

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

March 31, 2014

CONVENE: 9:06 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair (out 10:00 a.m., in 10:55 a.m., out 11:32, in 1:33 a.m., out 3:29 p.m.)
Councilmember Gladys C. Baisa, Member (in 9:13 a.m., out 3:06 p.m.)
Councilmember Elle Cochran, Member (out 2:16 p.m., in 2:18 p.m.)
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member (out 2:21 p.m., in 2:24 p.m.)
Councilmember Don S. Guzman, Member (in 9:08 a.m., out 2:00 p.m., in 2:05 p.m., out 2:12 p.m.)
Councilmember Michael P. Victorino, Member (out 11:54 a.m., in 1:33 p.m.)

EXCUSED: VOTING MEMBERS:
Councilmember Robert Carroll, Member

STAFF: Michele Yoshimura, Legislative Analyst
Chancy Hopper, Legislative Analyst
Jordan Molina, Legislative Analyst
Yvette Bouthillier, 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 Baz, Budget Director, Office of the Mayor
Mark Walker, Deputy Director, Department of Finance
Wayne Fujita, Accounts System Administrator, Accounts Division, Department of Finance
Carmelito Vila, Administrator, Motor Vehicle and Licensing Division, Department of Finance
Scott Teruya, Administrator, Real Property Tax Division, Department of Finance
Greg King, Central Purchasing Agent, Department of Finance
John Kulp, Accountant III, Treasury Division, Department of Finance
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
Kristina Cabbat, Budget Specialist III, Budget Office, Office of the Mayor
Jennifer Phillips, Budget Specialist II, Budget Office, Office of the Mayor
Jennifer Okamura, Budget Specialist I, Budget Office, Office of the Mayor

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Lilebeth Pouncy, Budget Specialist II, Budget Office, Office of the Mayor
Pili Naho'oikaika, Budget Office, Office of the Mayor

OTHERS: Others (5)

PRESS: Akaku: Maui Community Television, Inc.

**ITEM BF-1: PROPOSED FISCAL YEAR 2015 BUDGET FOR THE COUNTY
OF MAUI (CC 14-31)**

CHAIR WHITE: . . .(*gavel*). . . This meeting of the Budget and Finance Committee will please come to order. Members, I want to welcome all of you to the start of our deliberations on the Fiscal Year 2015 Budget. And I'd like to start by thanking Mr. Baz and the Administration for putting together this, this Budget. It's a huge amount of work and I commented to Mr. Baz this morning, well you've been working on this for six months and, you know, we've had it for just over, just over a week. And he said actually I've been working on it for nine months. So, we will look forward to his overview. And before we move into that of course we will open up for public testimony. I would like to recognize our Committee Vice-Chair Riki Hokama.

VICE-CHAIR HOKAMA: Chairman.

CHAIR WHITE: Good morning. And Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR WHITE: Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha. Good morning, Chair.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Aloha and good morning, Chair.

CHAIR WHITE: And Mike Victorino.

COUNCILMEMBER VICTORINO: Good morning and aloha, Chair.

CHAIR WHITE: And Don Guzman just walking in and Bob Carroll is excused, and Gladys Baisa will be joining us very shortly. So, with that, Members, without objection we'll open up for public testimony.

COUNCILMEMBER COCHRAN: No objections.

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CHAIR WHITE: And do we have anyone signed up in the Chambers? Okay. And we'll go to our Hana Office. Dawn, do you have any testifiers this morning?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

CHAIR WHITE: Thank you. And, Denise, do you have any testifiers there on Lanai?

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR WHITE: Thank you. And, Ella, on Molokai any testifiers?

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

CHAIR WHITE: All right. Thank you very much, ladies. With that, Members, without objection the Chair will close public testimony for the day.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you.

BUDGET OVERVIEW

CHAIR WHITE: Thank you, ladies. I got it. Okay. As I stated earlier, we have just one item on the agenda and that is the Budget BF-1, and just a couple of notes before we get started. The County requires that we work through our review and decision-making in a timely fashion so that we can pass the Budget before June 10th of this year. If we don't pass the Budget within that time frame then the Budget becomes enacted in the form presented to us by the Mayor and the Administration. And the Budget and Finance Committee has scheduled 17 deliberation meetings to review the proposed budget with the appropriate departments as well as eight district meetings throughout the County and five meetings to make decisions on what to recommend to the Council for inclusion in the final County Budget. The Council may also hold four public hearings and two Council meetings to complete its work on the Budget and a public hearing is not required for the Fuel Tax or Vehicle Weight Tax if no changes are proposed. I'd like to thank all the Members and their Staff in advance for the time and hard work that is going to be put in in their review of this Budget. And one little change that we will be making this year is that every morning following testimony we will be distributing departmental responses received by the Committee. In the past, those responses have simply been placed in the binders but I think it's important for us to make sure we all understand what the responses are and that we have received them and so that if the questions were not completely answered we can provide

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follow-ups. So we will be going over those responses each morning as they are received. Another issue and this is relating to a Sunshine issue is that as you recall, going through each of the deliberations, the Committee sends budget messages or sends questions to the Departments that come up during our deliberations, and so the Committee will provide or will bring to us the following morning the questions that were derived from the previous days deliberations. In the past, we've been able to have Members go directly to Staff and add whatever questions they've come up with after our meeting is over. The new perspective of the Sunshine Law is that those questions need to be presented in open session. So, we will, we will draft the letters the night before and bring them to the Committee, review those after testimony, add whatever additional questions you may have to qualify or clarify the questions that have been drafted by the, by the Committee Staff. So, it's going to be a little bit, little bit bumpy I would guess as we start the process but I think in the end we'll have a better result because of it. And without further ado, I'd like to turn it over to Sandy Baz. Before I turn it over to Sandy, I'd like to recognize Gladys Baisa. Welcome, Chair.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR WHITE: So nice to have you back in the Chambers.

COUNCILMEMBER BAISA: It just takes me a little longer to get where I'm going but I'll be here.

CHAIR WHITE: Okay. With that, Mr. Baz.

MR. BAZ: Good morning, Mr. Chair and Members. I'm very excited to start our deliberations of our Fiscal Year 2015 Budget. This is the fourth time I get to sit down here and go over the Proposed Budget for you. Something that as mentioned, you know, we start, it's a continual process. As soon as we're done developing the Fiscal Year '14 Budget, I was already starting to do the Fiscal Year '15 Budget. And something that I want to, first of all, thank my staff worked very hard on getting this together. I had one staff member change during the process in December. I lost her to the Department of Finance but other than that we handled it very well and look forward to trying to answer as many questions as you have and look forward to developing a very good adopted budget. I wanted to also thank the departments. They put a lot of effort in. You'll see a significant amount of changes in the, a few of the departments' goals and measures. We have different changes in here that we have to discuss and help everybody to understand it. There's some areas that we look to, you know, we changed the structure of things and so it will be a little bit different maybe a little bit harder to grasp but we'll go through each process as we go. But, Mr. Chair, I hope that everyone had the opportunity to read the Mayors budget message. It is about four or five page letter that kind of encompasses the budget itself and highlights certain areas in there. The last, the last page of the Mayors budget message on Page 23 if you want to turn to that is a table, and I actually had questions about that table so I wanted to go over it with you guys and so you could see what it is that makes up the Budget Revenue Sources. And we'll be going into some, basically what I'm going to do this morning is go through each section and you can, I mean we'll pause every page or two and go over if you have questions about those, Mr. Chair. Or if you need to stop me and go through those questions we can do that as well. But

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Page 23 has a chart of the Revenue Sources of the County. And we do this to separate out mostly the Interfund Transfers, you'll see 'cause when you look at the overall budget of the County it looks like a large amount of money. And some of it is just money transferring back and forth as we'll get into the different sections you'll see that the money has been transferring back and forth and so we can go over those. But this table shows the different revenue and the different changes between the Fiscal Year 2014 adopted and Fiscal Year 2015 proposed in each of the categories. These are different categories and these are all County funds so you'll see that the different revenue sources are combined. So Real Property Tax of course is, you know, our number revenue source and that goes just into the General Fund. The Circuit Breaker we take as a credit off of that Real Property Tax revenue. And the proposed change you'll see there is around \$600,000 is what the Department of Finance is estimating that the Circuit Breaker Tax Credit will be this year. A pretty significant change from the previous year due to the change in Code. Charges for current services, those include wastewater, water, those kinds of things. So but I just wanted to go over that with you. The big difference between, you know, the \$622 million dollar budget that you'll hear is the total budget and this one that has the \$687,000, excuse me, \$687 million dollars is the Grant Revenue section of almost \$65 million of Grant Revenue that we're expecting. That's not included as County funds because it's coming from outside. So, Mr. Chair, if you'd like, if there's no questions about that we can go into the Budget Overview and start discussing.

CHAIR WHITE: That's fine.

MR. BAZ: So Page 35 is the Budget Overview. There's a budget organizational chart. This describes the total budget \$722,931,151. And this encompasses three different sections of funds. County Funds, which is money that is generated from, you know, taxes, fees, assessments, those kinds of things. Then there's Revolving Funds, these are the Special and Revolving Funds that are in Appendix A that describe the monies that come in for specific purposes that are...also it includes the Open Space Fund, the Affordable Housing Fund, and those different special funds. And then the Grant Revenue Fund, which of course is grant received from other sources. So, if you look at the County Funds that's where that balances out to the \$622,640,000. The Revolving Fund we're estimating at thirty-five and a half million dollars worth of expenditures there, and the Grant Revenue Funds around \$65.7 million. So, in here it has just a general structure. You have an Operating Budget of almost \$507 million and a Capital Improvement Program of around \$116 million, and those are with County Funds. And then you can just see below where the different departments and those expenditures are. And then we also have a breakdown of Grant Revenue Funds. We have Operating and Capital Improvement Grant Revenue described there. And we can, we'll get into the details of each one of those as we go through the departments. Page 36 describes the revenue and expenditures in graphical form, and you can see that of all sources of funds...so out of that \$723 million, that the General Fund encompasses 52.3 percent of our total revenue, \$378.3 million. Next largest is Special Revenue Funds and these are the Wastewater, Water, Solid Waste, excuse me, not Water, Water is Enterprise Funds but Highway Funds, Solid Waste, Wastewater are generally the Special Revenue Funds and that's 21.9 percent of our budget. The Enterprise Funds, which is the Golf Course and the Water Department, make up 11.9 percent of our budget, and then Grant Revenue makes up about 9 percent of our budget,

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\$65 million. So you'll see the...go right below that the total revenue sources of County sources of funds that \$622 million balance, and so out of that you'll see that the General Fund makes up 60.8 percent of County sources. And Special Revenue Funds make out about twenty-five and a half, and Enterprise Funds, which is again the Water, makes 13.8 percent of the total revenue sources for the County sources of funds. The next chart on there, Figure 9, shows a breakdown of the sources of funds. Graphically you can see the Real Property Tax makes up 41.7 percent of our revenue for the total County sources of funds. You can see the charges for current services is the next largest at 19.8 percent, then it goes down from there different things Carryover/Savings is 8 percent, Bond/Lapsed Bond is about 8 percent. The TAT as it's currently estimated is 3.4 percent of our budget, and the Interfund Transfers, again those transfers between departments, 6.1 percent, and it goes...you can see the other smaller ones there. Page 37 shows the total expenditures by character type. This is an important one people like to see how much we're spending on salaries and wages, different things like that. So you can see salaries and wages makes up 26.3 percent of our budget, so a little over a quarter of our budget. It is the largest \$163.5 million. Operations is \$148.3 million at 23.8 percent of our budget. Capital projects is 18.6 percent of our budget, then the next largest one is Countywide Expenditures and these are for fringe benefits and those related costs; self insurance, and things that makes up 12.3 percent of our budget. The Debt Service is 6.6 percent of the budget, \$41.3 million and that actually is...there's a discrepancy on that because the Water Debt Service is included twice in here. So we'll get over it when we get the details of that. It's actually included twice in there. The County sources of funds for...you can see in the functional area, and these functional areas are what's in the CAFR. So, if you look in the CAFR you can see the actual expenditures by functional areas that's where we get these different descriptions. You see General Government is the largest at \$168.3 million or 27 percent of our budget. Public Safety is the second largest 15.5 percent and \$96.3 million. And well Capital Projects, which aren't part of the Operating, are 18.6 percent of our budget what we have proposed so far this year. The next Page 38 has that same information but it's broken down in a table form so you can see the actual numbers, and per department it has the Salaries and Wages, Operations, the Countywide Expenditures, the Debt Service, Transfers Out, Equipment in total there. So you can see per department which departments, you know, were spending certain amounts in those different categories. And like I mentioned the Water Supply Debt Service, the way that the Department of Finance calculates Debt Service it's actually here listed twice because the Department of Water Supply counts it as part of their Enterprise Fund and then we count it because it comes into our, it comes into our budget from the Water...it comes into the Finance Countywide Costs as part of the Department and then it gets expended out of that so that's why it's counted in there twice. And we apologize for not putting that footnote in there, underneath there, to explain that. Okay. So before we get into E/P, Equivalent Personnel, you want to ... *(inaudible)*...?

CHAIR WHITE: Any questions, Members, at this point? Looks like you're good to go.

MR. BAZ: Okay. All right. So the next Page 39 describes the Equivalent Personnel. Equivalent Personnel is the equivalent of 2,080 hours of fulltime employment of an employee of the County. And these include positions within the different departments except for positions in the Office of the Mayor and positions in the Legislative Branch of Government. So you can see that the first

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table has an error in the percentage amounts there, instead of dollars signs those are supposed to be percentages. So General Government is around 70 percent of the total of all sources of funds. We have a total requested Equivalent Personnel of 2,664.7 and that doesn't mean we're just going to get three-quarters of a body but we do have a lot of part time positions in there as well. Then Enterprise Fund is 240 personnel, Special Revenue Funds 387, Grant Revenue is 118; there's 13 additional this year requesting. So if you look at the County sources of funds these are the ones that are funded by County Operations, you'll see that again that general funded positions are 1,901 which is 75.2 percent of our budget, Special Revenue Funds 387 positions at 15.3 percent of our budget, and Enterprise Fund is 240.9 personnel at 9.5 percent. The tables below are again broken down by functional area. Those are, those again those CAFR functional areas and you'll see that the largest personnel is in Public Safety. And that's one of the changes this year; the description is the amount of personnel going from the Parks Department to the Fire Department for the Ocean Safety Program. Those are now considered Public Safety where they was considered Culture and Recreation prior to that. And, Mr. Chair and Members, Page 40 and 41 have the summary explanation of organizational changes of Equivalent Personnel. And we will go through each one of these sections with the departments but this is a way that we could summarize the organizational changes so that the reader would be able to look quickly at the different changes without having to go through each department's budget separately. And, Mr. Chair, that's the Budget Overview.

CHAIR WHITE: Okay. Members, any questions on what has been presented thus far?

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: I guess not a question more of a comment. We will have an opportunity as we go through the various departments to review and...I mean to go over, for me, to go over with Mr. Baz at this point, I'm ready for the departments more than...you know. But I want to thank Mr. Baz and the Administration, I think the graphics especially in color, I'm a color guy, I love color, points out the differences and how quickly you can pinpoint what you're looking for. So, thank you, Mr. Chair, for that opportunity.

CHAIR WHITE: Yeah, I would agree. I think there's a lot of...I think we all have a lot of questions on what's been reviewed thus far but you're right it's really once we get down into the various departments that the questions should be asked.

MR. BAZ: Thank you, Mr. Chair. So, I'll go briefly through the other sections. The next section starting on Page 45 is the Budget Guidelines and Financial Policies. These are a description of the guidelines and policies that the County uses as far as budgetary concerns and constraints are. There's a budgetary calendar, which describes, you know, the basic ... (*inaudible*)... of those time periods that we're required. It describes, you know, how we do planning, and budgetary control, and the processes for creating a balanced budget, and amending the budget should that be required; fund balance policies, County budget policies, budgetary fund structures. In Page 52 it

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has an organizational chart of the budgetary fund structure and that describes each governmental funds. The description of what the title, you know, General Fund what it consists of; Special Revenue Funds, which is, you know, the Highway, Sewer, Wastewater Fund, Grant Revenue Fund, Liquor Control, Bikeway, Solid Waste, our Debt Service Fund, our Revolving Fund. Those are all considered governmental funds and you can read the descriptions of each one of those. The Proprietary Funds are our Enterprise Funds, those are the Water Supply and Golf Fund. And then we have Fiduciary Funds, these are refundable deposits; these are things in our Trust & Agency Accounts, and the Agency Funds. So, Mr. Chair, that's the Budget Guidelines and Financial Policies.

