no problem paying them for the use of their vehicle.

MS. HAYASHI: If I may?

CHAIR WHITE: Please proceed.

MS. HAYASHI: Thank you, Chair. I do want to emphasize that, that is a section in the policy that...and we do promote it. In fact in our discussions with the union, we state that we believe that a County vehicle is a privilege, and that in most cases it is also voluntary by the employee with the approval of the County when a County vehicle is allowed to be used by the employee to do the job. Because if the employee is, if it's part of their job description, oh certainly, of course they have the, it is accessible to use a County vehicle, but the collective bargaining unit agreement and as well as in the policy, we do state that we will uphold the CBA agreement where there is the agreement of mileage and we will allow for the IRS rate of .565 which is allowable. So we support that, we adhere to the CBA agreement in that, in those cases, and feel that, that is certainly a viable option should the employee wish not to do the inspection.

VICE-CHAIR HOKAMA: At this time do you folks view the take-home vehicle as 100 percent on County time? Or you folks say, you know, I mean realistically we know the vehicle is used 80-90 percent on official business, the rest is commute time, personal time. So the question is, is that being viewed then as additional compensation to the employee?

MR. CHING: Chair, the employees who take home vehicles are subjected to what they call imputed income taxes. For the use of their vehicle they get taxed at minimal amounts, but yes, there is a financial part to it. As for being on duty 100 percent of the time, the answer is no. There's authorized duty and then there's other use of the vehicle, and if the vehicle is being used in the course of authorized duty and something happens, it's a County event. If the vehicle is not being used on authorized duty, it is still our responsibility as being a County asset; however, I'm sure that other remedies come into play with respect to the employee or whoever is using that vehicle for our relief.

VICE-CHAIR HOKAMA: Okay, 'cause my Committee is aware of a department whose employee used a County vehicle after hours and got into one incident, and you know anything that comes to my Committee is not fun issues. And so for me, I'm not a happy camper about employees and County vehicles right now. Cost us too damn much money for their errors, their lack of

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judgment. So you guys are going to have a hard time convincing me to go the other way since I gave the benefit of the doubt and all I do is see us is paying out claims and settlements. I'm not a happy camper being a Councilor. Thank you, Chairman.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, you know, we've been kind of going around the bush around here on one thing, probably the elephant in the room. Can we, in your letter to them can we ask for a compliance report? Just say who's complied and how they did it. That kind of fits in with what I was asking for, too.

CHAIR WHITE: As well as I was saying before, we'll also ask for the soft deadlines they have been given.

COUNCILMEMBER COUCH: Yeah, yeah. Yeah, and I mean I'd sure love to talk to the members...I mean to the department heads that come here that haven't complied, so they got a few weeks to comply before they come up here, I guess. And you had mentioned that you would be willing to bring Mr. Ginoza down. Quite possibly if we can have him find out what happened to the 36 people who no longer take the cars home. How are they, are they more efficiently working, are they less efficiently working?

CHAIR WHITE: Without objection, we'll have Mr. Ginoza join us.

COUNCIL MEMBERS: No objections.

VICE-CHAIR HOKAMA: Chairman, and can we add on that letter since we, yeah . . .*(inaudible)*. . . I would like to have every department that doesn't sign the State statute requirement of certifying inventory, too.

CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: So, Mr. Chair, my question to Mr. Ginoza was, you know, he cut 36 vehicles out of take home, how are...is that less efficient, more efficient for those employees to work?

MR. GINOZA: It's the same. Oh, Kyle Ginoza. I don't think there was a decrease in efficiency, frankly.

COUNCILMEMBER COUCH: Oh, that was easy. He answered the question.

MR. GINOZA: Oh, oh, could I...

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VICE-CHAIR HOKAMA: A quick thought...can you tell us if you had any advantages of implementing this policy whether, you know, less fuel consumption so you get some internal savings on fuel and oil requirements, expenses. Anything?

MR. GINOZA: Well kind of two driving things came into play for me. One is, you know, I mean before I took this job I, you know, that was kind of one of my pet peeves is seeing all these County vehicles on off times. And then the second thing was I didn't want to not follow the policy and have Mr. Couch un-fund my position. So that's kind of what drove it for me, but we looked at what really was necessary as far as needing to be able to respond to emergencies. And as you know I have both the Solid Waste Division and Wastewater Reclamation Division under me, and, you know, I mean I think possibly nothing's worse than a sewer spill and not responding to it. So that's why we have the six. We have, you know, one at each of our treatment plants, we have an operator there on standby. An electrician and a mechanic so that, you know, they can respond to pump station emergencies as well, and then a collections...a sewer maintenance repairer or basically a collection supervisor. So in case like, you know, one of the collection system lines are down. So that's kind of what we needed as far as just to make sure that, you know, in your run-of-the-mill emergencies that we can deploy and get things done. But, you know, obviously in greater emergencies we call out others, you know, and they come in. And we did, you know, the feedback that I've gotten and that I've had to work through is, you know, that it's been a privilege, and that, you know, what happens when they come out. And to your point, Mr. Hokama, you know, I mentioned that you can get mileage and that, you know, for necessary County duties, I mean you get mileage for your personal vehicle. And frankly, even for me I prefer not to use a County vehicle because of all the stink eyes I get from the people next to me on the road, and so, you know, it's more of a preference I guess. But from my standpoint the, I mean there are benefits as far as, you know, not the ongoing commuting miles. And when you look at it, I mean why do you need your vehicle...a County vehicle versus a personal vehicle? I mean typically it's because you have tools or something in it, but outside of that, like for me if I had to go to an emergency, I don't have any tools so I could drive my own vehicle. And that's what we found with a lot of the people who were taking home vehicles is it's not that they had tools, per se, that was in their County vehicle that they needed in case of emergency, but it was more of a convenience.

VICE-CHAIR HOKAMA: Thank you. You're very refreshing, Director.

COUNCILMEMBER COCHRAN: I know, excellent.

MR. GINOZA: Thanks.

CHAIR WHITE: Director, maybe you could let everybody know when your policy was implemented.

MR. GINOZA: So for me, you know, coming into this job I was actually looking forward to this policy once I first heard about it, because as a taxpayer, you know, I didn't like whenever I walked my dog I see all these County vehicles all around on the weekends and at night. And so I was actually happy that this was implemented July 1st. We actually implemented August 1st because

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there was...and I'm going to throw Agnes under the bus for...we implemented August 1st rather than July 1, 2012, because the policy wasn't online in time for us to adequately review it. But anyway, yeah, so we tried to implement it as soon as possible, and it was something that there was as Ms. Hayashi had mentioned, quite a rigorous review at the administrative levels and it went through the union. So it wasn't like we were blindsided that July 1st we got a new policy that we weren't expecting, and so and thanks to her basically making it very comprehensive and user friendly for the Administration. You know July 1st and for me, you know, I asked for an extension to August 1st, it was that as of that date you start off with zero take-home vehicles, and so it's really incumbent on the employees and the staff to turn in the forms on time, to comply. Because otherwise you'd go that much longer without a take-home vehicle. And so what I did was because we didn't have that policy--maybe we did, I just couldn't find it--July 1st, I sent out a memo to my staff that as of August 1st we're starting off with zero. And that in that analysis I found that, no, we needed obviously standby vehicles, and we looked at okay, the minimum we'd need is this and let's see how it goes. And so that's kind of how we implemented it, and as you can imagine there was quite a bit of resistance in terms of, you know, loss of that privilege of not having to pay for gas coming to work. But in the end, you know, it's my duty to uphold this County policy. Thank you.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Chair. And, you know, I really appreciate that. And I guess for Ms. Hayashi or Mr. Ching, is there any reason for any department director to have a take-home vehicle? I mean if there was one it would, I would think Environmental Management possibly or Water, but anybody else I can't see. I know I alluded to that before, but is there any reason for a director to have?

