

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

May 31, 2013

Council Chamber, 8th Floor

CONVENE: 9:04 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member (In 9:08 a.m.)
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (In 9:08 a.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)
Jeffrey T. Kuwada, County Clerk, Office of the County Clerk
Morris Haole, Executive Assistant to Councilmember Robert Carroll
Darlene Ane, Executive Assistant to Councilmember Gladys C. Baisa

ADMIN.: Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
Sananda K. Baz, Budget Director, Office of the Mayor (Items 36 and 40)
Kyle K. Ginoza, Director, Department of Environmental Management (Items 36 and 40)

OTHERS: Ron Kawahara (Item BF-18)
Mike Covich (Item BF-18)

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

CHAIR WHITE: . . . *(gavel)* . . . This meeting of the Budget and Finance Committee will come to order.
I'd like to welcome Committee Vice-Chair Mr. Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: And welcome back to our Council Chair Gladys Baisa.

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COUNCILMEMBER BAISA: Good morning and good to be back.

CHAIR WHITE: And Council Vice-Chair Bob Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR WHITE: And Members Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Good morning, Chair.

CHAIR WHITE: And Michael Victorino.

COUNCILMEMBER VICTORINO: Aloha and good morning, Chair.

CHAIR WHITE: Good morning. And Members Guzman and Cochran will be joining us shortly. We have Committee Secretary Camille Sakamoto, and Legislative Analyst Scott Kaneshina. And joining us from the Administration, we have Sandy Baz, Budget Director; --

MR. BAZ: Good morning.

CHAIR WHITE: --and Jeffrey Ueoka, our trusty Corp. Counsel.

MR. UEOKA: Good morning, Chair.

CHAIR WHITE: And as we get into the second and third items, we'll have Kyle Ginoza, the Director of the Department of Environmental Management joining us. So, with those announcements made without objections we'll open public testimony.

COUNCILMEMBER COUCH: No objections.

CHAIR WHITE: And Members, we don't have anyone signed up to testify here in the Chambers at this time. So if any of you in the audience would like to testify, please sign up now and in the meantime we'll be going to Hana first to check and see if you have testifiers. Dawn?

MS. LONO: Good morning, Chair, there's no one waiting in the Hana Office to testify.

CHAIR WHITE: Thank you. And we'll go to Lanai.

MS. FERNANDEZ: Good morning, Chair. There is no one waiting to testify at the Lanai Office.

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CHAIR WHITE: Thank you. And we'll go to Molokai.

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

CHAIR WHITE: Thank you very much, ladies. With that and seeing no one coming forward to testify here in the Chambers without objection we'll close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

ITEM BF-18: APPOINTING THE COUNTY AUDITOR (CC 13-8)

CHAIR WHITE: First item on the agenda this morning is Item BF-18, appointing the County Auditor. For the Committee's clarification, this is not an item that we can discuss this morning. The purpose of this is for us simply to receive the report of the Temporary Investigative Group that was given the task of appointing or coming up with a recommendation. So with that, I turn the floor over to Mr. Hokama to provide us the report.

VICE-CHAIR HOKAMA: Chairman, thank you. On behalf of the TIG Committee, as its Chair and with you, our Budget Chair, and also Committee Member Couch, I am pleased to present to the Committee your TIG findings and recommendations regarding the appointment of the County Auditor.

CHAIR WHITE: Thank you, Mr. Hokama.

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

ACTION: DEFER pending further discussion.

CHAIR WHITE: And since we cannot deliberate until a subsequent meeting seven days later we will distribute that item and move on to the next item - BF-36, amending the Fiscal Year 2013 Budget, Department of Environmental Management, Solid Waste Administration Program, Solid Waste Operations.

ITEM BF-36: AMENDING FY 2013 BUDGET: DEPARTMENT OF ENVIRONMENTAL MANAGEMENT (SOLID WASTE ADMINISTRATION PROGRAM AND SOLID WASTE OPERATIONS PROGRAM) (CC 13-73)

CHAIR WHITE: So, Mr. Ginoza or Mr. Baz, would you like to make a few comments?