CHAIR WHITE: Maybe you could give them an example of the Fiduciary Funds.

MR. BAZ: The Fiduciary Funds are things where we may be taking deposits in, that we're going to be paying back like deposits for our park use of community centers, things like that. Money that comes in that we're unsure of the source of until we can rectify that, as Mr. Agsalog had mentioned the other day, goes into these Trust & Agency Accounts. When we get a developer required bond, cash bonds, like the one for the project in Kihei, those \$20 million that's sitting in this fund. Those are listed in the CAFR and we can go over those if we go into the CAFR again. Okay. So, Revenue and Expenditure Summary is on Page 57 and you'll see...this is where you'll start to see a four-year comparison of actuals and proposed, adopted and proposed Budgets. The estimated revenues for the County major sources you'll see from taxes and fees and assessments, they have the different categories again charges for current services, Fuel, Franchise Tax, license, permits, and you can see throughout the years of, you know, what our actual revenues were. Fiscal Year 2012 we had a total estimated actual revenues of \$575 million. In Fiscal Year 2013 we had an actual revenue of \$635.5 million, then we have the Fiscal Year '14 adopted 559.3 million, and this proposed Budget \$622.6 million. So you'll see the different changes in there, charges for current services again which is Water, Wastewater, different things like that went up 6.1 percent. Then the Fuel and Franchise Taxes went up 3.4 percent, \$700,000 there, and that's just from increase. Well as we get into the different revenues next we can talk about those increases there. You see a big difference in actual Bond/Lapse Bond why there was such an increase in Fiscal Year 2013. It was generally because of that category as well as Interfund Transfers. And so that's the general summary for revenue. Expenditures again these are the functional areas, culture and recreation, general government, highway, streets, transportation, legislative, public safety, sanitation, social welfare, and water supply. And you can see in the Capital Expenditures the differences balance out. So the actuals you'll see from the prior years of '12 and '13 are based on the CAFR, the adopted Budget for Fiscal Year '14 is what was adopted not including amendments that have happened prior...subsequent to the adoption. And then Fiscal Year '15 is what we're proposing this year. We got some charts there on the bottom for Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. Thank you.

MR. BAZ: No, no. Actually, you know, when we do the, when we do the budget award from the GFOA, that's one of the comments that we got back that all of the reviewers found outstanding

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was the graphical representation of the budget that we present so that they, you know, it's easier to comprehend. And really that's, you know, my goal over the last couple years was to really develop a budget that is readable and understandable because in the past it seemed like it was just a bunch of numbers and very hard to comprehend. And so, you know, while we do have a significant amount of numbers in here. I hope that it's at least a little bit easier to understand. Okay. So, Page 58 again is another table of revenue by major funds. So, General Fund has a different...same categories, under the General Funds, total General Fund revenue again we're looking at \$378.2 million. You'll see that it's actually lower than the actual Fiscal Year 2013 Budget revenue of \$393.4 million. Special Revenue Funds we're looking at \$158.6 million in revenue and then the Enterprise Funds \$85.7 million in revenue. The different Special Revenue Funds we have listed on Page 59 those...the revenue sources there as well, and different changes, and we can go through those in detail and if you have any questions about the revenue sources we can go over those. I don't know, Mr. Chair, if you're going to talk about revenue separately or I know we're going to go over rates and fees and certain things like that separately but.

CHAIR WHITE: I think it would be good to go through the revenues in more detail 'cause we don't really get back to this when we're going through the departments. So I think it would be good for us to...free you to go through each, each revenue source and identify where the changes are.

MR. BAZ: Sure.

CHAIR WHITE: So we understand the thought behind the numbers.

MR. BAZ: Okay. We'll get to that on Page 70 each detailed revenue source and different changes to that. So, I'll quickly go through those. The, the functional area descriptions are on Page 62. They explain what functional area is related to which departments so you can go through that. Then we have these fund summaries are more for CAFR based and the GFOA requirement. We have to show our fund balances and different things like that but basically it's a different way of showing the same information. Page 67 we go over the Carryover/Savings comparative analysis and you can see in here the different Carryover/Savings amounts actuals again from '13, and we have for this chart we have Fiscal Year '14 adopted what was expected to be Carryover/Savings for use in the Fiscal Year '14 Budget and what we're actually estimating as the Carryover/Savings available. So you can see that that's pretty significantly higher in different areas, and I can get into the details of that at a later time. The Fiscal Year '15 proposed Carryover/Savings total of about \$49.6 million you can see the different amounts there. Page 68, 69, and 70 are just general economic overview. You can see on Page 70 there's a chart, Figure 35, that has...this is from UHERO a description of different things like inflation rates, real personal income, real GDP. And just to note that the real personal income over for '11, '12, '13, and '14 is about 7.4 percent as just an aggregate amount. They're projecting it to go up a little bit more as well.

CHAIR WHITE: Just one of the questions on that. These figures are Statewide figures?

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MR. BAZ: Yes, that's correct.

CHAIR WHITE: Yeah because I see that in other areas where Oahu has grown significantly and the three neighbor islands are still lagging quite a ways behind. So it's difficult to get...difficult to get county-by-county figures --

MR. BAZ: Yes.

CHAIR WHITE: --for this.

MR. BAZ: Unfortunately, the information is mostly Statewide.

CHAIR WHITE: Right.

MR. BAZ: I did meet with Paul Brubaker right before I presented the Budget. I had printed it already and met with him, and he did confirm Maui's one's growth is pretty significant but not as significant as the Statewide one.

CHAIR WHITE: Right. Okay.

MR. BAZ: Okay. So the bottom of Page 70 we'll get into the actual revenue. And the General Fund revenue is again made up...Real Property Tax is the significant, most significant amount. On Page 71, you have a table on the top right hand side that shows the adopted budget and actual for the historical information as well as the Mayor's estimated for current and the Mayor's proposed budget, and you can see how those vary. We also put a trend line in there so that you can see what the trend line for Real Property Tax revenue is. And again these aren't, this isn't rates this is just the actual revenue for Real Property Tax. Then on Figure 37 on the bottom of Page 71 it is the proposed rates. And the Mayor chose to propose an increase across the board of around 6½ percent. So you can see that the Residential classification goes up from 5.75 to 6.12; Apartment up from 6.40 to 6.82; Commercial up from 7.05 to 7.51; the Industrial from 7.30 to 7.77; Agriculture from 6.05 to 6.44; Conservation 6.25 to 6.66; Hotel and Resort 9.40 to 10.01; Time Share from 15.55 to 16.56; Homeowner from 2.87 to 3.06, and Commercialized Residential from 4.60 to 4.90. So the estimated revenue increase based on that amount is about thirty-six and a half million dollars is what we're looking at here. The historical Real Property Tax revenue change percentage is on the next table Page 72 and you can see there the decrease in the changes and then the actual, you know, decrease in revenue for '11 and '12, and then a slight increase in revenue for '13 and '14. So it's kind of what we're looking at right there. Any questions on Real Property Tax?

CHAIR WHITE: Members, questions for the Director?

COUNCILMEMBER VICTORINO: Not right now.

CHAIR WHITE: Mr. Couch.

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COUNCILMEMBER COUCH: Yeah. Thank you, Mr. Chair. Just real quickly. Do you have any, you have the historical Real Property Tax revenues as a percentage changed, do you have it as in a dollar amount anywhere in a graph like that?

MR. BAZ: The graph in the dollar amount would be Figure 36 in the prior page. It's not...it doesn't show the exact, the exact number on that graph.

COUNCILMEMBER COUCH: Okay.

MR. BAZ: But that's the actual revenue.

COUNCILMEMBER COUCH: That's close enough. Okay. Thank you.

CHAIR WHITE: Okay. Any other questions, Members? Seeing none, please proceed.

MR. BAZ: Thank you, Mr. Chair. So, Transient Accommodation Tax is our TAT of course the big controversial one here that our Mayor and Legislators--thank you very much, Council members, for assisting in trying to lobby the State to give us back I guess what is ours. And so that we're currently budgeting a capped amount of \$21 million, should the cap be removed, if the full cap is removed, we would be looking at around \$17 million increase in revenue. If...and I've heard variations of other things but that's from 21 million if the cap stays to anywhere to \$38 million if the cap is completely removed.

CHAIR WHITE: Right.

MR. BAZ: So a Public Service Company Tax is a tax that the utility company pays in lieu of Real Property Tax for poles and their facilities and that we're estimating at \$9 million which has basically been flat for the last few years.

CHAIR WHITE: What is that based on?

MR. BAZ: I'd have to look it up but I'm assuming it's HRS standard.

CHAIR WHITE: I think so.

MR. BAZ: It's 1.885 percent of the gross income of the utility. So it's based on their income. If their income is higher than we supposed to get more.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR WHITE: Mr. Couch.

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COUNCILMEMBER COUCH: Just to rephrase the question. Is that something that we are allowed to change or do we have to go through our State Legislature for that because I don't recall ever discussing that in Budget?

MR. BAZ: Yeah I'll take a look at that and see if...I'm assuming it's a State Legislature thing but we'll take a look at it for sure.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR WHITE: Please proceed.

MR. BAZ: Okay. So those are the main sources of revenue for our Real...for our General Fund. Highway Fund is made up, first, mostly of the Fuel Tax and estimated revenue collection for that is ten and a half million dollars. And we have a Figure 41 there has the Fuel Tax revenue chart. You can see that it has gone down. In the past, there's more fuel-efficient vehicles, a lot of people were driving electrics. And so that's something to consider maybe not this year but in future years we will have to deal with some kind of revenue change I think for the Fuel Tax. Public Transit Fare this is increasing. You can see has been as the system grows, as the ridership comes in, and as the fares went up in previous years, we do have an increase in estimated revenue for that about \$2.7 million and that goes directly into the Highway Fund. The Franchise Tax also goes into the Highway Fund. That is a fee that is paid by the utility company. Excuse me, Mr. Chair, I was wondering why my staff all came downstairs here.

CHAIR WHITE: Well they came down because the Chair asked his Staff to go and get them because I thought it would be appropriate to thank them and have you introduce them since they helped you put this all together. So if, if all of you could come down to the podium so that you can be introduced.

MR. BAZ: Thank you, Mr. Chair. That's a wonderful opportunity. I'm very proud of my staff. They worked very hard. They're very smart and diligent workers. They take their job very seriously. We have our leader of the staff is Kristina Cabbat; Budget Specialists we have Jennifer Phillips, Jennifer Okumura, and a new member of our Staff Lilebeth Pouncy, and then we have our Account Clerk/Secretary Pili Naho'oikaika. And this is the...

CHAIR WHITE: No, go ahead.

MR. BAZ: I was just going to say just myself, and my staff here, are the ones that produced this budget and like I said I'm very thankful that I have a wonderful staff to do such a great job.

CHAIR WHITE: Well we know that your work isn't over because we know that he sits here and sends you messages with questions that you've got to run around and find answers to during, during this next month or so. So, I just wanted to thank you all for all that you've done to get us this document on a timely basis.

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COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: And thought you deserved the recognition. So, I appreciate it.

COUNCILMEMBER VICTORINO: Chair? Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Before they run off, before they run off. Thank you. And on behalf of all us Council members thank you very, very much. You know we really appreciate your hard work. We know where the power lies, in you young ladies right here. You get it done and then Sandy looks good so we'll live with that. I know that same feeling. Don't we, Mr. Chair?

CHAIR WHITE: We all have wonderful support staff to make us look better than we might otherwise.

COUNCILMEMBER VICTORINO: There you go. Thank you, Mr. Chair.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. I just also wanted to send my accolades to Mr. Baz. And you've really set the bar high in terms of the standards and procedures of presenting the budget. Good job. For the team, you're only as good as your team. You're, you're only as strong as the weakest link. Good job. Way to go. Thank you.

CHAIR WHITE: Members, other comments? Ms. Baisa.

COUNCILMEMBER BAISA: Well, I certainly don't want to miss this opportunity. A couple of days ago we were in here talking about pay equality and talking about the gender gap between males and females and pay. We'll be looking out for you ladies. Good job. Thank you.

CHAIR WHITE: Thank you all very much. Sorry to throw you off like that.

MR. BAZ: No, that's okay. I appreciate that. That was a very good interruption. I very much appreciate it. Thank you very much, ladies.

COUNCILMEMBER VICTORINO: You was getting nervous, huh, Sandy?

MR. BAZ: Okay. So, the Franchise Tax is the tax collected on 2½ percent of annual gross receipts from electric and gas companies, and this goes into our Highway Fund. And it increases due to the increased cost of fuel, energy conservation measures, different things like that. We have proposed for Fiscal Year 2015, \$10.6 million in Franchise Tax revenue. In Weight Tax is the other...

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VICE-CHAIR HOKAMA: Chairman?

MR. BAZ: Yes?

CHAIR WHITE: Mr. Hokama.

VICE-CHAIR HOKAMA: Before we move on. For Director Baz, I understand the Franchise Tax pretty much how you just shared it with the Committee regarding the energy components. So, is the windmills on that mountain part of that Franchise definition? They generating electricity.

MR. BAZ: I have to double check on that but I'm assuming no because they're selling the electricity directly to the utility, and so the utility is then selling it to us users.

VICE-CHAIR HOKAMA: But they're a generator, right, of power?

MR. BAZ: Yeah. It's the public utility that's under the PUC that's required to pay that as part of the end user fee. I don't think the power generation requires another tax on top of that but I can double check on that.

VICE-CHAIR HOKAMA: Okay.

MR. BAZ: I'll definitely look.

VICE-CHAIR HOKAMA: Would we need to, in your understanding, could we just amend the County Code and then appropriately tax on that component of energy under Franchise?

MR. BAZ: I believe this is a State-initiated tax as well. I'll double check on that as well.

VICE-CHAIR HOKAMA: Okay. Any comments Mr. Ueoka?

MR. UEOKA: No.

VICE-CHAIR HOKAMA: Well there's a reason why I'm asking these questions, gentlemen.

MR. BAZ: I can definitely intimate what your reasoning is and I appreciate that reasoning. I will definitely look at that and see if there's any changes we can make to that.

VICE-CHAIR HOKAMA: I would appreciate it. Thank you, Director.

MR. BAZ: Yeah.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR WHITE: Mr. Victorino.

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COUNCILMEMBER VICTORINO: Can I get some clarification just so that I'm better understanding, you know, I'm not as wise as Mr. Hokama when it comes to these issues. You're saying this Franchise Tax replaces Real Property Tax. No? What does this replace or does it replace anything?

MR. BAZ: Yeah. Mr. Chair. The Public Service Company Tax that goes into our General Fund replaces Real Property Tax. The Franchise Tax is just a franchise fee that they have to pay to do business in the State. And that franchise fee, the utility companies franchise fee comes to the County and I'm sure the State is taking a cut, too. I can double-check that. But then...like the cable companies franchise fee goes to pay for Akaku and other things like that as well. So there's different franchise fees that the utilities and companies pay, well, they charge back to us that they collect and that goes for different things.

COUNCILMEMBER VICTORINO: So, you're saying, okay, I know that's two different, the Franchise and the, the other one. What was the other one? Franchise and...

MR. BAZ: Public Service.

COUNCILMEMBER VICTORINO: Public Service, yeah. Thank you. So, right now the wind generating operations on both Upcountry and West Maui Mountains here actually are under Real Property Tax at this point. Aren't we...didn't we not change them to make them pay Real Property Tax? The reason I'm asking that is because you're saying Maui Electric doesn't pay Real Property Tax. Hey that's different. Okay. So I'm asking two different questions, I know, and maybe I should wait to a later point but since the subject matter was brought up I'd like some clarification because did we not institute where these wind farms would pay Real Property Tax, Mr. Chair?

CHAIR WHITE: Correct.