MS. HAYASHI: I will defer to Deputy Managing Director.

MR. CHING: Thank you. Chair, the short answer is no. There's no reason, with the option of using your personal vehicle and being able to get mileage, there's no reason that I can think of.

COUNCILMEMBER COUCH: Thank you, Mr. Chair.

CHAIR WHITE: And maybe, I don't know what goes on in negotiations for appointed positions, but the, to answer mister...or to provide a different perspective on Mr. Couch's question. There may be situations in which as part of the, you know, part of the negotiation to get somebody to accept an appointed position that the vehicle is part of that, part of their compensation, but if that's the case then the, then that needs to be dealt with on their, you know, on their paycheck as a fringe benefit, not as, you know, not as another...I can't remember the different ways the IRS does it. But the financial result is very, you know, a very significant difference in what you're taxed on.

MR. CHING: Chair, I'm not aware of what allows a vehicle to be used as a part of an appointee's salary, but I do know that if someone is assigned a take-home vehicle, they are assessed imputed income through payroll as part of the requirements of the IRS.

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CHAIR WHITE: Yeah, but it's a very, very small number.

MR. CHING: Yes.

CHAIR WHITE: It's like \$1.50 each way, each day you work, so that's like I think about \$60 a month versus the other way requires you to deduct the cost of gas and the lease, the effective lease rent for the vehicle. So it's \$60 versus maybe five to seven hundred dollars, so a very different treatment.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. And, again, Mr. Ginoza, great job. I mean I think you have proven about the take home. My whole discussion was never about take-home vehicles, it was really the number of hours that are going to be used in inspecting vehicles. I think mister, Ms. Hayashi got to where I wanted it to go, because I think it's important to know that. And I want that noted in the record and also part of the letter is how many hours are spent through a course of a year with all these people doing the inspections. If it's three minutes times two, whatever, you know, 'cause I think this is important because we save on one hand and we spend on the other. But again, the other thing that bothered me with this whole thing is like you said, safety is their responsibility so they're checking, but what makes them an expert? And that was one of my big questions, and I want that part of the letter also is that, you know, when you're talking making an employee an expert or responsible for whether the brakes work well or not. What if he presses the brake or she presses the brake and, you know, your video says something, they press, oh it's okay. They drive down and they go Upcountry and they're coming down the hill and the brake fails then who's fault? Yeah. So, you know, these, I don't want that lost in this whole conversation. It was never about taking home vehicles, I never brought that subject up, but I'm glad to hear we're saving. And I think I agree with you and I agree with my colleagues, if there's no need to take home a vehicle, use your own vehicle. I have no problem, I use my own. And in fact for years I never reported even the mileage from, to and from my house, and only lately that I was told I should. You know but that's another story. What I wanted to ask you, Mr. Ginoza, you said there's no challenge in efficiency because the guys are not taking home the vehicles, because most of them found or you found they took the vehicles home for convenience purposes versus the necessity to have the ability to go to the site where the emergency occurred. Is that what you're telling me?

MR. GINOZA: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. GINOZA: Yeah, typically the people on standby are the ones that go out, and if it's say like a pump station emergency and for some reason one pump went down, then you're not going to get

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a whole crew to go down there to just, you know, switch over to the other pump. You know typically the systems are automated such that if there's some kind of error you won't need like 15 people down there to correct the error. And so that's not to say that for every emergency it can be done with only those six people or, you know, the one per district and those centralized people. I mean there are times when the standby person goes in, assesses that oh, you know, this is a bigger job than one individual, and then more people are called out and, you know, brought in on overtime to correct the issue. So it's not that, you know, we went from having 42 people handle the job to 6 handling the job. It's still the same procedure where we send out kind of like a scout to check out what's happening to assess whether or not he or she could address the situation on his or her own or if it would require reinforcements. But, you know, it's kind of, changing the subject a little bit and speaking to your cost. We don't view it as an added cost as far as checking the vehicles, because we're not paying overtime and having them come in early to check the vehicles or staying late, it's within an eight-hour workday that they're doing this as part of their daily routines. And so we look at it from a cost savings on the gas of the take home and the maintenance on the vehicles as compared to, you know, just doing something within the normal work period.

COUNCILMEMBER VICTORINO: No, and I agree, you know, I've said that. You know I know there's savings on this side, but to make the net savings really show out, you know, the time that's taken to do that is still part of it. 'Cause you take six, eight, ten...whatever you might take out of your day to do that, okay. And let's say this report doesn't get done so tomorrow you go finish that report because you had two minutes, you couldn't get it done. You know I can play the game but I'm just trying to get the net. Okay. You showed one, here, look how much we saved, 130-something, \$133,000, beautiful, but if they've cost us 25,000 total on the other side then the next was maybe 118 or whatever it might be, 108, whatever. That's all I'm trying to get to, you know.

MR. GINOZA: Okay.

COUNCILMEMBER VICTORINO: The fact is we are saving, I never argued that fact, but we are spending on the other side. And the concern when the safety issue came up and then making them responsible for safety. I agree, you know, you should know what your car does, but what if you jump in that truck or vehicle and you do it, what happens then, yeah? So I think these are the keys that do we penalize somebody, you know, but I like the aspect about not taking home vehicles. And if your answer is correct, Mr. Ching, that nobody should take home vehicles except those who are essential services that have to, fine, I get no problem with that also. I mean I don't need, you know, I agree, that used to frustrate me no heck when I go to certain places and there's five County vehicles sitting there. You know, whoa, what is this all about, right? So, you know, I think you guys are on the right track. I'm just saying when you give a figure then I'd like to make sure that all parts of that figure is incorporated and the time it takes. And my other concern is the safety aspect when you're telling people I'm putting you in charge of being, you know, to know that this vehicle is safe or not. How do you know if the tires are worn enough or not? I mean, you know, these are all the kind of things that concern me, and should something go wrong, who's responsible then? You know so again, we're on the right track, Mr.

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Chair, I'm not arguing the fact, and the take-home vehicle is really different than what I was talking about. I'm talking inspection time and making them the responsible parties for all of this aspect, and that's what concerns me. And that's what I've been hearing from the outside. They're not complaining about not taking home vehicles, I think many of them admit that this is a good policy, but they're afraid of the other aspect. And if I make a mistake and oh I'm not sure and something goes wrong, am I responsible now? Good issue. 'Cause if I take my vehicle and I get into an accident on County business, who's responsible at that point? Mr. Ching? Oh, okay, Corp. Counsel. There you go.

CHAIR WHITE: Corp., yeah, and we can't exactly --

COUNCILMEMBER VICTORINO: There you go.

CHAIR WHITE: --get into that.

MR. UEOKA: Yeah, I don't think that's...liability right now isn't the best, this isn't the best place to discuss liability of a --

COUNCILMEMBER VICTORINO: All right, we'll leave it alone. Forget it.

MR. UEOKA: --hypothetical accident. Thank you.

COUNCILMEMBER VICTORINO: Thanks. Okay, okay. Anyhow, I think I made my point as far as the time and all that other issue, and that's all I wanted, the whole picture. And again, the savings will be there with the ability of these people not to take vehicles home, especially when not necessary. I think all of us agree with that issue, it's just the other parts. I just want the whole picture, Mr. Ching, Mr. Ginoza, and that's all I was asking for. Thank you.

CHAIR WHITE: Members, other questions? Mr. Couch.

COUNCILMEMBER COUCH: It's more of a comment. I just didn't want to get the message or the implication that I thought the Department of Water Supply and the Director of Environmental Management should have a vehicle, I just said, you know, if anybody would possibly have one. But as far as I can see I don't think anybody should, any director or deputy director.