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MR. BAZ: Mr. Chair, the Department of Environmental Management notified my office in late January of a possible shortfall in their budget for this current year. After reviewing some documentation reports, financial reports, I looked for funding available that they had savings in Abandoned Vehicles and Metals Program [*sic*] and we're transferring \$145,000 or proposing to transfer \$145,000 via resolution from that program into the Solid Waste Operations Program. So Mr. Ginoza can provide the details of the use and answer any questions you have related to the details of that.

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

VICE-CHAIR HOKAMA: Chairman, thank you. Director Ginoza, thank you for assisting us this morning. Can you give us some comments, please, on how this potential shortfall occurred? Did something occur that wasn't anticipated that created this financial situation for your Department?

MR. GINOZA: Well, there was a, Mr. Chairman?

CHAIR WHITE: Yes, please.

MR. GINOZA: You may recall in the deliberation for the Fiscal '13 Budget we had asked to basically replace a compact that we use at the landfill. And that was not approved to buy a new compactor so we ended up having to basically overhaul that compactor in order to because it's a necessary equipment item for our landfill operations. So that was one major and I forget the exact amount but it was in the hundreds of thousands. And basically, we have to account for whenever there is a storm event or whatever to basically remediate certain things. So that's the kind of things that come up that with certain equipment upgrades that kind of took away that contingency we had for certain items like such as those.

VICE-CHAIR HOKAMA: Okay. So the problem that you addressed regarding the compactor and your management decisions to utilize funds, you actually eliminate the problem or is this a temporary solution for a future budgetary consideration?

MR. GINOZA: It was kind of a mid-term solution. We had hoped that in the shorter term we would have had the equipment or the new equipment so we could do kind of minor repairs just to let it hang on until we get the new compactor. But in absence of being able to receive funding for that, we did more of a major overhaul that would extend the life of the compactor. So that was something that, you know, that's why like this Budget session we didn't ask for that.

VICE-CHAIR HOKAMA: What would you anticipate that extended life that you're potentially hoping to get from the efforts you've just completed?

MR. GINOZA: I don't recall off hand. I can find that out and let you know.

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VICE-CHAIR HOKAMA: Maybe that would assist us in our future considerations of how to respond to your request, you know, if you have two years, one year, --

MR. GINOZA: Sure.

VICE-CHAIR HOKAMA: --can last five more years, I think that might be helpful for us, Director.

MR. GINOZA: Okay.

VICE-CHAIR HOKAMA: Thank you very much.

CHAIR WHITE: Thank you, Mr. Hokama. And I'd like to recognize the presence of Ms. Cochran.

COUNCILMEMBER COCHRAN: Good morning. Thank you, Chair.

CHAIR WHITE: Good morning. And Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR WHITE: Good morning. Welcome. Members, any other questions on this item? Okay, seeing none. The Chair . . .

VICE-CHAIR HOKAMA: Chairman, just one quick one.

CHAIR WHITE: Sure.

VICE-CHAIR HOKAMA: There would be no impact with this transfer on the abandoned vehicle program by --

MR. GINOZA: No.

VICE-CHAIR HOKAMA: --transferring these funds at all, right, Director?

MR. GINOZA: And this is General Fund, not that Highway Fund.

VICE-CHAIR HOKAMA: Okay. Thank you.

CHAIR WHITE: Okay, Members, due to the timing of this, my intention is to discharge this item at the June 6th Council Meeting. So without objections, the Chair will defer this item.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

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CHAIR WHITE: Okay, we'll move on to the next item - BF-40, amending Fiscal Year 2013 Budget, the Department of Environmental Management, Wastewater Operations Program - Sewer Fund.