COUNCILMEMBER VICTORINO: Okay. And so, now you're saying, well, Mr. Hokama brought up the proposal about Franchise or looking into that matter whether we can or they can or somebody else can. But I guess that's my question is if one is exempt from Real Property and we were to put them under Franchise or something else, would that be a fair way of doing it when they already are being assessed Real Property Tax? And again it's two different subjects I know but.

CHAIR WHITE: Well there's...

COUNCILMEMBER VICTORINO: And maybe a question that can be answered later. I mean I don't have to have an answer right now.

CHAIR WHITE: I think there are other, other generating facilities that are paying property tax.

COUNCILMEMBER VICTORINO: Okay. Just so we're clear on all of this.

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CHAIR WHITE: And I think it's also important to point out that if I recall correctly last year the State was, as Mr. Baz said, the Franchise Tax is a State-initiated tax and there was a risk of losing that last year as well. So that may come up as we get closer to the end of the Legislative session once again. So none of these are totally secure ...*(inaudible)*...

COUNCILMEMBER VICTORINO: Absolutely, sir. And I thank you, Chair, for that clarification. Just so that the public understands there's different dichotomies going on and I just want to make sure we are clear as even as Council members, you know, for me especially. Thank you.

MR. BAZ: So the Franchise Tax is HRS 240-1 describes a tax on electric, light, and power companies. And it's specifically that they have to pay a tax of less...based on gross receipts of such person from all electric, light, or power furnished to consumers during each calendar year. So that's depending on if the windmill company was selling the power directly then, yeah, that would be a tax that should be charged. No, we don't assess the tax. The HRS sets the percentage. Thank you.

UNIDENTIFIED SPEAKER: Okay.

CHAIR WHITE: Okay.

MR. BAZ: Okay?

CHAIR WHITE: Are there other questions, Members? If not, we'll move on.

MR. BAZ: Okay. So the Weight Tax is in 2011 it was raised for our vehicles. This is what you pay based on the weight of your vehicle and we're estimating an increase of about \$500,000 so it would be about \$17 million estimated revenue from the Weight Tax. And, you know, I believe that this is kind of an option for the County if fuel taxes keep going down and we still need to pave our roads then Weight Taxes is an easy balance that we already have control over that, that ability to tax. Unfortunately, my car registration keeps going up and up and up but, you know, that's the way it goes. Wastewater Fund this funds our Sewer Program, estimated revenue of \$62.2 million, an increase of \$6.2 million from previous years. This is \$46.3 million is estimated to come from sewer user fees, that's an increase of 2.8 percent, and it's not that we're increasing the fees it's just the increased water usage. And basically as you know they get billed on the water bill for the amount of water they use as a correlating sewer fee. Solid Waste Fund we're estimating a total of \$25.6 million, a 4½ percent increase in Solid Waste, and this is due to an increase that we're proposing in the Landfill Tipping Fees. We're proposing an increase from \$65.6 per ton to \$71 per ton. If you might remember last year we actually proposed \$75 per ton in Tipping Fees and that got reduced to 65.6 at the Council level. But that would increase our revenue by about \$500,000. The other item that makes up the Solid Waste Fund is the Refuse Collection Fees and those we're proposing to increase from \$18 to \$20 per residential refuse collection unit. That would increase and then for Lanai since they only get once a week service

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it increases from \$9 to \$10 per month. So we're estimating \$6 million total, an increase of \$700,000 in refuse collection.

CHAIR WHITE: Just a question, and maybe we need to wait for the Department of Environmental Management but for the communities on Maui that get once a week service they're still charged \$18 aren't they?

MR. BAZ: Yeah. Everybody on Maui is charged \$18 but I'm not sure there's a community that only gets once a week service unless they're non-automated. So the non-automated ones are once a week. The automated ones are twice a week.

CHAIR WHITE: But if the service is once a week why are we...I happen to live in a community that gets once a week service and I'm just fine, I'm fine with it. But it struck me when you said Lanai gets once a week service and only pays 9 bucks and I know we're paying the full 18.

MR. BAZ: Yeah. Mr. Chair, we could ask the Department when they come but I'm assuming the additional cost of the labor required to do manual service pickup is part of the reason.

CHAIR WHITE: Yeah. I'm sure.

MR. BAZ: I think you can throw away double the amount.

CHAIR WHITE: So Lanai is automated?

MR. BAZ: Yes.

CHAIR WHITE: Okay. All right.

MR. BAZ: And then the last piece of our revenue is the Water Service Fees. We're proposing an increase of around 6½ percent based on the rates that we charge, and that's revenue of \$57.3 million, an increase of about \$4.7 million from the previous year. Okay. So, Mr. Chair, that's the revenue summaries. We have the Equivalent Personnel Summaries but I'm going to ask for a brief recess if you don't mind.

CHAIR WHITE: No problem. Brief recess. How long? Five minutes?

MR. BAZ: About a minute.

CHAIR WHITE: Okay. Recess. Brief recess. ...*(gavel)*...

RECESS: 10:00 a.m.
RECONVENE: 10:09 a.m.

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CHAIR WHITE: ...*(gavel)*... Budget and Finance Committee will come back to order. Members, we're back in session. And just, just as a reminder, if you have questions that you would like the Staff to put in writing, the Chair will be happy to do so. And if there's something that I...so basically I will say please put that in writing or please send that question out. So if I don't and you really feel strongly about it please, please let me know. And so with that we'll move on. Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. So, we're done with the revenue items. Next Financial Summary is the Equivalent Personnel Summary, and as I mentioned we are proposing an increase of personnel to 2,664.7 that's an increase of 72.7 positions and over the 2,592 in the Fiscal Year 2014 Council adopted. So Page 78 has those tables on there. Breakdown of the total of all funds and then just the County fund sources. So you can see that the County sources of funds there's an increase of 66.2 personnel that we're requesting. The difference is Revolving and Grant Revenue Funds. Page 80.

CHAIR WHITE: Mr. Couch, did you have a question?

COUNCILMEMBER COUCH: Thank you. Run that by me again on the, the Special Revenue Fund the 26 that are going away.

MR. BAZ: Those are...when we get into the Department of Public Works, those are our garage services employee that maintain the County vehicles. They had been funded out of the Highway Fund even though they had been doing work for everybody and that was...I felt, you know, we looked at it and that was not necessarily the most appropriate use of Highway Fund monies. We can get into the details of that ...*(inaudible)*...

COUNCILMEMBER COUCH: Okay. Thanks.

CHAIR WHITE: Okay. So those 26 are now showing up in the 89 --

MR. BAZ: Correct.

CHAIR WHITE: --funded by the General Fund.

MR. BAZ: Yes. So when you look at the table or the charts on Page 80 you have, by chart here, of the total breakdown of personnel by major fund type. So you'll see Enterprise Fund, General Fund, Grant Revenue Fund, Special Revenue Fund, Revolving Fund, and of course the majority is General Funded. The charts on Figure 53 and 54 show the annual percentage change of personnel and you can see there that Fiscal Year '11 had a negative 2.3 and we've been going back and forth. If you look at the County funded sources negative 2.5 for Fiscal Year '11, negative .1, negative .1 for '12 and '13, and then Fiscal Year '14 adopted had a 1.2 percent increase, and we're proposing about 2.7 percent increase in our County-funded positions this year for increased operations and different things. As we get into the details I'm sure we'll be heavily, heavily scrutinized.

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COUNCILMEMBER VICTORINO: Oh, yeah.

MR. BAZ: Figure 55 on Page 81 shows the comparisons again in detail by department and you can see the significant changes in the different departments. You know like the Parks Department had negative 39.1 net personnel because of the move for Ocean Safety, and the negative 27 personnel from Highway Fund in Public Works, and positive 32.2 net in General Funded for Public Works. I just wanted to note that the increases here are significant and they are items that we'd be happy to go over individually. The departments didn't get everything they asked for. They had actually asked for more than these positions. I did want to go back to Fiscal Year 2010, which is not on this chart, we had a total Equivalent Personnel in the Council adopted budget of 2,598 positions. So we did have a pretty significant decrease when the economy took a hit and now that we're getting back to needing to provide these services to the community we are looking at this, this increases here so. Figure...

CHAIR WHITE: That figure of 2,598 compares to the --

MR. BAZ: The bottom.

CHAIR WHITE: --total equivalent --

MR. BAZ: Correct.

CHAIR WHITE: --at the very bottom of this chart, right?

MR. BAZ: Yes. So 2,598 for total equivalent personnel in Fiscal Year 2010. Fiscal Year 2014 adopted budget was a little bit less than that at 2,592 and then we're proposing that increase there. So I think my point of that comparison as you look over the last, you know, five years only increasing total personnel of around, you know, 2.8 percent is not that significant of an increase but I'm sure every increase is important. Okay. Page 82 has the breakdown of employees by functional area, and you can see the different functional areas. Of course the largest is in Public Safety. They have the Police total proposed 525 positions; Fire and Public Safety a total of 383, and again majority of those are the increases of the Ocean Safety Officer movements. And we'll get into I'm sure very much detail of that. And if we go next...and so any questions on that section?

CHAIR WHITE: Members, any questions?

UNIDENTIFIED SPEAKER: Not at this time.

CHAIR WHITE: I'm sure there will be later.

MR. BAZ: Okay. Yeah, well you'll get to be able to ask questions this morning as the Finance Department does have requested increase in personnel so. Okay. The Capital Budget and Debt Overview you'll see starting on Page 87 describes our capital program, and we start talking about

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the different capital budgets. All sources of funds we're requesting \$150.8 million in Capital Projects. These are, funded actually a majority of them are Special Revenue Funds and Enterprise Funds they're, you know, make up almost half of it. That's really Wastewater, Water, Solid Waste, Highway, those are the...those Special Revenue and Enterprise Funds make up almost half of it. General Government is about 28.8 percent, forty-three and half a million dollars, and if you look at the County sources of funds that's \$115.8 million. That compares to last year's Council adopted budget of around \$88 million in Capital. The next page shows the expenditures for Capital by department. You can see Public Works is the largest. Thirty-one percent of our Capital Projects are in Public Works. It's a little higher this year because of the Molokai Public Works baseyard now that they're ready to construct. So they have, of course, Parks and Recreation pretty significantly increased this year as well. The Mayor has made that a major effort and as we get into the Parks Department tomorrow you'll get to...a better understanding of what they're going to be doing in the next year. What they've done this year and then what they're going to be doing next year. The next page, Page 89 shows a chart of the Capital Budget Summary by district. So you can see we have eight community plan districts and one Countywide district, and these have the different amounts there. Page 90 has Figure 64, and this is the Capitals by all sources of funds. And so you can see we do have proposed in there Affordable Housing Fund that's for our Kulamalu Affordable Rental Project and Bikeway Fund. Federal funds are generally the Highway Funds that come in. General Fund is our cash. General Obligation Fund is the GO Bonds that we go and borrow. Highway Fund is made up of the revenue that I mentioned. The Lapsed Bond Fund again, Mr. Chair and Members, this is the money that we're...we had borrowed that lapsed, either a project was under budget or for some reason that project didn't move forward. So, we're going to be using these funds for this year to appropriate to a project. Grant Funds are money that are coming in other Grant Funds. Park Assessment we're utilizing in West Maui and Central Maui for a little tiny bit, and as you'll see in the communication where the Park Assessment Funds are coming from. Sewer Fund of course is cash from the Sewer Projects. Solid Waste Fund is cash from Solid Waste. It goes into our landfills. State Funds is a grant from the State and this is for expansion of the Kula Agricultural Park. The State Revolving Loan Fund are the funds that are...we're borrowing from the Department of Health for the water and wastewater projects. And then Water Supply Fund restricted and unrestricted are cash from the Water Supply. And Page 91 has the all sources of funds by project type. You can see drainage 10.7 million, Government Facilities 13 million, other projects 28.5, Parks and Recreation 27.2, road improvements 26, sanitation 2.2, sewer at 21.2, and water supply about twenty-one and three-quarters. Okay. Page 92 has the Six-Year Capital Budget Summary. The Charter requires us to provide an estimated Capital Improvement Projects for the ensuing year and the next five years, and so that's a total six-year plan we have here. And you can see the breakdown, the top is by funds, all sources and County, and then also the table below, you know, the chart below has an estimated amount of Capital Projects that we have, the departments have proposed for the ensuing years. So just to understand that, you know, as we get to that year depending on timing and priority, different things, those fluctuate every year. Page 93 has a estimated impact on operating budget from these different Capital Projects, and you can see in there these are from the departments as they are producing. In each project sheet there is an estimated amount of operating impact from that project moving forward on our budget.

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CHAIR WHITE: Before you move on. In looking at the...at the budget, the CIP budget sheets, these numbers are not delineated by project. And is this the only place that the numbers are actually shown for the operating impacts?

MR. BAZ: They should be on the project sheets, too. I'll take a look at that. I know in our system they're on the project sheets. I'll go...

CHAIR WHITE: I don't believe they are on the...

MR. BAZ: Yeah, if you look at the project sheets at the bottom left hand side.

CHAIR WHITE: Which one are you looking at?

MR. BAZ: This one doesn't have an operating impact but let me take a look here.

CHAIR WHITE: Let's look at Mr. Couch's...

MR. BAZ: Parks and Recreation. If you look at Page 7-65 the South Maui Community Park you can see that this is, you know, Mr. Couch's gym. It's not Mr. Couch's gym. It's South Maui's gym but the operating...so it's on Page 7-65 schedule of activities, it has the time, design, and new construction here, total Capital Project costs, and then total O&M costs at \$1.175 million.

CHAIR WHITE: Okay. But is that per year or is that over the...over the 30-year life of the project or how is it...how is that related?

MR. BAZ: It's supposed to be per year.

CHAIR WHITE: So does that then feed into the figures you just shared with us?

MR. BAZ: Yes.

CHAIR WHITE: Because, because at the end of that, at the end of that chart, and I can't remember which page we were on, but at the end of that chart it shows that Parks and Recreation is at a zero number in 2020. So I was a little confused as to whether we're getting...all the things feeding into the same...

MR. BAZ: Yeah. I apologize, Mr. Chair, that's over the life of the six years. The one on the project sheet is over the life of the six years but I can confirm that.

CHAIR WHITE: But still even in 2020 it would still be there, right?

MR. BAZ: Theoretically, yeah. But the departments put in what they're estimating operating costs to be.

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CHAIR WHITE: And do you have a breakdown of those...of that one? In this case, it's 1.1 million or almost 1.2 million so that's roughly \$200,000 a year. Do you have a breakdown of what those costs are?

MR. BAZ: I'll have to double check on that.

CHAIR WHITE: Okay. The Chair will be asking...we'll send it to you in writing. We'll ask for a breakdown of, of the operating impacts for each project other than those like in Wastewater and Water where they're just replacing or putting in pipes and things of that sort. But just on the...on the type of projects that would generate the need for new staffing or operating costs. Okay. Thank you. Please proceed.

MR. BAZ: Okay. Thank you. And the last few pages are...let's see Page 94, 95 just talks about the process itself, the reviews, department proposed, you know, our CIP Coordinator recommends, Budget Director recommends projects to the Mayor, Mayor proposes it to the Council, and then finally the Council adopt the budget. Page 96 and 97 talk about the different financing sources; sources of funds for the projects, and a little bit description of that different areas. Page 98 shows, it starts off our Debt Overview, and added last year, this is the second year we're putting it, a chart of the impact of the Debt Service we're proposing on our operating budget. And I apologize for it being very, very fine print but we're trying to get a lot of numbers in there. Basically you can see that our Fiscal Year 2015 Debt Service is around \$36.2 million. We would see an increase next year to thirty-seven and a half million but then decreases from thereafter. The chart on the bottom of Page 98 you can see how our Debt Service scales down year by year. And...

CHAIR WHITE: Before you move on. The reality is that we'll be generating additional projects and additional bonding over time.

MR. BAZ: Yes.

CHAIR WHITE: So does this chart and these numbers reflect the six-year plan or just what's proposed for this year?

MR. BAZ: No, this is only this year.

CHAIR WHITE: Okay.

MR. BAZ: Because we only know each year how much cash we're going to be able to use for projects and then how much we're going to need to bond.