MR. GINOZA: I can comment on --

COUNCILMEMBER COUCH: Okay.

MR. GINOZA: --that in an emergency...I mean, can I?

COUNCILMEMBER COUCH: Okay.

CHAIR WHITE: Please.

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MR. GINOZA: Yeah, so I mean I get a lot of calls about like sewer spills and, you know, all these kind of emergencies on off hours, but as you can imagine, nobody wants somebody like me out there anyway. And so a lot of my work would just be on the phone and not deployed to the site. So thank you for bringing up that I might need a vehicle but I don't need one. I don't think anybody would want me there anyway.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Thank you. Members, I think this is, the lesson out of all of this is that we need to be careful what we give and what we allow, because when you try to pull things back in, it's extremely hard. But I believe the Administration has done a great job in crafting the policy, and I sense from this Committee's resolve that there's a lot of interest in helping the Administration in whatever way we can to reinforce the need for the implementation of the policy and to come up with the deadlines and to come up with the, you know, the oomph to get this done. And to Mr. Ginoza, we certainly appreciate your diligence in being the first to implement, and at this point you are, what, almost seven months ahead of everybody else? Or not everybody else but seven months ahead of most. So any further questions for the Department? Mr. Hokama.

VICE-CHAIR HOKAMA: Just a...I don't know where it's in the policy but I would like to see something that every County vehicle shall be identified with a County seal.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. BAZ: That is by State statute, that is required except for public safety vehicles and the Office of the Mayor. Those are the only ones exempted by the State law. I just remember researching that.

MS. HAYASHI: May I?

VICE-CHAIR HOKAMA: Well I get problem with public safety vehicles. You know for Police, the unmarked cars, that's one thing yeah, but other than that --

CHAIR WHITE: Yeah, there's no reason...

VICE-CHAIR HOKAMA: --if they are, you know, doing County business they should be recognized as County vehicles. You know we know what happens on Oahu, how many traffic accidents that involve responding employees, responding vehicles. You know City and County has to deal, have been dealing with a lot of fatalities of their police officers, firefighters, and I think one of the things we can do our part is ensuring proper identification of our vehicles at all times. And except for required law enforcement things like police, there's no reason why Fire shouldn't be identified in readable signs.

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MS. HAYASHI: Chair?

CHAIR WHITE: Yes.

MS. HAYASHI: If I may just confirm? Councilmember Hokama, it is in, we did include it in the policy that all vehicles should be clearly marked, but I will, we will follow up with Fire and Police because they're not part of this policy. But we do emphasize that in the existing policy. Thank you.

VICE-CHAIR HOKAMA: Okay, thank you, Ms. Hayashi.

CHAIR WHITE: Are you aware of any public safety vehicles other than the unmarked police cars that have no identification?

MS. HAYASHI: There is a vehicle that's, that I'm aware of that's approved to be unmarked because it's for investigative purposes that's not in Police.

CHAIR WHITE: Okay.

MS. HAYASHI: Yes.

CHAIR WHITE: Okay, Members, any further questions? Seeing none, we'll recess for our lunch break, and we'll be back here at 1:30. And...

COUNCILMEMBER COUCH: Excuse me. What are you going to do with this? File or defer?

CHAIR WHITE: Oh, I'm sorry. The Chair's recommendation is...or well, without objection, we will defer this matter.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: EKC)

ACTION: DEFER pending further discussion.

CHAIR WHITE: Thank you for the reminder, Mr. Couch. And we will be in recess until 1:30, and we will take up the two affordable housing items at that time. And we will likely be going into executive session for those items. With that, we are in recess. And thank you all very much. . . .(gavel) . . .

RECESS: 11:58 a.m.

RECONVENE: 1:36 p.m.

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ITEM BF-13(1): AFFORDABLE HOUSING FUND PROGRAM ANNUAL PLAN (FISCAL YEAR 2013) (CC 12-242 and CC 13-84)

CHAIR WHITE: . . .(*gavel*). . . Budget and Finance Committee will reconvene. And next up as mentioned when we recessed for the lunch break is the Kihei Kauhale Nani Community Association, and the bill is A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2013 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule Of Revolving/Special Funds For Fiscal Year 2013, Affordable Housing Fund, Fiscal Year 2013 Affordable Housing Plan, Kihei Kauhale Nani Community Association. Members, we have Mr. Wong on hand to address specific aspects of the, of this project in executive session, but I would like Ms. Ridao to give us a review of what the project is. And then we'll open it up for questions, and if necessary, go into executive session. So, Ms. Ridao.

MS. RIDAO: Okay, thank you, Chair. The Kihei Kauhale Nani water system upgrade proposal was for 200...is...they're asking for \$200,000 to do a repair that is a requirement of the Water Department. And primarily because this has not been done and they are not able to do it on their own, so far they have not been able to secure building permits to do repairs to their homes. And that has created a problem whereby some people have decided to walk away and other people are living in substandard conditions. So we accepted the application and we were recommending \$200,000 to take care of this water system upgrade that is necessary.

CHAIR WHITE: Okay, thank you. Members, any questions for the Director? Mr. Couch.

COUNCILMEMBER COUCH: I think it may have to be in executive session.

CHAIR WHITE: Okay. Members, any questions that can be asked during open session? Okay, with that, the Chair would entertain a motion to go into executive session based on Section 92-5(a)(4) of Hawaii Revised Statute to consult with legal counsel on questions and issues pertaining to the powers, duties and privileges, immunities and liabilities of the County, the Council, and the Committee.

VICE-CHAIR HOKAMA: So moved, Chairman.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR WHITE: It's been moved by Member Hokama and seconded by Member Victorino that we go into executive session. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed, say "no". Measures carries nine, zero.

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VOTE: **AYES:** **Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **None.**

MOTION CARRIED.

ACTION: **APPROVE; RECESS open meeting and CONVENE executive meeting.**

CHAIR WHITE: Thank you, Members. So we will be entering executive session. We'll take a recess to set up the room. . . .(gavel). . .

RECESS: **1:38 p.m.**

RECONVENE: **2:23 p.m.**

CHAIR WHITE: . . .(gavel). . . This meeting of the Budget and Finance Committee will reconvene. Thank you for the executive session, Members. And following our discussions in executive session are there any further questions or comments that Members would like to make in, regarding that project? Seeing none, the Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR WHITE: The Chair's recommendation is to entertain a motion to file this bill, and I'm recommending filing with the understanding the Administration will be transmitting a new bill to us to address this project with a different source of funding. You know as discussed, we don't believe that this project necessarily qualifies for Affordable Housing Funds, so it's with that understanding that I would entertain a motion to file this bill.

COUNCILMEMBER COUCH: So moved, Mr. Chair.

COUNCILMEMBER BAISA: Second.

CHAIR WHITE: Second? It's been moved by Member Couch, seconded by Chair Baisa to file this measure. All those in favor, please signify by saying "aye".

COUNCIL MEMBERS: Aye.

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CHAIR WHITE: All those opposed, say “no”? The measure passes eight zero with Member Victorino excused.

VOTE: AYES: Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, and Guzman.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Victorino.

MOTION CARRIED.

ACTION: Recommending FILING of proposed bill.

CHAIR WHITE: Okay, Members, we are on to the next item, Hale Makana O Waiale Rental Rehabilitation Project, and, Ms. Ridao, would you like to give us a review on that, please.

MS. RIDAO: Yes, thank you, Chair. This request is for the repairs of the stairwells and landing areas of the Hale O Makana O Waiale affordable housing project, and that is a 200-unit affordable housing project that is managed by Ka Hale A Ke Ola. So pretty much that’s what it’s for, repairs and maintenance of the stairwells and landings.