ITEM BF-40: AMENDING FY 2013 BUDGET: DEPARTMENT OF ENVIRONMENTAL MANAGEMENT (WASTEWATER OPERATIONS PROGRAM - SEWER FUND) (CC 13-110)

CHAIR WHITE: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Again, the Department of Environmental Management notified my office that their electricity cost and other costs significantly increased in the Wastewater Reclamation or they were going to have a shortfall at least in the electricity items within the Department of Environmental Management Wastewater Operations Program. They also identified a project that was originally funded out of a cash wastewater fund but ended up to be the developer paid for that requirement so we didn't have to pay for it. So, we're proposing to amend the budget to reduce the million dollars in the CIP for that project and then increase it in the operations program within Wastewater.

CHAIR WHITE: Okay, Members, questions?

VICE-CHAIR HOKAMA: Chair?

CHAIR WHITE: Mr. Hokama?

VICE-CHAIR HOKAMA: It is my understanding from reading the documents, gentlemen, that this is more for utilities or electrical. So, for Mr. Baz, is there other departments similarly impacted like Mr. Ginoza's department with this kind of adjustments or increases?

MR. BAZ: Uh, Mr. Chair . . .

VICE-CHAIR HOKAMA: Or is it just specifically for his division that deals with this type of . . .

MR. BAZ: There has been slight increases in but not significant to this amount. Wastewater, as the second highest user of electric, Water is the highest. Water had a larger buffer in their department for increases so they're not needing any supplemental budget item. The other thing that affected it was the Fiscal Year 2012 Maui Electric invoices which were paid in Fiscal Year 2013 which was just a finance function. Since those got paid out of the Fiscal Year '13 Budget, that's \$320,000 of money that came out of the current year's budget instead of the previous year's budget.

VICE-CHAIR HOKAMA: Okay. I can appreciate that bookkeeping issue you folks are dealing with so I understand that. But when we look at the Lahaina, Kihei . . . our stations there 20 per cent increases is a big hit for anybody whether it's a resident, a small business or even the County that

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was in no way we could have anticipate or were notified by the utility of this type of large increases to our programs, Director?

MR. GINOZA: Basically, for the Fiscal Year '13 budget we had anticipated an increase in electrical rates but as an administration we had put in a lower amount. So the Division felt that we'd have, it wasn't an increase that all of a sudden at the end of the year we found out from. And so as we kind of went along the year we saw that what we had budgeted versus what was being spent was diversion. And so it was just something that looking at how the budget was analyzed for Fiscal '13 that was where the shortfall really arose from. And so because of that we had already had kind of anticipated that we'd have a shortfall in utility and just based on how we budget we try to be quite fiscally responsible to not put buffers and have to increase our sewer rates if we don't have to. So we couldn't shoulder such a discrepancy in what was budgeted versus what is actually being spent.

VICE-CHAIR HOKAMA: And I appreciate the report from you gentlemen that shows all the different areas of this Division. So I appreciate that so we can see the original projections, the actuals, and the differences to the components. So we've made appropriate . . . so we are not going to deal with this in the FY '14 budget, are we gentlemen? We've made appropriate adjustments or we have not made those appropriate adjustments?

MR. BAZ: The inflationary schedule for 2014 increased their electricity pretty significantly so we'll monitor it. I can't guarantee that we're not going to have a situation but we'll definitely try to mitigate any future impact.

VICE-CHAIR HOKAMA: And I appreciate that, Mr. Baz. I would just say that I noticed that one line which was the reduction and so I would like to say "thank you" to that Division and the Department with working with Mr. Kobayashi and Mr. McCloud with their solar panel projects and other means to reduce the electrical cost. I take notice of that and I appreciate your efforts to reduce the cost to the County. Thank you, Chairman.

MR. BAZ: Thank you.

CHAIR WHITE: Thank you. Members, other questions? Seeing none, the Chair will be recommending deferral on this item as well and look forward to be discharged at the June 6th Council meeting.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR WHITE: Okay, with that, Members, we're at the end of our agenda and there's no further business necessary so we will adjourn. . . .(gavel). . .

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ADJOURN: 9:19 a.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

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Transcribed by: Jo-Ann Sato