CHAIR WHITE: Right. 'Cause this, this makes it look like our debt's going away when I think all of us know that it's --

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MR. BAZ: Right.

CHAIR WHITE: --not likely to do so.

MR. BAZ: Yeah. If we stopped doing any more projects which is impossible we would --

CHAIR WHITE: Right.

MR. BAZ: --yeah, our debt would go away but that's, you know, or unless we increase the taxes and fees to pay for stuff for cash.

CHAIR WHITE: Okay. Members, any questions? Seeing none, go ahead.

MR. BAZ: I just wanted to note we have a debt limit. We have statutory and financial limits. The State Constitution requires us to have certain limits. Of course we're nowhere near those limits. If you look at the ratio of net bonded debt to asset property value shall not exceed 15 percent of real property value. For us that would be \$4.9 billion of debt that we would not...billion, yeah right. So we're at .83 percent of our assessed property value instead of at the limit of 15 percent. So we'll never ever get to that. So we use two...we use two other criteria for looking at debt service. One is the ratio of annual debt service to operating expenditures of County funds. Now, you know, so it's all County funds and we say that it should not exceed 10 percent of County operating funds, and for this year the annual debt ratio is 7.3 percent. So Debt Service is 7.3 percent of County funds operations. This is actually lower than the 8 percent we proposed last year. The ratio of net bonded debt per capita is another criteria that we keep a close eye on. This is, you know, we want to make sure that we're not overburdening our taxpayers with a lot of debt. And per capita we have an internal limit of \$2,500 and the current net bond of debt per capita is \$1,779.

COUNCILMEMBER VICTORINO: So...if I may ask a question?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Okay. This net bond 2,500 per capita that's all our permanent residents in Maui County?

MR. BAZ: Yes.

COUNCILMEMBER VICTORINO: That's how you calculate that.

MR. BAZ: Correct.

COUNCILMEMBER VICTORINO: So that would be anybody, and I guess I'm getting a little technical but would that be anybody who files State Income Tax that lives here on Maui?

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MR. BAZ: It's based on census information so.

COUNCILMEMBER VICTORINO: Oh, by census information.

MR. BAZ: Yeah.

COUNCILMEMBER VICTORINO: Which we all know sometimes cannot be relied on. It's not as accurate as it used to be because of the number of...not only homeless but other people that don't...that reside but don't reside. You know the six-month snow birds, and people that, you know, sometimes actually take up residency here but they're fluctuating between two locations. Yeah. Okay. I just wanted the clarification on what that...how that 2,500 was derived. So, it's out of the census, the last census that the Federal Government took.

MR. BAZ: Correct.

COUNCILMEMBER VICTORINO: Okay. Thank you. Thank you, Chair, for that clarification.

CHAIR WHITE: Sure.

MR. BAZ: Page 101 has another very small fund chart. This table shows the debt that we currently have and the outstanding principal based on those debts, and this is as of June 30, 2013. We also have on the next pages the schedule of debt requirements, broken down the County GO Bonds, the County SRF Loans which would be the Wastewater, and then Department of Water Supply, the GO Bond. And Department of Water Supply it says business type activities notes payable but that's with SRF Loans as well. So you can see the amount of debt service that is currently as of June 30th scheduled. Okay. And, Mr. Chair, that concludes the front matter of the book and I look forward to getting into the departments and answering any questions you might have.

CHAIR WHITE: Okay. Thank you very much. Members, any questions for Mr. Baz at this point? If not, we'll take a recess until 20 minutes to 11:00 then we'll start with the Finance Department. ...*(gavel)*...

RECESS: 10:31 a.m.
RECONVENE: 10:48 a.m.

DEPARTMENT OF FINANCE

CHAIR WHITE: ...*(gavel)*... Budget and Finance Committee will reconvene. And we will move into the deliberations on the Finance Department. And I want to welcome Mark Walker, Deputy Director. Would you like to provide opening remarks and then move us through your budget?

MR. WALKER: Thank you, Mr. Chair. Committee members, good morning. Thank you for the opportunity for coming before you. Just before we went on air this morning, Sandy leaned over

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and said that, you know, because you're the new guy there's a standing rule that they don't ask the new guy hard questions. So, I just wanted to confirm or reaffirm that --

COUNCILMEMBER VICTORINO: Incorrect.

MR. WALKER: --that long-held tradition. No? All right. Just up front I'm going to let you know that I'm going to do my best to answer all your questions and I have some resources in the, in the gallery should I falter and if we're unable to get those to you today we'll certainly get those to you at a later time and as quickly as possible. In keeping with the Department of Finance mission to continuously strive towards excellence in managing the County's financial and physical resources by providing quality financial services, you will find that the Department of Finance budget that is before you today is aimed at (1) improving efficiency and customer service within the various divisions of the Department of Finance, and (2) attempts to address finding brought forth in the most recent as well as past Single Audits. The Finance Division is comprised of, I mean, the Finance Department is comprised of six divisions. The divisions are the Accounts Division, which handles payroll, accounts payable, and is responsible for managing the financial reporting for the County most notably the Comprehensive Annual Financial Report or CAFR. We have the Division of Motor Vehicle and Licensing, which provides new and renewal driver's licenses, motor vehicle registrations, and various County business licenses. The Division also administers Commercial Drivers Licenses and periodic motor vehicle inspections. The Real Property Assessment Division administers the discovery, listing, and valuation of all real property in the County of Maui for Real Property Tax purposes. The Treasury Division, which is responsible for the cash management of all County funds, also responsible for investing the County's excess funds, and for managing our bondholder debt. The Department also handles Real Property Tax payment collections. The Purchasing Division provides a centralized system for administering, bidding, and procurement of goods and services, and construction in compliance with State and County procurement law. And finally the Administration Division otherwise known as the Directors Office is responsible for effectively administering the Department activities including management of the various divisions, and to preserve the financial integrity of the County through internal audit and fiscal control, and provide oversight over the financial procedures of the County. If you turn to Page 217, the overall...the overall Finance Department budget, the Finance Department is proposing a Fiscal Year 2015 budget of 11.7 million being an 8.8 increase over the 2014 adopted budget. The largest increase outside of wages and salaries mandated by the Collective Bargaining Agreement is in services, which is proposed to increase by 250,000 or 14.5 percent. You, Committee members, will have the opportunity to get into the nuts and bolts of the proposal on a division-by-division basis as we move through the Finance budget. On Page 218, that table is incorrect, I mean, we are asking for 4.2 bodies; however, the three bodies that are listed under Purchasing should really be under the Financial Services Program. The one body that's listed in Financial Services should actually be in Accounts, and the .2 is correct in the Administration Program. So we are asking for four new personnel; three in the DMV and one in Accounts. Moving on to Page 221 the Administration Program. The proposed program budget is increasing 6.1 percent with 75 percent of that increase being wages and salaries, which are increasing largely because of the Collective Bargaining increases. We do plan to convert one Administrative position which right now is a

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six hour per day position to a full eight hour position and is reflected as a .2 E/P increase. Any questions on the Administration Program?

CHAIR WHITE: Members, questions? Ms. Baisa?

COUNCILMEMBER BAISA: Not at this point, Chair. I'm interested in the increase of course in personnel. Maybe if we could explain a little bit about why those increases.

MR. WALKER: Yes. Member Baisa --

CHAIR WHITE: Is that overall or?

MR. WALKER: --we're going to...when we get into those particular --

COUNCILMEMBER BAISA: Okay. Okay.

MR. WALKER: --where those increases are I'll explain that if that's okay?

COUNCILMEMBER BAISA: Okay. I'll wait. No, I'll wait. Okay. Sorry I little bit out of the routine here.

CHAIR WHITE: We all are. Don't worry.

COUNCILMEMBER BAISA: Every time we start, we have to get into the routine again. Thank you.

CHAIR WHITE: Ms. Crivello, any questions for Administration?

COUNCILMEMBER CRIVELLO: Not right now, Mr. Chair.

MR. WALKER: And, Member Baisa, I mean in this particular program there is a .2 increase, E/P increase, which is converting a six hour per day person to an eight hour per day person.

COUNCILMEMBER BAISA: Correct. And my question was why?

MR. WALKER: The position currently is, well, it had been previously tasked with managing the parking lot and that's been transferred over to the Managing Directors Office. And so what we're going to do is convert this position to a Clerk position and absorb it within this program.

COUNCILMEMBER BAISA: Okay. Thank you.

MR. WALKER: Thank you.

CHAIR WHITE: So this is an E/P that was transferred to the Management Department?

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MR. WALKER: No. The responsibilities that --

CHAIR WHITE: Okay.

MR. WALKER: --yes, were transferred. They've sort of taken over the parking.

COUNCILMEMBER BAISA: Yeah. Parking.

CHAIR WHITE: But you're adding...so how much of it is added cost because it looks...I don't recall seeing the cost of 35,000.

MR. WALKER: I'd have to look and see what the...yeah, could I get back to you on that, Chair, on the increase for the .2?

CHAIR WHITE: Yes.

MR. WALKER: Yes. Okay.

CHAIR WHITE: That may have been in one of the other areas. I don't see it right now. Members, any other questions? Okay. Please proceed. Oh, I'm sorry. Mr. Guzman, do you have a question?

COUNCILMEMBER GUZMAN: Just a clarification the Parking Lot Aide .8 E/P, what is that?

MR. WALKER: He was previously responsible for managing the parking around the County building. If people are in the wrong places he would ding them. Walk the parking lot make sure that people aren't breaking into cars, et cetera. And so that responsibility is now being transferred to the Managing Directors Office so we need to find something else for them to do and so we're going to convert that to a clerk position.

COUNCILMEMBER GUZMAN: Clerk. Okay. Thank you, Chair.

CHAIR WHITE: Mr. Baz.

MR. BAZ: Thank you, Mr. Chair. The increase in salary of that .2 is \$7,245 bringing it, well, that includes the Collective Bargaining increase as well, but bringing the total position cost to \$28,872.

CHAIR WHITE: Okay. Thank you.

COUNCILMEMBER BAISA: Chair? Chair?

CHAIR WHITE: Yes. Ms. Baisa.

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COUNCILMEMBER BAISA: Before we wrap up the parking guy. So then do we see a corresponding increase in the Managing Directors Office for that or were they able to assume the duties?

MR. BAZ: Mr. Chair. There's no increase in the Managing Directors Office for those duties.

COUNCILMEMBER BAISA: Thank you. Good.

CHAIR WHITE: Good question. Okay. Please proceed.

MR. WALKER: On Page...well the bottom of Page 222 as well as Page 223 we have the key activities, goals, and measures, and I would be open to any questions you might have if you've reviewed those?

CHAIR WHITE: Members, questions? If you could please share with us the items that you feel are the main highlights.

MR. WALKER: Well, the first one providing timely and accurate financial reports. As you know having just gone through the CAFR you can see here we estimated we would get that done 100 percent of time, we were a couple of months late this year. But you all know the reasoning behind that and our goal moving forward is not to let that happen again. I can speak to on Page 223; we are implementing a Countywide central cashiering system. We have...when I checked with the various departments of the County we had different people doing different things with different systems. Whether that was computerized or manual, the goal here is to have one system that everybody can operate. It will all feed into our IFAS system so it will just be that much more efficient and we'll be getting quality information. I'll just say another big initiative we're moving forward on is the collection of electronic payments, mostly debit and credit cards. We've gone through a big process of selecting a vendor and we're in the process of getting a contract signed. So hopefully, well, this year depending on how the implementation schedule shakes out with IT, you'll have departments being able to take electronic payments over-the-counter as well as via the Web. And so this is in response to our customers asking for increased payment opportunities and I think that will be beneficial for both them as well as the County.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Along those lines electronic payments, yeah, and I know this is the world we're going into, and so checks and cash although the old folks still would do it, you know, it's going to wayside. This vendor that you're selecting and signing a contract, will there be "minimum usage of" in the contract so that if you don't hit that minimum you pay additional fees? You know I think that's something that, and I'm not going into the contract itself, but something I've always been keenly aware of when you sign contracts with various vendors.

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MR. WALKER: Thank you, Member Victorino. No cost to the County. This is...there is a convenience fee paid by the customer for the use of electronic payment. We don't pay anything.

COUNCILMEMBER VICTORINO: We're not going to pay. But my question was is there a minimum number that has to be hit?

MR. WALKER: No.

COUNCILMEMBER VICTORINO: So that won't change. So if we...if a thousand use it, it's like three dollars. If ten thousand use it, it's still three dollars.

MR. WALKER: Correct.

COUNCILMEMBER VICTORINO: Or whatever. I'm just --

MR. WALKER: Right. Right.

COUNCILMEMBER VICTORINO: --I just picked...*(inaudible)*... I don't know what the fees is but.

MR. WALKER: Just as an example you want to pay your water bill online and you pay it, the money, the fee goes directly to the vendor and they cut us a check for the difference and we settle up in a day or two.

COUNCILMEMBER VICTORINO: So that would be the actual bill itself.

MR. WALKER: Right. Exactly.

COUNCILMEMBER VICTORINO: Whatever the payment on that bill would've been, yeah.

MR. WALKER: Correct. Right. We never see the fee. It doesn't come to us and again because the customer is paying it's at no cost to the County.

COUNCILMEMBER VICTORINO: Do you have any idea what the fee is or is that premature to ask?

MR. WALKER: It's roughly 2.3 percent of the transaction amount.

COUNCILMEMBER VICTORINO: So if it's \$100? \$2.90.

MR. WALKER: Yeah or \$2.30. Yeah.

COUNCILMEMBER VICTORINO: 2.9 right?

MR. WALKER: 2.3.

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COUNCILMEMBER VICTORINO: Oh, 2.3. I apologize. Okay, 2.3. I thought I heard 2.9. I apologize. Okay. Okay. Thank you, Mr. Chair. I'm sorry.

CHAIR WHITE: No, you bring up a very good point because does that mean that if I've got a hundred dollar water bill that I will, if I choose to pay online, I will pay \$102.30?

MR. WALKER: Correct.

CHAIR WHITE: Okay. So they are in fact picking up the fee.

MR. WALKER: Yes.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And yeah that's always been a struggle when I talk to the departments and say hey, how come we don't pick up the fee. It's the taxpayers paying it either on their, individually on their own or collectively as a whole. So that's just a policy thing that we're going to have to deal with. But prior to that, Mr. Walker, has your department taken a look at some of the other counties? I know through the NACo process or the group that...there's several counties that offer this service, county-to-county, pier-to-pier at a substantially lower rate usually. Have we looked into that? I know there's...especially with Mr. Hokama.

MR. WALKER: You're speaking about electronic payments?

COUNCILMEMBER COUCH: Yes.

MR. WALKER: Not to my knowledge. And actually I was not aware of that to be honest with you that there's...that there would be that type of potential relationship. I mean I did reach out to other counties that offered electronic payments and talked to maybe four of them about their experience. What would they do differently, you know, if they had to do over what, you know, would they go a different way? And at least from a convenience fee perspective, I had about half of them started with a convenience fee and the other half started where they were absorbing all or a portion of the fee. And the ones that were doing that quickly switched the next go around to a convenience fee because it became a budget item and they didn't know how much to budget. You know because if it was wildly successful beyond their...well, then suddenly they're eating, not eating, but they're paying for a lot of those fees. And so, you know, I felt, as did the Director, that starting out with the convenience fee and seeing how it worked. I mean it's an alternative payment method. It's if you don't want to use it you don't have to. You can still write a check. You can still come down and pay with cash, however, you know, you can do it. So it's, but in answer to your question no I did not. I was not aware of any kind NACo affiliation that might have.

COUNCILMEMBER COUCH: Yeah, you may want to --

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MR. WALKER: Okay.

COUNCILMEMBER COUCH: --and all, any of the other departments that are looking. There are 3,000 counties --

MR. WALKER: Right.

COUNCILMEMBER COUCH: --3,000 plus counties and we're all doing the same thing almost.

MR. WALKER: Right.

COUNCILMEMBER COUCH: So no sense reinventing the wheel. But if it's not too late you certainly have resources with Mr. Victorino and Mr. Hokama. So, thank you.

MR. WALKER: I appreciate it.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR WHITE: Ms. Crivello then Mr. Victorino.