CHAIR WHITE: Okay. Members, questions?

VICE-CHAIR HOKAMA: Chair?

CHAIR WHITE: Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you. Director, why would we look at this fund for operational and maintenance requests?

MS. RIDAO: Thank you for that question. This past year...I understand why you’re asking that question, it probably has to do with reserve funds for repairs. This past year the project experienced a major...pretty much the sewer pump...apparently what happens at this project is the sewer is pumped up to the main road, so it’s, the pump is at the lower level, the sewer is pumped up. Well they had a major breakdown of that pump and a new pump had to be ordered in the range of over \$100,000. I am also helping that project with some homeless monies so that we could get the pump ordered. It took...it’s just now arriving and it took us about three to four months to get the new pump here. So they have no reserve funds left to take care of the stairs and stairwell landing repairs. I...my staff was there recently doing unit inspections and I asked

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them to particularly notice the stairs and the landing areas, and it has been reported to me that yes, they are in need of repair for safety purposes.

VICE-CHAIR HOKAMA: Okay. And thank you for that. ‘Cause, you know, I’ll just say that what I supported in Council for this fund was for expand the number of units for new affordable projects, but not for O&M of existing projects. That’s not what I supported or what I believe was the intent of the fund. So that’s all I’ll say, Chairman. Thank you.

CHAIR WHITE: Okay. Members, other questions? The Chair has some other items that or other questions that I would like to ask, but I, they can only be asked in executive session. And I think there’s, you know, there’s significant support for this measure, but prior to making a decision on this I’d like to think about going into executive session. So with that, the Chair would entertain a motion to enter into executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with legal counsel on questions and issues pertaining to the powers, duties and privileges, immunities and liabilities of the County, the Council, and the Committee.

VICE-CHAIR HOKAMA: So moved, Chairman.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: It’s been moved by Member Hokama and seconded by Member Couch. Any discussion, Members? Okay. Seeing none, all those in favor, signify by saying “aye”.

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say “no”. Okay, the measure passes eight ayes, zero noes with Victorino excused.

VOTE: AYES: Chair White, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, and Guzman.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Victorino.

MOTION CARRIED.

ACTION: APPROVE; RECESS open meeting and CONVENE executive meeting.

CHAIR WHITE: Okay, we’ll be in recess to go into executive session. . . .(gavel). . .

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RECESS: 2:32 p.m.

RECONVENE: 3:13 p.m.

CHAIR WHITE: ...*(gavel)*... The meeting of the Budget and Finance Committee will reconvene. Okay, Members, we are still on the Hale Makana O Waiale rental rehabilitation project, and we had, I think a worthwhile discussion in executive session. Any further questions or comments during open session, Members?

COUNCILMEMBER BAISA: Recommendation.

CHAIR WHITE: Okay. The Chair will entertain a motion to recommend passage of the proposed bill on first reading which amends the Fiscal Year 2013 Budget relating to the Affordable Housing Fund by adding a proviso that states \$500,000 shall be for Ka Hale A Ke Ola Homeless Resource Centers, Inc., for Hale Makana O Waiale Rental Rehabilitation Project, a 200-unit affordable multifamily apartment complex, primarily the stairwells and landings in Wailuku, Maui, Hawaii. And to refer the discussion of the, a review of management of the facility to the human...I'm sorry, the Housing and Human Services, and Transportation Committee regarding the management of the facility.

COUNCILMEMBER BAISA: So moved.

COUNCILMEMBER COCHRAN: Second.

CHAIR WHITE: Do I have a second? Thank you, Ms. Cochran. We have a motion by Member Baisa and a second by the only other Member that was awake, Mr. *[sic]* Cochran. Okay. Okay, Members, we have a motion by Ms. Baisa and seconded by Ms. Cochran. Discussion, Members? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And the reason I didn't make the motion is because I would like to speak against it, at this point. The issue is an ongoing issue. I know we need to fix the area, my question is why didn't the CDBG funds be granted? You know I understand that things didn't get done right for the CDBG funds and now we have to do it ourselves. The other question I would have is, you know, if this stuff was kept up on an ongoing basis, would we be here giving them \$500,000 to fix it up? I'm not sure. Yes, they had a problem with the pump and that may have caused a little bit of the problems, but with all that we discussed in executive session and stuff, I'm...this one's a tough one. And I know it needs to be done and we need to handle our homeless, but...

CHAIR WHITE: Would you like to ask Ms. Woods to respond?

COUNCILMEMBER COUCH: No.

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CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: No, thanks.

CHAIR WHITE: Ms. Ridao.

COUNCILMEMBER COUCH: So...yeah, I'm sorry, Mr. Chair, I wanted to speak against it, that's why I didn't make the motion.

CHAIR WHITE: Okay, thank you. Ms. Ridao, any comment?

MS. RIDAO: I'm not sure if...my understanding of the CDBG application...this is what you're asking, right? Okay. Was that the funding that CDBG wanted specifically in there was for ADA compliant, and that they would consider other repairs but the ADA compliant portion of it needed to be in there. And I'm not exactly sure what happened. I know that they did not get CDBG funding.

COUNCILMEMBER COUCH: Okay. And the other issue was ongoing maintenance versus one big giant. So I...

MS. RIDAO: Yeah.

COUNCILMEMBER COUCH: You know, Mr. Chair, because we want to handle our homeless I probably will end up voting for this, but it just, it rankles, really rankles.

CHAIR WHITE: Other...any more discussion, Members? Okay. The Chair has some reservations. When I see a request for funds to replace all stairwells, it strikes me as being somewhat wrong minded, because I, you know, buildings deteriorate in different degrees depending on their exposure to the wind and the rain and the sun, and I can't imagine all the stairwells are bad. And there may be drywall that's worse, but at the same time I do support the fact that we've got to keep these facilities in reasonable shape. So I'm willing to support the funding with the understanding they'll take another look and make sure that they're repairing the ones that need repair as opposed to just feeling like they've got to do all of one thing all at one time. But anyway, any further discussion? Mr. Couch.

COUNCILMEMBER COUCH: Yeah, one last thing, Mr. Chair. And I look forward to the discussion in Ms. Crivello's and Mr. Hokama's Committee, 'cause we gotta get this settled. So I guess I'll do it with reservations. Thank you.

CHAIR WHITE: Okay. Any further discussion? Mr. Guzman.

COUNCILMEMBER GUZMAN: Chair, I'm of the opinion of agreement, concurring with my colleague Mr. Couch, but I will support this measure on reservation.

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CHAIR WHITE: Any further discussion? Seeing none, all those in favor, signify by saying “aye”.

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say “no”.

VICE-CHAIR HOKAMA: No.

CHAIR WHITE: Just one, right? Okay. The measure passes with six ayes, one no, two excused, Members Carroll and Victorino.

VOTE: AYES: Chair White and Councilmembers Baisa, Cochran, Couch, Crivello, Guzman.

NOES: Vice-Chair Hokama.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Carroll and Victorino.

MOTION CARRIED.

ACTION: Recommending FIRST READING of proposed bill and REFERRAL of the matter relating to a review of management of the Hale Makana O Waiale Rental Rehabilitation facility to the Housing, Human Services, and Transportation Committee.

CHAIR WHITE: Thank you, Members.

ITEM BF-7: STATUS OF UNION NEGOTIATIONS AND ARBITRATION AWARDS
(CC 13-106)

CHAIR WHITE: We’ll move on to the next item which is a discussion on the status of union negotiations and arbitration awards, and for that we have Mr. David Underwood and Mr. Baz. And, Members, due to the nature of the discussions I think it’s appropriate to recommend going into executive session. Basically, our interest is to find out...

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

CHAIR WHITE: Oh, you’re right, I didn’t.