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you, Mr. Walker. Can you tell me what sort of central cashing system that you're planning, you're planning to implement for all of the County? Does this include your outlying districts?

MR. WALKER: Yes.

COUNCILMEMBER CRIVELLO: And what type of system would that...

MR. WALKER: Pardon me?

COUNCILMEMBER CRIVELLO: What type of system?

MR. WALKER: It's, you know, it's a computerized cashing system. We actually already have it in the Finance Department. It's used by DMVL. And so what we've done is just expanded that to include all of the various departments. We've given them until the end of 2015 to transition over to the centralized cashing. It's basically, you know, it's on your computer. You know some departments may need or would, you know, like to get a cash drawer or something like that. It's from an equipment perspective it's nominal. They already have computers and so it would just be, you know, a new, you know, again we have the software. It's just loading the software onto the computer, training them, and getting the right sub-object codes and object codes so that their...the money that they're using is being input into IFAS correctly. Right now what happens typically is they do all of their cash stuff and they send a report somehow to the Accounts Division. And Accounts may in many cases input that information into IFAS. And so that's,

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you know, you're getting more hands on the transaction. There's more chances for error, and so again the reason for the centralized cashing was efficiency and to reduce that handling of the various transactions by the different departments.

COUNCILMEMBER CRIVELLO: Thank you.

MR. WALKER: Thank you.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Okay. Mr. Victorino.

COUNCILMEMBER VICTORINO: Mr. Walker, you keep reminding...there's a word you keep using, and I think that's something that we make sure the public understands the word convenient. It's a convenience of doing it that way. And I think, you know, wherever we can get it as cheap as possible I'd be the first to jump on that bandwagon whether it's through NACo or other sources. But more importantly, you still can mail your payment in; you still can come in and make your payment. This makes it convenient for you to do it online. And a lot of people myself included do a lot of credit card payments for the miles. A lot of people do it for those benefits whether it's miles, whether it's cash bonuses, whatever it may be. The credit cards have made it very, very lucrative so I can understand. So if it is a convenience, I have no major objection to that. I think, you know, you get to choose how you want to do it. Another thing is, and final I'll just close with this, when you late and you got to pay it by tomorrow, you know, convenience really is in the Web page and on the computer. So I've been there and done that one and it helps. Thank you.

MR. WALKER: Well, and just a final comment, you know, from a political perspective, yes, funding someone's around-the-world travel by absorbing the fee while letting them pay with their credit card was something that we didn't want to be looking at certainly not right up front.

COUNCILMEMBER VICTORINO: Thank you, Mr. Walker.

CHAIR WHITE: Members, other questions? Well, go ahead and proceed.

MR. WALKER: Okay. Moving on to the Accounts Program on Page 225. The proposed budget increase is 172,000--

CHAIR WHITE: Actually, I'm sorry, before you move on to that. I think there's a number of things that we're going to see in other areas, and I think it would be good for either you or Mr. Baz to discuss. In the Administration area a good portion of the increases are from last year to this year are at 8 percent. So it's my understanding that this Bargaining Unit was awarded what looks like 4 percent plus one step increase. Mr. Baz, could you provide some background on that?

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MR. BAZ: Sure. The Council adopted Fiscal Year '14 Budget for the programs in the departments did not include the Collective Bargaining increases for Fiscal Year '14. So, there are...when we're looking at the proposed '15, we have to account for the basically two years worth of those increases. And you're correct the majority of them were a step, and across the board increase. The net of those two for most of the units is about 8 percent for those two years for Fiscal Year '14 and then the Fiscal Year '15 budget.

CHAIR WHITE: Okay. So it's inclusive of a step, and unless the person is new into the position --

MR. BAZ: Correct.

CHAIR WHITE: --that would be just the 4 percent.

MR. BAZ: Correct. Each department would have that information and the details would have those increases in there.

CHAIR WHITE: Thank you. And also, Mr. Walker, on the Internal Control Officer and the Auditor.

MR. WALKER: Yes.

CHAIR WHITE: What are the responsibilities of those two positions and will they in any way assist your office in avoiding some of the challenges with timeliness that we had this year?

MR. WALKER: Yes, I think they'll assist. The Internal Auditor is tasked with obviously auditing at the discretion of the Director. She's new. We hired her in June or July I think of this year. She has been active in documenting procedures, et cetera, within the Accounts Division which when we lost all of...not all of our people but major people in the last year, you know, there wasn't a whole lot of written step by step what to do next type of thing. So, certainly from that perspective it will help. The Internal Control Officer position is not yet approved. DPS has it and I'm hoping that we get something in the next, next 30 days. But that position is looking holistically Countywide at procedures and internal controls and going out to various departments to assist them in documenting those. The Internal Control Officer position I don't think is really going to help us in the timely publication or presentation of our CAFR for instance but will certainly assist the other departments of the County as it relates to the Single Audit and ensuring that they're in compliance with the various procedures, et cetera, that are required.

CHAIR WHITE: Okay. So, do you have any other vacancies other than the Internal Control Officer at this time?

MR. WALKER: Within, within the Administration?

CHAIR WHITE: In the Administration?

MR. WALKER: No, I think that's it.

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CHAIR WHITE: Okay. Thank you. Okay. Thank you very much. Go on to the...on to Accounts?

MR. WALKER: Page 225 the proposed program budget increase is 172,000 or 12.7 percent, which includes one new position. If you'll turn to Page 226 based on the current as well as past Single Audit findings and recommendations from our external auditors, we're proposing a new Grant Manager position within Accounts. This position would account for, provide compliance monitoring and grants training, for Federal grants being used by other departments throughout the County. And you'll see that, you'll see in the expansion budget we've allocated 35,000 plus for that position. You'll also see a request for an increase in premium pay of 26,000. Again back to the Single Audit and it's not the first time but we've been...we've been found to be lacking as it relates to timely reconciliations on past Single Audits. And this additional overtime will be earmarked to ensure that timely completion of the more complex bank reconciliations is done. And these really are the General Account and the Payroll Account are the most complex, have the most activity in them and would be the area in which this increase would be focused.

CHAIR WHITE: Excuse me. What was your actual cost for overtime this year?

MR. WALKER: Year to date I believe we're around...

CHAIR WHITE: Just for the Account Division because it shows \$18,000 adopted for 2014 and...

MR. WALKER: Yeah I was thinking about 74,000. And again in explanation of that a lot of that overtime was due to the fact that we were short staffed, important management staff, to complete the CAFR.

CHAIR WHITE: No, I don't think anyone, you know, questions the need --

MR. WALKER: Oh, yeah. Yeah.

CHAIR WHITE: --to get the work done. I would just...

MR. WALKER: Right. And I guess if you...

CHAIR WHITE: I was just...you were asking for 26. I was just interested in finding out what we were at this year.

MR. WALKER: Right. I mean if you look at...back on Page 225, premium pay in 2012 was 86,000; '13 was 77,000, that was cut to 18,000 this year but the actual is closer to 74 at this point.

CHAIR WHITE: Okay. And you've covered that expense from where?

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MR. WALKER: I mean shortages in other areas of the budget. I defer to my Administrator there but he knows what he's doing and if there's, you know, hopefully some extra cash someplace or we'll be coming with a budget amendment but I don't think so.

CHAIR WHITE: If you could find out for us ... *(inaudible)*...

MR. WALKER: Yeah, vacancies primarily, salaries and wages.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: Okay. Members, as we go through this please remember to be looking at the details in addition to the numbers in the, in the formal budget because that's, that's where you're going to get much more of the information. Is there somebody? Ms. Crivello.

COUNCILMEMBER CRIVELLO: Yes. Thank you. On premium pay to perform professional accounting is that something that they do in addition to another? Is the reconciliation specialized or is it in addition to other work that we have to have a premium overtime prep for it? Because you get your, you get your bank statements to come in on a monthly basis for reconciliation.

MR. WALKER: Correct. Yes, and historically we have had a hard time keeping up with that work, and have had to pay overtime to, you know, get it done and it hasn't, you know, it still hasn't been timely. We have, you know, a new group of people in the Accounts Department, and I think we are getting better organized; however, it's, you know, yes, they have other work to do. Our previous budget was cut down to 18,000 and that's just, it just, in the day to day it's just not realistic as it relates to getting all of the work done.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Yes.

MR. BAZ: I apologize I do have some actual expenditures for this program if you'd like for the overtime.

CHAIR WHITE: Sure.

MR. BAZ: So Fiscal Year 2010 was 19,587, Fiscal Year 2011 was 22,423, Fiscal Year '12 was 86,617, Fiscal Year '13 was 77,753, and so far to date for Fiscal Year '14 was \$78,689. So significant.

COUNCILMEMBER CRIVELLO: Thank you.

MR. WALKER: And again that's not all for bank reconciliations, that's just across the...yeah payroll across, you know, we went through a reorganization across the board. But this, this money being asked for in this particular line item is specifically earmarked for the reconciliations.

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COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Well, the last sentence threw me off because he said this wasn't all for reconciliations and then he said this amount is for reconciliations. Well, of course, I'm thinking and I know everybody has thought about it before that, you know, if there is a need apparently for somebody to take on this reconciliation task. Is it...we're thinking that it cost us about \$26,000 in OT to do this?

MR. WALKER: Is it 26?

COUNCILMEMBER BAISA: The amount we're asking for is 26,000.

MR. WALKER: Yes, and I don't know if that's in addition to other funds that might be earmarked but I mean I think it's \$26,000 to get this done.

COUNCILMEMBER BAISA: Okay. So this \$26,000 goes in OT to people that are already in the department and this compensates them for taking on this additional duty?

MR. WALKER: Correct.

COUNCILMEMBER BAISA: Well, you know, if it were more and we're talking about 70 or 80,000 I'm saying, you know, we really need a body but if it's only for this 26,000 for this particular task then I understand the sense of overtime. But, you know, I get to the point where if you're going to pay a lot of overtime might as well just have a person whose job it is.

MR. WALKER: Right.

COUNCILMEMBER BAISA: Okay.

CHAIR WHITE: If you look in the Details on Page 6-11 you'll note that the overtime in previous years has been 86,000 and 77,000. So the expense this year although it's a year-to-date figure not the year-end figures it's in the same ballpark.

COUNCILMEMBER BAISA: Right. But that's for a bunch of duties beside bank reconciliation. And, you know, bank reconciliation is a tough one because it only comes once a month. It isn't like you're reconciling every day, you know, it hits you and then you got a pile of work to do, and important to be done timely because if there's something amiss in those reconciliations you want to know right away. Okay.

CHAIR WHITE: Members, other questions?

VICE-CHAIR HOKAMA: Yeah.

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CHAIR WHITE: Mr. Hokama followed by Mr. Couch.

VICE-CHAIR HOKAMA: Can I ask about that Grant Manager's position? Chairman, is that --

CHAIR WHITE: Yes.

VICE-CHAIR HOKAMA: --is that fair ground?

CHAIR WHITE: Yes.

VICE-CHAIR HOKAMA: So can you tell us this Grant Manager is going to be funded with grant money, Federal grant money? I hope so.

MR. WALKER: I'm not sure. My friend on my left says General Fund.

VICE-CHAIR HOKAMA: So what happens to all the Grant Administrators in the departments currently?

MR. WALKER: Well I mean I think that the grants would still be run through the department. This person would help them stay in compliance as well as account for the grants on our end because we don't have a body that's dedicated to that particular task. So again I think and it would also go out and provide training to the departments. So I mean I think the grants would still be run through the departments. They would still have somebody in their department that would be responsible for that but this person would be the central person that would be responsible for making sure that everything was in compliance.

MR. BAZ: In addition we do charge majority of the grants an overhead cost if it's allowable that they pay into our General Fund to pay for overhead cost. So this would be something that...

VICE-CHAIR HOKAMA: I don't see an improvement if you're going to let the Departments keep doing what they currently doing now. So what you get somebody above them. Big deal. I just got to get more...I'm just going to have more overhead. Am I going to get a better program management operation?

MR. WALKER: I believe so because you'll have someone that's...that is their job. I mean part of...

VICE-CHAIR HOKAMA: So you're telling us that the people who doing it not doing their jobs right then, currently.

MR. WALKER: They're not spending enough time on it because they have other, other work to do so.

VICE-CHAIR HOKAMA: What other work are they doing as Grant Managers for their departments?

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MR. WALKER: Oh, you mean I'm sorry you meant the departmental people. My understanding of some of the issues that have come up is, you know, Joe is doing it but now Joe leaves and there's no, you know, there's this, there's this vacuum that's created. Now Jane is doing it and because we don't have any one going out to do training and that type of follow-up that things get lost and...

VICE-CHAIR HOKAMA: Well, you know, Mr. Walker, you know, Ms. Baisa has been a steadfast advocate of training, cross training to avoid this kind of situations and yet our County seems to want to maintain that _____, you know, you cannot do without me mentality. And that's why, you know, for me, I'm tired of hearing about this issues with reconciliation, timeliness. I mean to me we do this every year. I'm tired of excuses, you know. We know what's coming down every year. We should be ready. We should just be able to perform, you know. Turnover, retirement, I mean we knew these people was leaving, you know. I think we just need maybe a better approach, Chair, but I don't see it happening myself. Thank you.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Either Mr. Baz or Mr. Walker. This is the one...this is the position that repeatedly we're being told we need to do...your department is being told you need to do in the Single Audit, is that right?

MR. WALKER: Correct.

COUNCILMEMBER COUCH: So finally you're getting to the Single Audit. Now in the Single Audit I don't believe it said, I mean it says what that position does but it doesn't refer down to the other departments that, and Mr. Hokama is concerned about. Did you they talk about that with you guys at all how it coordinates with the other departments?

MR. WALKER: They may have talked with the Accounts Division. I was not privy to any of those specific discussions.

COUNCILMEMBER COUCH: Okay. Because, Mr. Chair, I do I mean they're finally doing what the auditor has asked them to do so but the audit was not clear as to what to do with the people in the other departments.

CHAIR WHITE: I think the other thing that needs to be pointed out is that they...the Single Audit said that they should have somebody performing this task. They didn't say that should be an additional person. So my question to the Department is have you...do you feel you have thoroughly enough evaluated whether you could simply accomplish the same thing with the existing staff? Because, you know, we're asking for 72 new positions overall and that's adding to an already large number of employees. So could you please provide us with your thoughts on that?

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MR. WALKER: Yeah. I believe we've looked at it. And I mean it's...we haven't had the position and we continually get dinged for the lack of performance as it relates to managing grants. And so we just felt given the workload that everybody has that...and again that this is after a number of citations that we should...it needs to be addressed by a dedicated fulltime person to the job.

CHAIR WHITE: Okay. And you feel there's no way that the duties could be adjusted in such a way that one person could be allocated in a way that provides more time for this kind of responsibility without adding another body? Because the easiest thing for any department to do is to add another body to address a problem.

MR. WALKER: Right. Understood. And again this is not the first time, and so my understanding is that we have looked at it and that at the end of the day we felt it best for the County that we have a body that's assigned to this task.

CHAIR WHITE: Thank you. Ms. Baisa.

COUNCILMEMBER BAISA: I think Ms. Cochran was up before me.

CHAIR WHITE: Oh, I'm sorry. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And yeah this was one of the big questions during our...when the auditors were visiting in regards to this centralized position to deal with the grants, and now you have it here and Mr. Agsalog I believe mentioned this. But, you know, I'm looking at Parks and Rec and they've got four Grants Management Program Specialists. And so I hear the concern of Mr. Hokama and, Chair, you know, and yourself saying, well, can we not just maybe have the existing bodies and prioritize them into this function primarily or. You know I know I said that during Planning Department's, Planning Department's discussion also is like reprioritize the duties of your existing workers basically. But, you know, I know this has been a recommendation by the auditors to get this centralized position, get it going, get it going so. And this position you're asking 35,500 for salary?

MR. WALKER: Yeah, for eight months.

COUNCILMEMBER COCHRAN: On this one position?

COUNCILMEMBER BAISA: Half a year.

COUNCILMEMBER COCHRAN: For half...this is a half-year task here that we're looking at in our budget details?

COUNCILMEMBER BAISA: I hope. I hope.

MR. WALKER: I'll get right back to you.

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COUNCILMEMBER COCHRAN: Okay. Thank you. Well, while they figure that out, Chair, you know, it's like yeah it's kind of...you know, and I understand grants can be...and going back to the auditor though I thought this was in reference, yes, with all departments but primarily a big chunk was the Federal stuff which was very...there's huge discrepancies there in the numbers. And I think they really wanted someone to hone in on that and really pay close attention and monitor and make sure we are in compliance. And so, I don't know if the Department has comments in regards to that, too.

MR. BAZ: Maybe I could share what I know about this. First of all, the position is eight months funded. A new position we typically fund eight months unless we feel that there's a significant challenge in recruiting for that position so that 35,000 is eight months worth of salary.

COUNCILMEMBER COCHRAN: Okay.

MR. BAZ: The Grant Manager that I understand that we forwarded a proposal from in the Accounts system is specifically for the Department of Finance to deal with the mostly Federal grants that we receive and the issues related to that that were brought up in the Single Audit. And Mr. Aagsalog had mentioned that, yeah, this was an item that was a part of the Single Audit for a number of years but he didn't feel he was ready to just go and ask for a position. As soon as it came out he wanted to evaluate the need for the position. The departments themselves a lot of times don't have a specific grant manager for those Federal grant revenues that we receive. It may be assigned to...in Public Works the Engineering Division and so Cary Yamashita has to do that. And he may have a staff person that works, you know, with the State and receiving those types of grants, and in Civil Defense, you know, their Business Administrator has that responsibility. Typically, the Grant Manager type positions that you see in Parks, OED, Department of Housing and Human Concerns are for grant subsidies. Those are to manage the grants that we give out to nonprofits to make sure that those are being held accountable and monitored and managed for that side of things. This grant manager would be somebody who would be reviewing to make sure they were compliant with all of OMB Circulars. There's a significant amount of compliance that's required. It's also making sure that we're getting paid, getting reimbursed from the Feds appropriately, and, you know, that the departments are doing their work on a timely basis as well. So, I can see that this working with the grant...with the different departments in managing their grant revenue items. It's important because if we're not compliant with the Federal requirements then we could be subject to losing all of our grant money and that's, you know, over \$50 million that we receive just from the Feds.

COUNCILMEMBER COCHRAN: And thank you for further details in regards to this position and the reasoning for justification. It was quite alarming the amount, you know, that we stand to lose if we don't do some corrective action here. And but again, you know, I hear Mr. Hokama's concern also but we'll I'm sure have much more deliberations on the floor in regards to this. So just...thank you for the initial dialogue. Thank you, Chair.

CHAIR WHITE: Ms. Baisa.

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COUNCILMEMBER BAISA: Thank you very much, Chair. I wanted to throw my support behind this appropriation with full understanding and respect for Member Hokama's comments. I think what we're isolating here and that's the reason why we have discussion is we're looking at a specific person to be looking at the nuances of Federal grants which are extremely complicated. Unlike the grants that we make to, you know, our organizations with County funds. Those are pretty straightforward. However, I think also that we also have a lack there of people to adequately monitor the grants that we make considering the number of grants that we make, you know, we're talking hundreds of grants. However these Federal grants that come in are usually sizeable. We're talking millions of dollars and they all come with specific requirements and cost, cost objectives that you can and cannot spend money on or deadlines to meet or certain...you can only spend so much on admin and, you know, lots and lots of different restrictions on the different grants. So I think having a specialist who is responsible then we get out of the everybody, somebody, and nobody thing of well it's not his fault it's my fault or her fault or somebody else's fault. You got one single point person who is responsible for meeting these things. I'm willing to give it a shot. I am a little concerned in looking at the compensation to...I don't know if we're going to be able to find the body with the experience to do this for this kind of a salary but that's, you know, my knowledge of the grant world. You know, a \$50,000 salary for that expert, you may have to find somebody who doesn't have a whole lot of experience and that will mean the experience will come at our loss. So that's my concern. I don't have a concern about the fact that we should try this. If we're talking about \$50 million in grants, I think it's worth, you know, spending a little bit of money to have somebody oversee and make sure that we get out of the danger of having to pay big penalties or pay back money or whatever. But I'm concerned about what we'll be able to attract with this kind of a salary. Thank you, Chair.

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Yes, Mr. Guzman.

COUNCILMEMBER GUZMAN: Yeah. I just want to...I also wanted to follow up with Chairman Baisa. I do believe that a grant specialist of so-called knowledge and skill may not want to take it for 35,000 if there's someone out there. Grants are very technical. One of the questions I have is can a grant administration be part of the grant request so that the grant itself pays for that type of a position? That's probably something that we could look into. I know that some grants would allow that a grant administration part of the...as part of the grant request. So that might be something that we can look into. Thank you, Chair.

CHAIR WHITE: Maybe Mr. Baz can share with us what the percentage of the Federal grants allowance for overhead charge is.

MR. BAZ: Thank you, Mr. Chair. It does...majority of the Federal grants we receive do allow overhead costs to be reimbursed and, and including, you know, this type of a position. They vary pretty significantly from 20 percent to 12 percent to 10 percent to a portion of the leases that

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we have for Section 8 is, you know, part of the administrative costs. So it does vary. But yes we do...are allowed to charge for majority of the Federal grants.

COUNCILMEMBER GUZMAN: That being said, Chair, is there any way that we can get a collective type analysis on how many grants that we have out there pending or we are in pursuit of that would allow that type of administrative fee? And then collectively kind of give an estimate that we can, you know, come up with, with covering the cost of the salary.

MR. BAZ: Mr. Chair. Member Guzman, it would be wonderful if we had the staff person in the department that could collect that information. They could definitely collect enough to pay for their salary. Yeah. I'm positive of that.

COUNCILMEMBER GUZMAN: Thank you. Thank you much, Chair.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR WHITE: Yeah. The Chair will ask Staff to send a letter. And I think several of these points have been very good. And I think the...I think it's important for us to understand how many people we have working on grants and what kind of...what kind of a cost that is and whether that's being significantly covered by the overhead charge that we're allowed to put towards that use. So, the Chair will ask Staff to send a note asking for job descriptions and positions that are involved in grants, in handling Federal and State grants, not the ones that we're granting, but the Federal and State grants so we can get our arms around this. And at the same time, the Chair would ask the Administration to take a look at whether or not there are some outstanding individuals who are currently handling grants whether it be in Highways or Housing and Human Services or somewhere else that might be able to transfer into that Department and save us some money there. But that way we'll be able to get our arms what the overhead allowance is that we're, we're able to spend on these things and that might make us all more comfortable. Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah. Chair, and along that same lines, could we have by departments how many people are dedicated to doing grants? Like Ms. Cochran mentioned four people in Parks, you know.

CHAIR WHITE: Right.

COUNCILMEMBER VICTORINO: I mean so how many people from various departments are dedicated to grant writing? You know that's different than this grant review manager.

CHAIR WHITE: Not, not grant, grant writing but handling the...

COUNCILMEMBER VICTORINO: Handling the grants.

CHAIR WHITE: Administrating the grants.

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COUNCILMEMBER VICTORINO: Well, also the grant writing because I want to know because that's the important part. If you don't do it right you don't get it. And I think I've heard in cases we've lost out on grants because we just didn't have the person or personnel to do it. So I think it holds true to grant writing as one issue and grant administration is another, and that may be intertwined as far as...

CHAIR WHITE: That's a good point.

COUNCILMEMBER VICTORINO: Yeah. You know and then the final thing is I wanted the figure again how much in grants could we lose if we did not, you know, comply with these audits? I mean every year we seem to have the same citation. And when you say citation is that a citation we pay some money for or some kind of fine or just written citation? You know like you're a bad boy here. That's it. I'm serious I mean you know. 'Cause I know citations in other areas mean cost to the County. So any of these citations cost us anything? And if not, then how can we better manage it then with and I guess I go back to the how much was the total grants that we could stand to lose or may potentially lose if we don't have somebody who really is dedicated, and I tend to agree with Ms. Baisa, dedicated to this oversight? It's an oversight.

MR. BAZ: I had done something for the sequestration and from the top of my head it was a little over \$50 million that was Federal...a combination of Federal grants. If you look at Appendix A Part 1 of our Budget Ordinance it has by department a list of grants that we received. It looks like it's seven pages worth of grants. But some of the significant ones are our Section 8 Program itself is almost \$17 million. The Federal Highways Program is about \$10.6 million we're expecting this year and that ranges between 10 and 20 million depending on what projects we're going to get through the STIP. There's a HOME Program in the Department of Housing and Human Concerns, which is about \$3 million. And so start looking at FEMA we're expecting, you know, about a million dollars worth of FEMA Grants in the Department of Fire. Civil Defense gets its Emergency Management Performance Grants. So I mean we got a whole bunch of grants that we're looking at to be able to make sure. Now, yeah, these findings that were...are in the CAFR are not something that we're saying, you know, oh, we got to pay a fine for but if we are not compliant then we can have disallowed costs. And if a significant amount of them happen then the Feds could come in and say we're not going to allow you to apply for Federal Grants anymore.

COUNCILMEMBER VICTORINO: When you say disallowed costs. What does that, what does that mean, I mean?

MR. BAZ: It could be that we either didn't have the backup documentation required for the expenditures we made or we made expenditures that were not allowed as part of that grant. I mean there, you know, there are a variety of different things.

COUNCILMEMBER VICTORINO: And so that money has to be paid back or?

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MR. BAZ: On occasion.

COUNCILMEMBER VICTORINO: Okay. I just wanted to...

MR. WALKER: Or we wouldn't get reimbursed for 'em.

COUNCILMEMBER VICTORINO: Oh, you don't get reimbursed.

MR. WALKER: ...*(Inaudible)*... but we don't get reimbursed.

COUNCILMEMBER VICTORINO: Okay. Okay. I think that's what I'm trying to get to is what is the consequences, and I'm now hearing that there are some direct consequences. Not just a citation, which we move on but there are some direct consequences when it's not being reviewed and properly managed. Is that correct, Mr. Walker?

MR. WALKER: Yes.

COUNCILMEMBER VICTORINO: Okay. Thank you, Mr. Chair. That was my question.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: Ms. Crivello followed by Mr. Couch.

COUNCILMEMBER CRIVELLO: I have to agree with my colleague Mr. Victorino as far as the interrelation with the grant writer and the administering of the grant. It makes sense because, you know, they write the grant so they know and then they have...a lot of times they have direct contact with the Federal officer that's assigned to the different grants that we apply for. So not to say that one is...you have two separate but if the different departments I think it's good for us to know how they apply for the grant, and how they administer the grants, and what are the total numbers per department, and how do they manage by not getting...

CHAIR WHITE: We'll ask for both, writers and the administrator.

COUNCILMEMBER CRIVELLO: Yeah. I think it's a value, yeah, for State and County. Thank you.

CHAIR WHITE: Good. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And this kind of all leads to the whole I know it's not the same grants but we're talking about I think two budget sessions now about moving the Grants Management over to the Finance Department and then consolidating. Would that include consolidating all these folks in the different departments or at least coordinating or pulling from some of those folks to come up with a centralized?

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MR. WALKER: You know the way it's envisioned now is we'd be coordinating with those departments that have people that are involved in grant management. But this again is an overseer to, you know, one person to ensure that they are compliant, that things are being filed timely, that the costs that are being expended are within the confines of the individual grants, et cetera. So it would not supplant what's going on in the various departments. It would hopefully add to and help to coalesce and...people talking the same language. And again it would also I think involve training as well as documentation of procedures so that when these people in different departments leave there is...it's not just a vacuum. That there is...there are steps and procedures to follow for the next person.

COUNCILMEMBER COUCH: It still doesn't I mean...

CHAIR WHITE: It doesn't appear that there's any plans to make --

COUNCILMEMBER COUCH: To move, yeah, to move.

CHAIR WHITE: --the move in this budget maybe that's the question you want to ask.

COUNCILMEMBER COUCH: That too, yeah.

MR. BAZ: Mr. Chair, the item of the Grants Management Division being moved to the Department of Finance is not in this Proposed Budget. We did propose it a couple of years ago and it's been sitting as a Committee item for discussion. So I haven't moved that until you guys are ready to talk about it first. It's a very complicated process so we want to discuss it first before we just propose it again.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Any further questions? Ms. Baisa.

COUNCILMEMBER BAISA: Just a comment. I think when we get to the reviewing of the grants this item is going to come up again because it's not only is in Finance but it's in the other departments that have grants also that have similar issues where they have many, many grants and not enough people to take a look at them. And what that does is result in the issues that we deal with, agencies that are in trouble, grants that are not, you know, drawn down or overdrawn down or, you know, objectives not met. You've got to monitor grants. And so I think this will raise its head again but for now I really support the idea of having somebody in charge and that means somebody we can hold accountable and say okay this is your job. I think it's a good investment.

CHAIR WHITE: I think we all support that. It's just a matter of whether it's an additional E/P or one that comes from another department or from within the ...(inaudible)...

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COUNCILMEMBER BAISA: Well good luck we'll be looking. So, if you've got a good grants manager hide 'em.

CHAIR WHITE: Okay. Further questions? Mr. Warner [*sic*], what are the vacancies that you currently have in this Accounts Program?

MR. WALKER: I think we have a Pre-Audit Clerk in the Payroll section. We have an Accountant III in the General Ledger section. Anything else?

CHAIR WHITE: Could you identify those by position number? Are those handy?

MR. WALKER: Mr. Baz is looking at that for me.

MR. BAZ: Yeah. In the Budget Implementation Report vacancies listed here it looks like the DF-0175 is a Financial Analyst III.

MR. WALKER: Which we are waiting...I think we have a list of 30 potential applicants.

MR. BAZ: DF-0042 is the Fiscal Control Analyst, Accounts.

MR. WALKER: That position is being transferred via reorganization to the Administration Division and it's going to be Internal Controls Officer position.

CHAIR WHITE: But that doesn't show as a transfer on this. Is that just the ...(*inaudible*)...?

MR. WALKER: 'Cause it hasn't happened yet 'cause the position hasn't been approved DPS yet. Is my understanding why that hasn't happened.

CHAIR WHITE: Okay. Is the...is this individual who is currently in DF-0042 --

MR. WALKER: Is that the Fiscal Control Analyst?

CHAIR WHITE: --does that person...

MR. WALKER: There's no one in that position.

CHAIR WHITE: Okay.

MR. WALKER: Right.

CHAIR WHITE: So that is vacant. And the other number I couldn't find. What was the...my list goes to DF-0174.

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MR. BAZ: Yeah it might be in a different program. I think that's the one in the Director's Office. Yeah. I'm sorry DF-0175 is the Internal Control Officer position that's in the Administration Office. I got to verify these other two. Hold on. DF-0042 is in the Accounts Program that's the Fiscal Control Analyst that they're changing the...re-describing to a Financial System Analyst. And then...actually that's the only vacancy that I see here unless I'm not seeing them correctly.

CHAIR WHITE: So is that 0151? 0151?

MR. BAZ: 0151, yeah, it's not showing vacant at this point because it may be not vacant 90 days or more as of December 31st. Yeah. Mr. Chair, the vacancy reports that or my office managers are for the ones that are 90 days or longer. So the one I'm looking at is as of...the report as of December 31, 2013.

CHAIR WHITE: Okay. And for the Committee's information we've asked for an updated list of vacancies as well. So that will be forthcoming. Okay. So there's two vacancies in the Department now and to what degree do you feel those vacancies have had an impact on the overtime?

MR. WALKER: Well, certainly the Fiscal Control Analyst position was very important in the completion of the CAFR or has been historically. We haven't had a position...person there in some time. Again, yeah, I think it added...it was a lot of overtime as a result of that.

CHAIR WHITE: Okay. Members, other questions? Ms. Crivello.

COUNCILMEMBER CRIVELLO: Are we done with Page 227 the Finance Accounts Program General Fund?

MR. WALKER: I actually had another item on Page 226 once we're done with this discussion.

CHAIR WHITE: Okay. 226. What was your question?

COUNCILMEMBER CRIVELLO: For goal number two, enhance the review and audit of the payroll system's input and output processes to ensure accuracy and reliability of payroll records. I recall the Single Audit had that discussion but I wanted to inquire about what sort of system you have set up. Is it electronic? And how are those that have manual or don't even submit timesheets, how is that handled or will be handled?