MR. UEOKA: Mr. Chair, I don’t believe the Deputy Director can say anything that’s not public record anyway right now.

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CHAIR WHITE: I was just going to explain what I'm talking, what we're going to be meeting about, and then go into executive session. I wasn't going to ask him to do anything.

MR. UEOKA: I don't...oh, okay. I'm not sure what you would discuss in executive session though.

CHAIR WHITE: The status of union negotiations which I don't think is...

MR. UEOKA: I don't believe he can say anything with, that is not public record, so he can discuss it all in open session.

CHAIR WHITE: Well let's take a recess. . . .(*gavel*). . .

RECESS: 3:22 p.m.

RECONVENE: 3:24 p.m.

CHAIR WHITE: . . .(*gavel*). . . Okay, we're back in session. And it's been made clear that we, he can't ask or he can't answer any questions that we would ask in executive session anyway. And I'm assuming, Mr. Underwood, that's because we're not part of the management group which is the Administration, not the Council?

MR. UNDERWOOD: Mr. Chair, yes. As part of negotiations one of the things that we do is we sign a confidentiality agreement between the parties that we will not release any information except to the principals. So...

CHAIR WHITE: And the principal in this case is the Mayor and --

MR. UNDERWOOD: Correct.

CHAIR WHITE: --yeah, and not the funding group which has always been a challenge. But, Members, I did put together in your packet or I had requested an outline from the Personnel Department of the years 2006 through 2012, what the average member in the UPW, HGEA, SHOPO, and Firefighters' unions had received. So in the, in your binder you will find attached to the February 6, 2013 letter from the Director of Personnel, this sheet outlining the various salary levels at the particular years outlined. And then you've just been handed this sheet which simply consolidates that into a comparison which shows that, for example, Unit 1 UPW from 2006 to 2012 and basically 2006 to 2009 received 15.9 percent increases. HGEA Unit 2 received 14.2; Unit 3, 16.3; Unit 4, 16.4; and the same for Unit 13. So then the next line is taking the averages of UPW and HGEA together, and it averages out to increases of 15.9 percent from 2006 to 2009. And as you'll all recall, from 2009 to 2012, all of these units were involved in furloughs and their work time was reduced and their wages obviously were reduced, and I believe, Mr. Underwood, that those units are all now back to even or back to where they were in 2009. Is that correct?

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MR. UNDERWOOD: Mr. Chair, yes. As their base salary would be restored to what it was in 2009.

CHAIR WHITE: Okay. Okay, so that...yeah, and that's what is reflected in the 2012 column. And then in comparison, during the time from 2006 to 2009 the Firefighters received 19.3 percent. During the 2010 through '12 they received an additional 10.3 percent, so a total for the 2006 to 2012 period of 31 percent compared to just over 16 percent or just under 16 percent for the other bargaining units. And then SHOPO received a 21½ percent increase from 2006 to 2009, and an additional 17 percent during the time that everyone else was on furlough. So they have received a total of 42 percent since 2006. So as we go into budget I think it's important for us to at least be looking at the importance of all of our units, not just Police and Fire. Police and Fire certainly provide a very important and critical role, but at the same time, if we have a sewage line break, that's just as much of an emergency for whoever is near that facility or pipe. So I just bring this up just to provide some context as we move into our budget time. Mr. Hokama.

VICE-CHAIR HOKAMA: So, Chairman, it is your understanding at this point in time that more than likely whatever is negotiated will have to come to Council for funding consideration and approval, 'cause this is an increase, this is not the same monies we talked about two years ago. So --

CHAIR WHITE: Well my...

VICE-CHAIR HOKAMA: --since it's new numbers, new contract, I'm assuming Council will have a say on whether we're going to fund it or not, and since we're not a principal, Mr. Underwood and others cannot commit the Council to fund anyway. So is that a good understanding on our part as the Committee?

CHAIR WHITE: My understanding is that these...that no new...none of the new contract discussions are involved in this spreadsheet, these are all wages and salaries that are in place today. Correct?

MR. UNDERWOOD: That's correct, Mr. Chair.

CHAIR WHITE: Okay. So as to the question of them having to come back to the Council for funding, my understanding...and maybe Mr. Baz can jump in here, my understanding is that they would only need to come back to us if there was insufficient funds in the budget to handle the increases. Is that correct?

MR. BAZ: Yes, Mr. Chair, that's correct.

CHAIR WHITE: I don't know if that answers your question but.

VICE-CHAIR HOKAMA: No, it doesn't, because I think we have the right as the legislative branch to review the contract and agree whether or not we want to fund. And if we have a disagreement, I

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got no problem with going to court. We've taken the Administration to court before, I got no problem taking them on court on this issue regarding the new contract.

CHAIR WHITE: And maybe, Mr. Ueoka, you can explain or Mr. Underwood, the difference between an agreement that comes to us by way of a normal negotiation versus one that comes to us through a binding arbitration.

MR. UEOKA: I think the big difference is, at this point as part of the arbitration, nothing has been decided at this point. There has been no arbitration decision. That's my understanding. There's nothing to report really at this point.

MR. UNDERWOOD: That's correct.

CHAIR WHITE: But we're anticipating one from the Police fairly soon, correct?

MR. UNDERWOOD: Thank you, Mr. Chair. Regarding the Police union in particular, we are anticipating an arbitration decision probably mid-April at the earliest. When that decision comes down we are required to submit any cost items, the items requiring additional appropriations to the various legislative bodies around the State for your approval or disapproval. So those cost items, if there's any cost items which presumably there may be, those would be submitted to you guys for approval or disapproval.

VICE-CHAIR HOKAMA: And if we disapprove, we disapprove, right, Chair? We're not required to approve.

CHAIR WHITE: That's the question, I don't...

COUNCILMEMBER VICTORINO: I have...

CHAIR WHITE: Wait, let's...either, can either one of you answer that question? What happens if we disapprove? And I'm not, I don't think we're specifically talking about the Police because we've got other arbitration awards that are potentially coming down fairly soon.

MR. UNDERWOOD: There's differences in what happens depending on how the agreement was reached. If the agreement is a negotiated settlement which means both sides came to an agreement, we signed off, it's ratified, then those cost items would go to the legislative bodies for approval. If they're not approved or rejected, those cost items go back to the table for bargaining. That's in Section HRS 89-10. Section 89-11 governs arbitrated settlements, arbitrated decisions, and that section says that the cost items go to the legislative bodies for approval. But it's silent as to what happens if it's not approved.

CHAIR WHITE: It...so, Corp. Counsel, if it says that it must come to us for approval, what does that silence infer to you? I mean obviously if they didn't need to come to us for approval, it wouldn't say come to us for approval.

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MR. UEOKA: You know we...that's one we'll look at when the arbitration decisions come back. But generally a mediation as, you know, the, generally speaking, legally, a mediation is more of a, you know, nonbinding, and arbitration is typically binding. I'm not sure in these labor negotiations how it specifically works, but I'd imagine it's an arbitration so it's a bit more, I guess, leaving less wiggle room, I should say. But we'll look into it. I'm sure there is a decision or something regarding this somewhere.

CHAIR WHITE: Okay, I think Mr. Victorino had the --

COUNCILMEMBER VICTORINO: Thank you.

CHAIR WHITE: --first question.

COUNCILMEMBER VICTORINO: What I, my question was and again, you kind of answered it, because there is arbitration and then there's binding arbitration. And there is a difference if I'm correct. There is a difference, you know, and I'm going to ask you what that means. And secondly, the other question I have is what is cost items? Because I tend to believe--and I'm not an expert in this area--there are some things that are considered cost items and there's others that are not. So I want you to if you can, and I think that can be explained, arbitration and binding arbitration, and I really believe there's a difference, but you tell me if I'm wrong. And secondly, cost items, what falls under cost items?