MR. WALKER: Well, the goal moving forward is that, you know, it would be great if everyone could do it electronically. The reality on the ground is that some departments depending on where the personnel is located may not have access to a computer. So the departments, you know, need to keep track of the timekeeping and, you know, whether that's paper. You know I know the auditors finding was if you're going to use paper, let's at least make it a standardized form, which is our plan. We've, as mentioned, we've recently reorganized the Payroll Department. It's not quite fully staffed. I think we'll get the last person here in the next 30 days. We've

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created a position that's going to go out to the departments and train the departments on what's expected, train them on the use of forms, and on timekeeping and the responsibility for tracking and accurately capturing everybody's time. And making sure that there's various levels of responsibility as it relates to signing off on people's time. It's not just oh I thought he worked or he told me he worked. It's, you know, it's putting people's feet to the fire as far as being responsible. So I guess, well, the shorter answer is that this whole process will improve. It is an automated system for the most part but some departments depending on their circumstance, you know, the individual employees may not always have the ability to input it on a computer themselves.

COUNCILMEMBER CRIVELLO: So, actually we need to hold the department...

MR. WALKER: Correct.

COUNCILMEMBER CRIVELLO: Yeah. Okay. Chair?

CHAIR WHITE: Go ahead.

COUNCILMEMBER CRIVELLO: So if we look at your goal two and then you look at...I know I'm jumping but on Page 228 on your goal four to convert paper records to electronic records to improve efficiency and reduce offsite storage cost. If we're talking about--do you know how many employees will be using the manual approach so we'll have, we'll still have papers, right?

MR. WALKER: Yeah, I don't...this particular goal is not related directly to payroll. It's just we create a lot of paper in Accounts and so it's trying to go paperless. And so I think...I think you're after more payroll related for this.

COUNCILMEMBER CRIVELLO: Well paper. Just paper.

MR. WALKER: Yeah.

COUNCILMEMBER CRIVELLO: I mean if...and how much do we pay for storage right now?

MR. WALKER: I think storage is between 10 and \$20,000 a year.

COUNCILMEMBER CRIVELLO: And that's just Finance? That's just your department?

MR. WALKER: Yes. Yeah. You know the other thing we need to look at over time is our retention schedule. Do we really need to keep stuff for 20 years? You know I mean so I mean that could also work into a reduction on what's required. I know that Accounts is aggressively scanning documents, moving forward. It's the old stuff that's...takes the time to go down and haul out and bring back and scan. And so again our goal is to be as paperless as possible and save a few trees, and how nice to have that information at your fingertips on a computer as opposed to having to haul out a file box and hope that the last guy who looked at filed it properly anyway.

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COUNCILMEMBER CRIVELLO: Right. Okay. Thank you.

CHAIR WHITE: You're still going to have that filed properly question.

MR. WALKER: Yeah. True.

CHAIR WHITE: Members, other questions?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: And so we are looking at goals and objectives then. Are we...I don't know are we done? I think...

CHAIR WHITE: We're still on Accounts so you can go back to the other pages.

COUNCILMEMBER COCHRAN: No but 226 I think, Mr. Walker, you wanted to...you have something going on 226 and...

MR. WALKER: If you had a question fire away if it's on goals and objectives.

COUNCILMEMBER COCHRAN: Okay. Just real quick it's 227 at the top in regards to holding training with...about grants management. So that new proposed position would be that responsibility?

MR. WALKER: Correct.

COUNCILMEMBER COCHRAN: That Grant Manager --

MR. WALKER: Yes.

COUNCILMEMBER COCHRAN: --to go and train and make sure everybody is, you know, on the same page and doing the right thing.

MR. WALKER: Yes.

COUNCILMEMBER COCHRAN: Okay. Just a quick question. Thank you, Chair.

CHAIR WHITE: Members, other questions? The question I have is could you please explain to us the \$120,000 cost of providing professional services to add funding to create Web forms for electronic approvals for Accounting and Purchasing?

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MR. WALKER: Yes, that was the item I figured you had pre-approved already but. Yes. The 120,000 line item is a continuation of a joint effort between the Purchasing Division and Accounts. It's aimed at increasing efficiency by reducing paper and by developing fillable web forms that we would use on our Intranet, which is for employees only. Types of forms that would be used would be fixed asset forms, vendor forms, and travel forms. They would be used Countywide and it ties into our IFAS Accounting System, used to assist in tracking expenses, project costs, et cetera. Some of these forms require four and five signatures and so you have paper going all over the County via the interbranch mail. And it would just be so much more efficient, get rid of a bunch of paper, if we moved in this direction. A substantial portion of this 120,000 would be used to provide training for all of the various departments that would use them, which is everybody within the County. And additionally in tweaking these forms to make sure that they meet all the various departmental needs. So that's...

CHAIR WHITE: How much of that is for training? Is that...that's not training cost...personnel cost that's for hiring the trainer?

MR. WALKER: Correct. I mean the consultant would train. Roughly \$50,000 is I think roughly what they of the 120 would be used for training.

CHAIR WHITE: What has been spent on this projects thus far? Why don't you pull your chair up?

MR. WALKER: This is Wayne Fujita he's the Accounts Administrator.

MR. FUJITA: Thank you, Mr. Chairman and Committee members. I'm Wayne Fujita, I'm the County...to answer the question about if we started this project, last year I think there was 14,000 that was budgeted for equipment, scanning equipment. So we bought the four scanners. We started to work with the IT Department, and they provided us training on the _____. Then we started to work with these consultants, and they have been proposing steps, the best approaches, which forms that should be addressed, and how the scanned materials is to be stored. So this past six months, we've probably used about 15 to 30,000 of consultant work in this study and planning, and we've done some scanning and conversions already. So this next step, which is a part of this Budget Proposal, is for the more difficult forms. As you all know the forms for travel and vendor controls is widely used. Everybody in the County uses it; all the departments. But the departments have various needs, different kind of programs, and different grant requirements. There's forms that go up into the Mayor's Office and different approvers. So what we're hoping that this part of the project is going to start to get the involvement of the entire County on the complex parts of our strategies. So it's probably the bulk of our scanning strategies in planning. And the work is actually started but we haven't spent a whole lot as far as the Accounts Division in Finance. Certain of the other areas in Finance, I know in Real Property Tax has spent some on their own needs but for the needs of Accounts we've just started last year with equipment, some training, and basic forms.

CHAIR WHITE: Okay. Thank you. Members, with that I think it's time for our lunch break. So we'll be in recess until 1:30. ...*(gavel)*...

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RECESS: 12:04 p.m.
RECONVENE: 1:33 p.m.

CHAIR WHITE: ...*(gavel)*... The meeting of the Budget and Finance Committee will reconvene. And we will continue on with our evaluation of the Finance Department Accounts Division review. And when we concluded we were on the issue of the \$120,000 increased expenditure for professional services to provide funding to create Web forms, and for electronic approvals for Accounts and Purchasing. And so with that, we'll open it up for questions. I know that Mr. Fujita had provided some details. Mr. Couch.

COUNCILMEMBER COUCH: Thank you. And again this is another thing that you might want to check into the NACo services because they do have a peer-to-peer program that they seem to have this kind of thing as well. We've talked about that before so just something to take a look at. Thank you. Sometimes it's free. Peer-to-peer.

CHAIR WHITE: Yeah. It would seem that other counties have already gone down this road. You know there are quite a number that are paperless now. Any other questions on Accounts? Mr. Hokama.

VICE-CHAIR HOKAMA: You know I can recall a time a few years ago when the Credit Union League of the County was willing to work the Council and Administration where it would be an additional service from the credit unions to set up this type of program and there wouldn't be a fee. It would be part of the credit union service to their membership for this bill payment type of programs. And I have no idea what happened but it was pretty much set up with the Credit Union Association of this County to provide this service years ago to our community. And, you know, I would say I think it's still a doable thing, Chairman, without the fees and, you know, maybe we can pick up the ball that we dropped years ago. But I still think it's a doable thing without the fees, myself. You know, for me, Chairman, it's more about, you know, how you assist more retirees and whatnot as they move forward either with memory losses, health issues, whatever it be, I think this is a good thing that we can see if we can make happen sooner without again the additional cost of those processing fees.

CHAIR WHITE: Do either of you gentlemen have any recollection of the credit unions?

MR. BAZ: Yeah. Mr. Chair. Thank you. The credit unions and many banks offer online banking services, which would allow for an individual to pay pretty much anything via direct access to their checking account. Some of them are free as part of member services and some of them the banks charge for that type of service. But it's not as...I mean some of 'em would be providing electronic funds transfer to our accounts but some of 'em, most of them actually write checks, and send the checks electronically not electronically but you process electronically online and then they send us the check along with, you know, to pay your bill. As far as I know that's the current status of those. If you're going to pay with a credit card or debit card directly to us that's where the convenience fee is charged.

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CHAIR WHITE: Okay. Thank you. Mr. Warner [*sic*], the fee of \$2--I'm sorry not \$2...2.3 percent is that something that applies...would apply across the board to payments to the County?

MR. WALKER: Yes. It's a fixed rate.

CHAIR WHITE: And is that the same provider that we now have operating the payments through the Real Property Tax site?

MR. WALKER: No. Different. I mean they in the RFP process, they did submit a proposal but were not selected.

CHAIR WHITE: Okay, but would they be rolled...would the Real Property Tax...

MR. WALKER: Yeah. At some point they would roll into this new program.

CHAIR WHITE: What is at some point?

MR. WALKER: Well...

CHAIR WHITE: How long is the contract for?

MR. WALKER: We have...I think the contract...I'd have to double check on the contract. It's expiring within the next couple of years maybe less than that. But, you know, our IT Department has to be ready to assist in the rollover of the program to the new vendor, and so that...all those dynamics have to be worked out. But the overarching long-term goal is to have all departments to the degree feasible use the same vendor.

CHAIR WHITE: One of our staff made a payment through the Real Property Tax when the fee was 3.2 percent. Okay.

VICE-CHAIR HOKAMA: Chairman?

CHAIR WHITE: And I apologize I keep calling you Warner. It's Walker.

MR. WALKER: I've been called worse.

CHAIR WHITE: Once it starts with a W I get confused.

VICE-CHAIR HOKAMA: So, Chairman?

CHAIR WHITE: Mr. Hokama.

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VICE-CHAIR HOKAMA: Maybe Mr. Baz and Mr. Aagsalog can talk to the banks then. We give them a lot of business holding temporarily a lot of our cash for our requirements, and to me this is a very potential negotiable point. They want our business, there's certain things we want for the community's benefit, and I think we can negotiate a very good arrangement if they want our business.

CHAIR WHITE: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. And, Member Hokama, yes, we can look into that. I know right now we're negotiating with the banks to just try to get us to pay less in fees even though we have a significant amount of money and business with them. It seems like the more money we have with them, the more fees they charge us. It kind of goes against the normal thought process but yeah definitely we can have a discussion with them.

CHAIR WHITE: Okay. Members...

VICE-CHAIR HOKAMA: Let them know we happy to go shopping around.

MR. BAZ: Yes. Actually, I was in a meeting where we did tell them that specific item.

VICE-CHAIR HOKAMA: Really. That's really good, Mr. Baz.

CHAIR WHITE: Other questions on the Accounts? This again is something we'll be seeing in other places but one of the questions that I have, and I guess this is more for the Budget Director, on the EM positions throughout the Finance Department. I see different...different percentage increases. Can you share with us what the rationale was for the increases for the Excluded Management personnel?

MR. BAZ: Thank you, Mr. Chair. They should have gone...well, the EM positions don't have steps like the...like the SR positions do. They have a different step movement. It is still a step but it's called, and I forget the exact term right now, but it is different than the SR level steps 'cause they have a range of personnel. You'll see changes specifically like in the Accounts Division there was turnover so some of the EM positions actually reduced, and some of 'em remained flat, different things. So that's where you see a difference.

CHAIR WHITE: I believe the ones that I was looking at were...were the ones that are that there was no turnover. It's just that I came up with three different percentages of increase.

MR. BAZ: The departments themselves calculated the EM changes because we don't know in the Budget office what person's steps might be.

CHAIR WHITE: Okay. Mr. Walker, can you share with us what, what that was?

MR. WALKER: I don't happen to have that information handy but I can get it for you.

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CHAIR WHITE: Okay. Okay. Let me just see if I have any more. Okay. If there are no more further questions for the Accounts, we'll move into Financial Services.

MR. WALKER: The Financial Services Program General Fund is comprised of both the Real Property Assessment Division and the Division of Motor Vehicles and Licensing. If you go to Page 230 you'll see that the Proposed Program Budget calls for an increase of 466,000 or 7.8 percent, which includes three new proposed positions. Eighty percent or 381,000 of the proposed increase in the budget is due to the Collective Bargaining increases. Last budget year, the DMV asked for six new positions to be used in the three satellite offices, and at that time, we were granted three additional positions, and obviously now coming back this year and asking for the three. In our mind, we still need the three positions. The average wait time range in our satellite offices is 39 to 56 minutes depending on the time of the month, the end of the month being busier. With this additional staff the goal is to reduce this average wait time range down to 30 to 45 minutes. The positions would act not only as service reps and process work but also as a concierge/expediter. In other words, if you're coming in this person could assist you, look at the documents you have, find out what you want to do, and say yes you have what you need please have a seat or no you don't. As opposed to the current situation in which people come in, they take a ticket, they have a seat and when their name...when their number is called they go up and they find out at that point that they don't have all the documents that they need to get things done. That obviously raises the temperature of some of our customers even though it may be their fault. But nonetheless the goal here is to not only lower wait times by providing more bodies to do the work but also to alleviate the necessity of having a person wait for an extended period of time in the lobby only to be told at the end of the process that they don't have what they need. So I'm open to any questions on that particular issue.

COUNCILMEMBER VICTORINO: Mr. Chair?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah. Mr. Walker, I would be interested to see transaction counts from our satellite offices. Is that available?

MR. WALKER: Yeah, we don't have it on...we can get that. Sure.

COUNCILMEMBER VICTORINO: You know, because, you know, again I value the satellite offices for our outlying districts do not have to come all the way into Wailuku and Kahului to do their business. But I've also been told that there are times when the transaction counts are very low and not much transpiring. So, you know, I'd like to see what our offices are bringing in, and then what type of transactions is also important if it's only motor vehicle, real property. You know, I'm not sure how all of these offices work. I've been told they're supposed to be "full service" unless you have a real definitive problem then you almost have to come in on this side. So, you know, I want the service to be well used but more importantly, you know, that the value is there for our citizens.

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MR. WALKER: Sure.

COUNCILMEMBER VICTORINO: And so, you know, we got to pay this money. You want three more positions, you got three more last year. Next year come in for three more. I've got...we've got to see a sense of value.

MR. WALKER: Sure.

COUNCILMEMBER VICTORINO: You know, and I think that's what I'm trying to get to. And I want the outlying districts, the neighbor island, neighbor districts to have that opportunity so they don't have to come in 'cause I don't want to go out there if I had to go for my issues, you know, with my Real Property or whatever it might be. Okay. Thank you very much. Thank you, Chair.

CHAIR WHITE: Mr. Couch followed by Ms. Crivello.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I'm looking at that...their Service Rep II as opposed to Service Rep I why wouldn't you have them come in at a Service Rep I level? Just out of curiosity.

MR. WALKER: I am not sure, I'm looking up to my Administrator. Yeah. Lito, if could maybe fully explain more why it's that position versus another. Lito Vila our DMVL Administrator.

MR. VILA: Good afternoon, Mr. Chair. Mr. Couch. Good afternoon, Council members. The question was the difference between the Service Rep I and the Service Rep II. The Service Rep Is are actually the service representatives that staff our Mail Center. They run face to face transactions, and the Service Rep IIs at the SR-13 level and those are all of the representatives that have face to face contact or direct contact and also the service reps at our Call Center. So the difference in wages I think based upon the step movements the salary range is 3 percent per step.

COUNCILMEMBER COUCH: Okay. So, Service Rep I is not an entry level and then II...then a promotion to II. You need the IIs the people that are right out in front right away.

MR. VILA: Yes.