MR. UNDERWOOD: Mr. Chair, as to the difference between arbitration and binding arbitration, I'm not an attorney so I don't know, but this is binding arbitration. This is final and binding on both parties. How that plays into the approval by the legislatures, again, that would probably go to the attorneys for determination. As far as the definition of cost items, that is actually spelled out in the statute itself, and basically it says it's anything that the employer is not able to accommodate with its existing budget and must go back and seek additional appropriations. So that's what, how it's defined in the statute.

COUNCILMEMBER VICTORINO: So that's how the definition reads in the statute?

MR. UNDERWOOD: Yes.

COUNCILMEMBER VICTORINO: So that people understand clearly what that means when you say cost items. If we put in...if we already...if the...whoever, the Administration puts in 5 percent for some group and it came out 3½, there's no cost item then because it's below what was budgeted for. Is that correct?

MR. UNDERWOOD: I suppose it might be correct. In every instance --

COUNCILMEMBER VICTORINO: Well again --

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MR. UNDERWOOD: --in the past we've submitted those.

COUNCILMEMBER VICTORINO: --I think this important for the --

MR. UNDERWOOD: Yeah, yeah.

COUNCILMEMBER VICTORINO: --public to understand, and this is what I'm trying to get so that the public has a better understanding. 'Cause all these terms out there sometimes confuse people, you know, and they confuse us so I know they confuse the people out there.

MR. UNDERWOOD: In the past when there's been an increase such as that, we have submitted those as cost items. So that's a significant increase that most departments probably wouldn't be able to necessarily assume without some sort of budgetary amendment, so we would submit that as a cost item typically.

COUNCILMEMBER VICTORINO: All right, thank you for that clarification. Thank you, Chair.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Just for my edification and maybe for the public's, it's not just you discussing it with the union, it's the State and all four counties of which the State gets four votes and each county gets one? Is that how that works?

MR. UNDERWOOD: Mr. Chair? It depends on the bargaining unit. Some bargaining units have more employers present than others. Say Police would only have the four counties and the State. HGEA might have, also have DOE, judiciary, other employer political subdivisions that have those employees as well. So it is a multi-employer bargaining situation. All the employers bargain together because it's a Statewide contract. In each, pretty much all situations, the State has half the votes and the counties have the other or the other employers have the others.

COUNCILMEMBER COUCH: And, Mr. Chair, just I guess this is a question for Mr. Ueoka again is how can those people bind this Council as to how much money that they can spend? Unless we have a voice at that table, I mean they're just saying here, Council, you gotta pay this much. So...

UNIDENTIFIED SPEAKER: ...*(inaudible)*...

COUNCILMEMBER COUCH: Right. It means that the approval probably is a rubber stamp unless we say no.

VICE-CHAIR HOKAMA: No, we can say no.

COUNCILMEMBER COUCH: If we can say no then I'm fine with that, but, Mr. Ueoka?

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MR. UEOKA: Again, this is something we can look into. I'm sure it's been discussed and talked about in the past. I just am not very up-to-date with labor negotiations, but we can definitely find out.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Other questions? You may not be able to answer this, Mr. Underwood, but one of the things that has concerned me and perplexed me and this body is the degree to which the union, or the, these arbitrations and negotiations take place without or seemingly without taking into consideration healthcare costs, unfunded liabilities, and various other benefits that are in place. When we negotiate with the ILWU, every cost item is on the table, but it doesn't seem to be that way when we're negotiating contracts at the State level. Can you share with us a little bit more about what items are included?

MR. UNDERWOOD: Sure, Mr. Chair. Of those items that you mentioned, obviously the employer contributions for the health benefits are negotiated with the particular unions. Those contributions however are not subject to arbitration. If we do not reach agreement on the contributions for the healthcare benefits, that actually is turned over to the State Legislature for determination after the decision is made. Most of the other things, post-employment benefits aren't laid out explicitly within the contracts themselves, but they kind of take more of a ability to pay. They figure into the employer's ability to pay when they take their financial positions.

CHAIR WHITE: So an extreme level of unfunded liability, wouldn't that be having an impact on our ability to pay?

MR. UNDERWOOD: I think to the extent that we're forced to put away reserves or pay that down, yes, it would.

CHAIR WHITE: Okay. Members, any other questions? Seeing none, without object...

VICE-CHAIR HOKAMA: Chairman?

CHAIR WHITE: Yep.

VICE-CHAIR HOKAMA: I just wanted to ask about this restoration of the 5 percent, 5.4. You know in my, you know, hearing Mr. Underwood and our Chairman, we weren't paying that 5.4, right? We are now, I guess the right word is restoring it? Is that the right word, Mr. Underwood? We're restoring 5.4 percent back to the employees that would be within that agreement or under the contract?

MR. UNDERWOOD: Can you clarify which 5.4 percent that is?

VICE-CHAIR HOKAMA: Well what was held back three years ago.

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MR. UNDERWOOD: Oh, okay. As part of the negotiations in 2009 and going forward, Statewide, most jurisdictions felt furloughs and therefore a reduction in their base pay. Maui County, we had furloughs for a while. July 1, 2011 the Administration entered into a supplemental agreement with UPW and HGEA to restore them back to their 2009 salary and discontinue any furloughs or supplemental time off, so bring the employees back to work at their old salary.

VICE-CHAIR HOKAMA: Why wouldn't that need Council approval? We increasing costs.

MR. BAZ: Yeah, Mr. Chair? As part of the Fiscal Year 2012 Budget we did introduce that. We actually had introduced it as a budget amendment during Fiscal Year '11 which was not heard during fiscal year, during the fiscal year prior to the budget session. So during Fiscal Year 2012 we did present that to Council, and Council did approve the salaries at full levels.

VICE-CHAIR HOKAMA: So we...then for this County we're not restoring anything?

MR. BAZ: From my understanding, Mr. Chair, that's correct. We're not...the other counties or other jurisdictions who still have furloughs, it would be a restoration for them. For us, it would be just continuing the same...well I guess the supplemental agreement that Mr. Underwood mentioned would no longer be in place because, you know, it's been restored. But, yeah, that's the case.

VICE-CHAIR HOKAMA: So are we looking at 3.2, 3.4 where the other counties would look at 8.4? In increasing costs?

MR. BAZ: I guess to answer your question, we would not have to come up with the additional 4.6 percent that the rest of the counties are dealing with, correct.

VICE-CHAIR HOKAMA: And that's...and the reason is because we've been paying it already?

MR. BAZ: Yes, that's correct.

VICE-CHAIR HOKAMA: Okay. You know since, you know, this is how our Administration wants to move, does it make sense to still negotiate with the State? Shouldn't we go off on our own then, do our own thing? I mean seems that's what you guys want to do.

CHAIR WHITE: Either one of you can take a shot at that.

MR. BAZ: I guess I can speak on behalf of the Administration's desire. Yes, we have entered into supplemental agreements for the furlough as well as for the health benefits in the two years that this Administration's been, had that effect. So I'm not sure the legality of us being able to succeed from the State as far as the negotiations and bargaining agreements go, but we have entered into supplemental agreements.

VICE-CHAIR HOKAMA: I got no problem with you trying to get, you know, get our own ERS, our own EUTF, our own deferred comp, I got no problem. 'Cause I think we can...one, we can offer

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our employees I think better programs. I think we have smart enough employees who can be part of an advisory panel that can come up with parameters to ensure funding of our obligations, and so, you know, what can I say. If I had to grade the State they wouldn't be hired either. You know so I just was curious, 'cause I think there's advantages of strong fiscal counties like ours to look at other means that, you know, 'cause I think we can reach full funding faster than the State because of our dedication to fund and our ability to raise the revenues to fund. But we're being held back because the bigger entities cannot fund, so, you know, my thing is, well my main thing is I hope you guys would just keep us informed and involved. Because I think we have things we would have been happy for you to throw back on the table for discussion on negotiations.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

VICE-CHAIR HOKAMA: Well I know you...well maybe they should talk to us before they go on the table then, because I'm not too thrilled with what's coming out of the talks. Thanks, Chairman.

CHAIR WHITE: Just to give you an, the definition of cost item in Section 89-2, HRS is as follows, cost items include wages, hours, and other terms and conditions of employment, the implementation of which requires an appropriation by a legislative body. So, you know, that tells me that if the money is already there they don't need to come back to us, just as Mr. Underwood suggested, so.

VICE-CHAIR HOKAMA: So I guess we have to defund certain accounts so that they have to come back talk to us, yeah, Chair.

CHAIR WHITE: Members, any other questions? Okay, without objection, the Chair will defer this matter.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC and DG)

ACTION: DEFER pending further discussion.

ITEM BF-112: FY 2013 BUDGET APPROPRIATIONS FOR REAL PROPERTY TAX DIVISION (COMPUTER EQUIPMENT AND PERSONNEL) (CC 12-206)

CHAIR WHITE: And we'll move on to our last item on the agenda, appropriations relating to the Real Property Tax Division. And...thank you, David. And joining us we have Finance Director Agsalog and --

MR. AGSALOG: Good morning, sir.

CHAIR WHITE: --Real Property Tax Administrator Teruya. And the interest of the Chair in bringing this item up is just to get an update before we get into budget, of the status of the project that we

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initiated or approved funding for to upgrade the Real Property Tax system. So, Mr. Agsalog, are you going to start off or Mr. Teruya?

MR. AGSALOG: Yeah, okay. Mr. Chair, thank you --

CHAIR WHITE: Thank you.

MR. AGSALOG: --very much. And I, as usual, I always want to thank you for the support that you have been giving to our Department, especially the, one of the biggest deficient that we have at the Real Property Tax, and this is very, very important to us. And as such, again, I want to thank you. You give us extra personnel to do our job. We are now in the process of filling all these positions. It was, it took time to really develop and make sure that this positions will be implemented in a way that will complement what we already have in place. I am very happy to announce to you that our Administrator have really fast tracked the contract for the computer upgrades that we have, and he will be able to give you details as far as the timing of the contract that we have, and I really appreciate that. We have just executed a seven hundred plus thousand for the upgrade of the ISWorld. So again, our Administrator for the Real Property Tax is here to answer more details on the questions, if you have any with regards to this computer upgrade. And again, we thank you for having a vision to help us upgrade our system because we really need it. And I also would like to thank the Department of Management for helping us, working together to really get this wholesome approach for the IT solution for what we are trying to do so that we can support each other, Mr. Chair. So with that, Mr. Chair, again, Mr. Teruya is here, our Administrator of the Real Property Tax. He and our, I think the Assistant Administrator of the IT has been working diligently to get the contract with the ISWorld that we just executed recently. Here you go, Mr. Chair.

CHAIR WHITE: Thank you. And, Mr. Teruya, for the new Members I think it would be helpful to give them an idea of the rationale behind the expenditure.

MR. TERUYA: Okay. Thank you, Chair. The previous fiscal year we were awarded by the Council about \$980,000 for an upgrade of our existing system. This includes our basic CAMA system which is a computer-assisted mass appraisal software. Of the 980, 714,000 was contracted last week with Tyler Technologies to go from a client version to a thin client web-based server. With that we are also in contract with Marshall and Swift which would be replacing the old way of doing the cost studies which Honolulu was doing with us, and that is that Corporation Counsel working with Marshall and Swift and we expect the contract to be signed within the next week or two. The remaining balance is about \$80,000 of new computers, and that, the IT Section, Jacob and his crew is spec'ing out what are the requirements as far as that goes. So that's the last component that needed to be done as far as the appropriations were given. The other appropriations that the Council gave was one position for Evaluation Analyst and a Real Property Appraiser. I've spoken to Personnel earlier this morning and it is being processed as we speak, so we believe the recruitments should be going out within the week or two. And I know testing is already underway for one of the appraiser positions. So that is a general

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overview of where we are as far as the appropriations from the last fiscal year. Thank you, Chair.

CHAIR WHITE: Okay. Members, questions? Mr. Hokama.

VICE-CHAIR HOKAMA: So from...I guess I had hoped that what we gave you last year would have some benefit and usefulness this year, but that would be too premature?

MR. TERUYA: Well we haven't gotten those positions yet onboard to go do what we had earlier anticipated which was beef up the compliance issue in both the home exemption and the condo use application of the program. That is still ongoing. The computer software system is actually on track with what we had, we thought we would do which would be to execute the contract prior to June, and we have done that maybe three months earlier than we had expected. That helps in the sense that we are going to have a timeline probably within the next two weeks as far as the kickoff with the vendor to identify what is going to be the timeline and expectations of being live or parallel. I would assume very shortly we would be loading the new system up, and then we believe in their experience, between 12 and 15 months of implementation to test and get it up and running to actually, definitely be up and running for your 2015 assessment year.

VICE-CHAIR HOKAMA: That long?

MR. TERUYA: Well I think we can do it for 2014. I don't know if I want to be overly optimistic about --

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

MR. TERUYA: --having it up and running, but we will definitely...the goal is to be up on '14 but definitely in '15 all applications will be running.

VICE-CHAIR HOKAMA: Well you know how anxious we were last year when we talked about this. So the pictometry component of what we intended to support the financial resources, positions, everything else, where is that at?

MR. TERUYA: The pictometry portion, it's currently still being flown, meaning the 2012 data is actually a 911 contract. We are using the 2008 imagery currently to do some level of compliance. So I would say we had our newly acquired GIS Analyst do a sweep through of potential properties that are not being assessed with an improvement on it. The appraisal section has at least begun that work, so I would say that there is a lot of revenue that has come in for this fiscal year already that wasn't budgeted for. So how much, I haven't gotten into that, but there were omitted structures that we are already valuing --

VICE-CHAIR HOKAMA: That you could say --

MR. TERUYA: --or...

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VICE-CHAIR HOKAMA: --more than seven digits, six digits?

MR. TERUYA: Oh, yes. Oh, yeah.

VICE-CHAIR HOKAMA: I mean ballpark. I mean, you know, I know you need to calculate but we know it's over \$100,000, right?

MR. TERUYA: I would say it's over half a million dollars.

VICE-CHAIR HOKAMA: Well I think that just showed our wisdom that, you know, it's paying for itself, our decision to support your effort. So again, it's just me, Mr. Teruya, I just impatient. So forgive me but I like it sooner than later so.

MR. TERUYA: That makes two of us.

VICE-CHAIR HOKAMA: Yeah. But thank you for the good work. I, you know, I appreciate all your efforts and with the Director Agsalog also. Thank you, Chairman.

CHAIR WHITE: Yeah, thank you for that, those comments. Because I think the, you know, the intent of this, of previous Council was to provide the tools to make sure that we were generating the income we should be generating, and that was the purpose of the upgrading --

VICE-CHAIR HOKAMA: Right.

CHAIR WHITE: --upgrading the system and also the purpose of adding the staff. So we've got people making use of the information as it becomes available, and making sure that the folks that are trying to sidestep our tax system are being asked to pay their fair share. And I think that's something that all of us can get behind. So, I'm sorry, Mr. Baz, did you want to say something? Oh . . .(inaudible) . . .

VICE-CHAIR HOKAMA: Just one quick one, please, and maybe the Director can. So I'm assuming, we're all assuming this has been a plus for us on appeals, right? Because you got that flyby and you got that now overhead pictorial or photograph to support our position so.

MR. AGSALOG: Mr. Chair, on the appeals I can tell you that our staff at RPT are really very, very skillful in having those assessment done in a very fair manner. And I can report to you because I have asked for analysis as far as our batting records, 75 percent of the appeals are in our favor and some, the rest of it, there's some adjustment in it. And again, these pictometry images that we're going to have and I will be coming to you for more support for more flyovers as we use it more. I think it will, like Mr. Teruya said that it's paying for itself, and you also said, Mr. Chair, that it pays for itself. In a way that we, not only that we take the taxes that's due to us, it's provides fairness to everybody. Those people that we find out that the structures are already there and we still not assessing because we cannot go inside their gates, now we can see it from

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the air. So I think that's a very good plus to us. And Mr. Teruya as staff, every time I'm in their work area they're showing me all the new things that they have found out, and it makes you feel good that it's, the fairness that's now being implemented that everybody's paying their fair share. I think that's the goal that we should have, and not to overtax these people. Those people that circumventing the law that we have, I think they should pay. So I think this pictometry as you guy seen in your offices that was delegated by the GIS when we bought this, make use of it, look at it, it's very, very good tool. It measures the square footage of the house, the height of the house, the elevation from the sea level, and it's very good. But again, we will be asking for support for maybe every other year for the flyover, because that is very important, especially in the high growth area, and Mr. Teruya can tell you about that. And I'm very, very proud of our section that's, they're really being fair in assessing the taxpayers.

VICE-CHAIR HOKAMA: Thank you, Director.

CHAIR WHITE: Thank you. A quick question. The, with the current...with the flyover that is taking place in, you know, for the Police Department, my recollection is that it's taking place now but that, but the...because of the requirements of the Police Department, when does that information actually become available to us?

MR. TERUYA: Yeah, that's hard for me because we don't hold the contract. My understanding, it's about 35 to 40 percent completed. They believe it might, it may be completed by the end of the year. That's a little different because we're not able to obtain the photos until the contract is completed, is what my understanding with pictometry is. That's always the reason why we're maybe considering maybe doing our own contract, because pictometry is saying is if we contract directly with them, we would get the obliques the day after the flight. So that's something that we should even consider maybe amending the current contract in providing the information when it's readily available, because, you know, for us, we're looking at things every day. And kind of back to Mr. Hokama's question is in court these photos are just overwhelming evidence because it actually has the date of the picture, so you cannot contest a date and a photo. So that's something that's going to be used in the court proceedings.

CHAIR WHITE: And my recollection is that the reason we can't get access to the flyover that is being conducted by the Police is that they can't share that information until it's made consistent with their program, their 911 program. So it's not just at the end of the flight but it's not until all of that imagery is in place in the 911 system which is, my recollection, 4 to 6 months after the flights are done. So it's not, you know, we don't get it for quite some time. And for those of you who remember last year, one of the things we talked about was the change detection software which means that if you have an existing flyover, when you get a new one you run the change detect and software and it shows you which houses, it will show you the list of houses that have had additions or places where there are new structures. Is that correct?

MR. TERUYA: Yeah. The change detection basically shows you all the different types of variances, and it will break it up in low, medium, and high. High meaning basically the house was omitted,

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medium would be there's some variation, and some with very minor. So it'll give you a detailed list so you can go out and field inspect based on your priority.

CHAIR WHITE: Okay. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, RPT, for being here and doing some awesome work. Good job. My question is in regards to and Mr. Teruya, you probably know the issues that I've brought up to you, and it's in regards to conservation dwellings that have been popped up. And people only got Conversation Use Permits and no County, thereby no TMK, no County real property tax has been paid. How are we addressing that? And also, as I understand, a piece of property is to pay the highest and best use tax at the time of zoning, so are we now opening up better communication and dialogue to Planning Department or powers that be that's going to get us, you know, up to speed on where these lands are, what the true real property tax should be charged and assessed and what you?

MR. TERUYA: Thank you, Chair. I've had several discussions with DLNR and Mr. Ornellas, and he knows the frustration that I'm going through because Conservation lands are not required to obtain County building permits as well as potentially Department of Hawaiian Home Lands. I think one of the things that we need to look at is our existing Code in Chapter 19, and I know in March of 2012 there was an amendment to be very clear that they don't need to get building permits. I think we should reconsider that language but it's hard because it's not in my chapter. I'm not sure if this body would be something that would want to push that forward in maybe amending the language to require building permits. I think not only for taxation purposes but it's also for the safety of the people who are occupying these structures. So that's something that can be done. At the HRS level, I'm still discussing with Mr. Ornellas as to what can be done, but I can assure you that the structures that we have found this year that we have already back taxed them as far back as we can identify using pictometry.

COUNCILMEMBER COCHRAN: Okay, thank you, Mr. Teruya. And I'd be more than happy to look into the amendment to this Chapter 19 and move forward and see what we can do. Thank you.

CHAIR WHITE: Yeah, just to be clear, the individuals who have built without permits, they've been paying taxes on the land but just not on the house. But does the land value increase when the house is built?

MR. TERUYA: In certain instances yes, because, you know, some properties are topography challenged and maybe putting up retaining walls, et cetera, and putting improvements, yard improvements, sprinklers, et cetera, that we all know add value and cost a bit of money. So in our final assessment we do value the property as is completed, and we do go back as far as we need to under the law that permits us to go back and assess omitted building.

CHAIR WHITE: Okay, thank you. Any further questions, Members?

VICE-CHAIR HOKAMA: Chair?

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CHAIR WHITE: Mr. Hokama.

VICE-CHAIR HOKAMA: So those, they're not unchartered lands because they're within the County chartered areas, but since they never went through a County process and approval, is the County, regardless, still required to respond for service? 'Cause, you know, as far as we're concerned officially there's no house, there's no residence there. So if we get a callout are we still obligated to respond even though our records say there's no structure there but he's calling for a structure fire?

MR. UEOKA: I would...I'm not sure what--what's the word I'm looking for--what standards the dispatchers use. I'm assuming you mean emergency services, 911 type of thing. I'm not sure if they...if they know where the place is, they will respond, that's my understanding, regardless of whether or not the house has permits. If it's an identifiable location to them, they will respond.

VICE-CHAIR HOKAMA: Okay. No, I just was curious because our sister counties that have unchartered acreage have decided that they can respond, but they're going to charge a fee or the cost of service to who calls them out, because they're part of the unchartered land of the County. Because they're not officially part of the County so. So maybe we can just send the bill to DLNR.

CHAIR WHITE: Would you like a response from Mr. Ueoka?

VICE-CHAIR HOKAMA: No, I'm sure he's going to need some time to do his due diligence and give us an appropriate response. Which is fair, which is fair, Counselor. Which is fair.

CHAIR WHITE: Okay, Members, any other questions?

VICE-CHAIR HOKAMA: No.

CHAIR WHITE: Okay, before we close this meeting, without objections, I would like to allow Staff to make nonsubstantive revisions to the Ka Hale A Ke Ola and the Hale Lokelani `Ohana project bills.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay, thank you, Members. And I would also like to defer the measure that we are on --

COUNCIL MEMBERS: No objections.

CHAIR WHITE: --BF-112.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: RC and DG)

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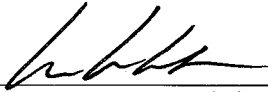
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ACTION: DEFER pending further discussion.

CHAIR WHITE: So with that we have no further business and we will adjourn. . . . (*gavel*). . .

ADJOURN: 4:11 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min:130327:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, 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 the 15th day of April, 2012, in Kula, Hawaii

Daniel Schoenbeck

Daniel Schoenbeck