COUNCILMEMBER COUCH: Okay.

MR. VILA: The Service Rep IIs consist of the bulk of our staffing because that's where we have all those, you know, all of the satellites, all of the Service Center service reps are all of the face to face direct contact, and it's not the entry level position.

COUNCILMEMBER COUCH: And you heard Mr. Victorino's question about the transaction counts and whatnot? I know any time I go by the Kihei location it's always people waiting outside.

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Could a low number of transactions be that...mean that it's just they're long transactions and a lot of people...I mean you needing another body to get them through or at least do the triage?

MR. VILA: In general, there are three satellite offices, Kihei, Pukalani, and Lahaina compared to the Service Center provides about 45 percent of the customer count or a good percentage. The busiest office is Kihei followed by...and Lahaina and Pukalani are relatively even in terms of customer counts. I don't have the transaction counts with me but I can certainly get that at a later time. So, in essence, a lot of...when we looked at it it's really not where the people live it's, you know, it's the convenience of being there. And a lot of people from the Wailuku area are transacting in Kihei and vice-versa because they work there, you know, and also for Lahaina the same thing. A lot of people are commuting there and they'll go to the office and do that. And the type...just to talk a little bit about the types of transactions with the exception of Commercial Driver Licensing for the island of Maui, Commercial CDL is transacted only at the main office to control that a little bit more. Each of our satellite offices provide business license transactions, taxi driver license transactions, State ID transactions, parking placards, motor vehicle registration, driver licensing, dog registration, pretty much the whole gamut that they do. And a lot of times when they're going in they are also able to do multiple transactions. So one customer may be transacting several types of transactions. So it's really important, and the reason why we're coming back for the additional position is at this point my staff and I feel that's probably our most frequent complaint from customers is I come in, I pull a number, how come I can't get this? How come there's this is happening at the Service Center? How come we can't get it here? And that's a constant thing where it will improve the quality of the service and the times by having that triage. And for your information, recently because of the long lines at the City and County they have started doing that type of screening documents, screening upfront. So they are doing that and it's a proven thing and it makes the customer's wait time more productive because they have it there. We turn away a lot of people or at the beginning of that transaction if the customer coming in may require an exceptions process because of the documents that we are able to accept because of the new requirements for credentialing. We may be able to work with them and say what do you have, et cetera, and have that conversation upfront so that we can guide them a lot more. And that is what's lacking at the satellite office that we would like to try. And we feel that that will be a good boost to the level of customer service and the interaction that we have and make it so that they can come to us one time and they're able to get all of those documents or not spend the time in the office and work on that and come back. And the person...to provide that one constant document screening is not just one position. We would have to augment that because if we bring onboard one person that person still has sick leave, vacation, we'll still need to provide training. So we still...we need to incorporate all of that. So I think that will be a good addition to each of the satellite offices.

COUNCILMEMBER COUCH: Follow up, if I may?

CHAIR WHITE: Go ahead.

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COUNCILMEMBER COUCH: You said 45 percent of your transactions are at the satellite offices? That's pretty high. That's pretty good. And you anticipate if you get a couple more people or a person at each satellite office that would go up since it would be quicker transactions?

MR. VILA: Not so much quicker, as I mentioned, it's to provide the document screening.

COUNCILMEMBER COUCH: Right.

MR. VILA: The manner in which...the selection of the offices that a customer would go to is really up to that individual. And the peak times unfortunately is kind of relatively the same throughout the offices. The worst; end of the month, the beginning of the month it's busy on a Monday, busy on a Friday. They rush in at the last minute. So those peaks and valleys occur throughout our system or each of our offices. And this additional person at that office would really be a great help to that particular office. And they are stand-alone. They do a lot of transactions. So I'm just rambling on.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you. So the 64,920 is for all three, yeah? And then on the next page you have for workstations as well as other equipment so it would be about a total of 81,000-something for all three of your additional...for the three DMV representatives?

MR. VILA: That's correct.

COUNCILMEMBER CRIVELLO: Okay.

MR. VILA: And the salaries are leveled I believe at an eight-month level.

COUNCILMEMBER CRIVELLO: Yeah.

MR. VILA: Instead of the full year.

COUNCILMEMBER CRIVELLO: Okay. Yeah that's about 21,000. So you see these...no doubt you do because you're asking for it but does that warrant like fulltime? I mean, you know, you said you have your peak days like the beginning of the month and certain period of the months so that's when they can really be of assistance. Do you have ever considered something like a floater coming from different centers?

MR. VILA: Mr. Chair? Yes, we have. I guess the term floaters. We used to have a floater; however, that...we still do that, in essence, because for each of those positions whenever a staff member from a satellite office goes on leave, goes to training, takes vacation, goes to the doctor, we will have to send reliefs from the main office. And on a daily basis we are sending to provide that

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type of additional support to keep the staffing levels up. So I mean I hope that answers your question.

COUNCILMEMBER CRIVELLO: Also then so would consideration be given for part-time workers to be of support to your fulltime representatives now instead of the fulltime? I'm just trying to understand how if it's busy eight, you know, five days a week, eight hours a day full on. But what I'm hearing is it's possibly like an...it depends it's all peak, up and down, and yet you know when you're peak hours or peak days are.

MR. VILA: Yes that's...we pretty much know when the peak times are; however, we need to look at in our complete operation, we try to put a lot of the staff on duty at the peak hours, at the peak times, et cetera. During the off hours, the complexity of our operation requires training, retraining; procedures change, laws change, and we need to keep those training up. So we need...we schedule those training during the off times a lot of. You know, so it's not...we could have part-timers, however, those part-timers are going to then have fulltime job probably and would they be available at this time. Training would still be the same. So it's equivalent fulltime. It's like having a limited term. That person once they're in the County they're a part-timer, from my experience, they will try to get a fulltime position elsewhere. And to get a new person onboard from the get-go if we hire this person, this new staff member starting in October it takes us a good four to five months before we can get that staff member trained with the 80 to 100 different types of transactions that we do.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Members, other questions? Mr. Vila, what is your estimate of the kind of demands there are on those positions during the low times? Mr. Warner [*sic*] shared with us the wait times when it's busy. What about when it's not as busy. In the middle of month and the middle of the week sounds like it's less pressure.

MR. VILA: It is but yet sometimes on a Wednesday we get to be very busy. And what we're monitoring at this point which we believe will be proceeding into to becoming law is the Veteran designation on the driver licenses. And if that's going to be...if it becomes law, I think it's going to be transmitted to the Governor, it has an effective date of October. So that, you know, we anticipate more people coming in for duplicate licensing.

CHAIR WHITE: So is that going to come with money from the State?

MR. VILA: The driver license is, well, actually, it's a driver license it's not a State. It's just adding that designation but there's no funding associated with it.

CHAIR WHITE: Okay. Because we've received additional funding from the State for taking on the further identification for driver's license, right?

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MR. VILA: Yes, we have. We have...they granted us two positions and this body at Administration which I fully support have gone forward and said let's provide State IDs at every offices. So that added a lot more. We have at last count I think 15,000 or so State ID holders that are coming in for documentation and that really benefits Lanai, Molokai, Hana because we are providing those services and at all of the offices.

CHAIR WHITE: Okay. If you don't have the details we'll send you a note to provide us with the wait times during the middle of the week and the middle of the month. And Mr. Walker was unable to respond to the question, my question about the salary increases for the EM positions. And I think I know you're not, you won't be aware of what the other, the other increases necessarily were but when was the last time that you've received an increase? 'Cause I know the Members are going to see a fairly large percentage increase but I know that like many others you've probably gone for a period of time without one.

MR. VILA: If my memory serves me that's like 2008, 2009. It's been quite a while. We had I think I don't know we had some...yeah, it's been quite a while, Mr. Chair.

CHAIR WHITE: Okay. Thank you. I just wanted the Members to understand that when you see these big increases it sounds like a lot but generally there have been sparse ones in between. Okay. Any further questions for Mr. Vila? Or anything you would like to add, Mr. Vila, with respect to your program? Oh I know one of the questions was whether or not we're moving in the direction of providing some of these transactions so that they can be done online and free up the time in the satellite offices.

MR. VILA: Mr. Chair, yes, we have. We are currently offering motor vehicle registrations online. And to my...I believe we have about 900, approximately 900 customers being diverted at this time to the online transactions, and that is a combination payment of credit card and e-checks. Majority of those payments are made by credit cards.

COUNCILMEMBER VICTORINO: Chair?

CHAIR WHITE: Yes, Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you. You brought up something I had forgotten I wanted to ask. What is the percentage for motor vehicle? Motor vehicle...this is motor vehicle. What is the percentage of the direct mail-in, right, you get your bill, put your check in, you send it back; you're good to go, and those who have to come in and actually go through a process? 'Cause if you're on time and you're doing it right, you should never have to go into the Service Center except when you get transactions like sales, you know, you sell your car to somebody else and that kind of stuff. So I'm curious and if you don't have the answer now then I would want that question asked how many because I send all mine by mail. But how many...what is the percentage of mail-in direct versus those who have to come in? And there's many reasons, you and I both know, there's many, many reasons but what is the percentage of that? That's a transaction. That transaction count is, you know, in my mind very important. Just like Real

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Property I mean, and I'll ask them that question, how many just mail 'em in, how many come in and contest or what. You know I mean obviously there's numbers out there. Would you guys be able to give us a transaction count in that respect?

MR. VILA: I have an approximate percentage. We did look at it.

COUNCILMEMBER VICTORINO: Okay.

MR. VILA: We mail out approximately 12 to 13,000 renewals per month, the registration renewals. Of that, on the average, we get about 47 to 50 percent maybe that's mailed in. And you add the...and the balance is either through the Internet or walk-ins. We also added a feature where the Rent-A-Cars, it's a whole, it's another segment where we've kind of automated that and they're able to renew online. So it depends on which way but the customer counts, direct customers that are mailing in I'd say would be around 45 percent.

COUNCILMEMBER VICTORINO: Of that, of that 13,000?

MR. VILA: Of the 11...12,000. Yeah.

COUNCILMEMBER VICTORINO: Twelve thousand a month. And the rest would be basically...well, then my other question is how many are late that they...now they're forced to walk in 'cause they didn't do it on time?

MR. VILA: We have an App for that. We asked our vendor to program into our Internet application, I think we're the only one in the State, when you're late in your registration you can pay renew your registration I believe I put the stipulation of six to eight months and the system will calculate your penalty, add it on to your fees, and get it. So the significance of that is when you're mailing in, our renewal notices says mail it to us ten days prior to the end of the month so we have time to get it registered and return it. On the...by doing that on the online, they can actually go up to midnight of that night or a little before and renew, pay with their credit card, and the system will update our computer record and allow them to print their receipt.

COUNCILMEMBER VICTORINO: And what is the fee on that?

MR. VILA: The penalty fee is \$16.

COUNCILMEMBER VICTORINO: No, no, no. On the credit card, you paid it on time; you paid it up to midnight. How much fee do you pay on the credit card payment?

MR. VILA: No, I think the current rate the vendor is charging is administrative fee of \$2.50 plus a percentage of the total amount.

COUNCILMEMBER VICTORINO: So, Mr. Chair, this conversion to one vendor at 2.3 percent may also benefit our Motor Vehicle Division in that respect.

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MR. VILA: Yeah. I'd like to add this. Our process is slightly different because of the update to the Statewide database. So the vendor will have to interface with the City and County system, and, that in itself, there's a lot of security issues because of access via the Internet. But that's a little too technical but you're exactly correct that would be a good, good way to do it because if it can be, at this day and age, we should be able to hopefully divert a lot more of the registration renewals to an automated process and migrate in that essence.

COUNCILMEMBER VICTORINO: Mr. Chair, who would we ask, and this is really maybe off the subject but it's still relative to what we're talking about, safety checks because I have had nothing but a lot of complaints about it? I understand the new system. In fact, for lunch that's what I did, I went down and I had to wait 45 minutes to get it. I waited till the last day, so my fault, nobody else's but mine but 45 minutes to get a safety check. And it's pretty cumbersome today versus what it used to be with the picture taking and all that. But who do we talk you or is there somebody else? State? Who do we talk to about that because a lot of people are asking that question?

MR. VILA: This Periodic Motor Vehicle Inspection Program better known as the Safety Check is a State program. Administered by the State; however, we have our PMVI grant, and for the County, we carry out their duties for which all expenses are reimbursed by the State.

COUNCILMEMBER VICTORINO: So it's not any out of pocket for the County. It's all directly to the State, and the fees we pay that \$20 or whatever you pay for your safety check.

MR. VILA: The \$20 or so you pay for your safety check I think \$1.70 goes to the State for Administration and enforcement, and 1.69 goes to the vendor, and the balance goes to the safety station, check station. So the way the rules are written, it's written in a way the stations may charge up to a maximum. So certain stations may opt to give you your safety inspections for free if you're a good customer of theirs.

COUNCILMEMBER VICTORINO: Okay. Okay. Mr. Chair, thank you. I mean this...I know that's a question a lot of our consumers...our constituents ask us. So I just thought I'd ask that one quick.

CHAIR WHITE: Happy to give you a little latitude.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

CHAIR WHITE: Other questions for Mr. Vila? Mr. Vila, do you have a sense of the amount of transactions, the total...total value of the transactions by station or by satellite station?

MR. VILA: I can get that through our Revenue Management System. It's going to be just...not the revenue..._____ System that is going to be the County platform is able to give us the transaction count; however, that transaction count will only count the transactions that result in money

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transactions. There's a lot of transactions that we do that is...goes under the radar, for example, the thousands of notices of transfers that everybody files that we record to relieve people whenever a vehicle is sold; the inquires, the subpoenas, and all of that for our records. Those are actually transactions that we can't begin to count. There's a lot of 'em.

CHAIR WHITE: Would this report also show the total value, not the number of transactions, but the actual cash collected?

MR. VILA: Yes, for those we can get that for you.

CHAIR WHITE: If you wouldn't mind forwarding that. Would you like us to put it in writing or?

MR. VILA: Yes, please.

CHAIR WHITE: Okay. I'll have staff do that. Because it seems that if we are able to move more and more of the transactions to an online...online nature then we may be able to unload some of the pressure on the satellite offices.

MR. BAZ: Mr. Chair? That is part of a discussion the Director of Finance has brought up with the Administration, the Managing Director and myself, as far as a possibility of proposing a pilot program where we, as a County, absorb the costs of those online transactions to see if there is a benefit to us that would exceed the labor costs of providing those transactions face to face.

CHAIR WHITE: Actually, that was...you read my mind, because I had done the calculation of it at the 3.2 percent fee. If we were to eliminate, if we were to say look we'll eat the cost, you can do it online for free, how much of it would we unload from the process?

MR. BAZ: Yeah. We wouldn't be able to 'cause that was my question too, you know, thinking from a budgetary perspective and trying to reduce costs, until we actually do it we don't know how much incentive that would be. There are a lot of people who would still want that face-to-face transaction just to make sure everything is correct. I went down to the DMV last week to do my car registration because I wanted to make sure that it was correct because what was on the paper and what I had was different because of the new safety check thing so.

CHAIR WHITE: And what was your wait time?

MR. BAZ: My wait time was pretty low. I think I was there for about 25 minutes something like that total.

CHAIR WHITE: Well, I ran just using the 3.2 percent, to break even these three positions with fringe benefits and everything else, to break even, we'll need...we would have to offset \$5.2 million in transactions. And I don't know what the satellite offices transact but it's something I think is worth, worth you guys taking a look at. I appreciate you guys having that discussion.

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MR. WALKER: Mr. Chair, and just for informational purposes, the information I've received as it relates to online electronic payments is if you can get 25 percent of your constituents doing online payments you're doing really well.

CHAIR WHITE: And where are at?

MR. WALKER: Much less than that.

CHAIR WHITE: Okay. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Vila, if you, you know, we're in the mode of trying to keep E/Ps down, if the choice was no E/Ps or one for a pilot or maybe two, would that help you at all or? I mean, yeah, one for a pilot project somewhere to see if it works for one year and then if it works at a satellite. If it helps to increase the flow or decrease the wait time either one.

MR. VILA: To answer that question, if I get one out of that I probably would put it in the busiest office and see. And how do I...what would...we'd have to talk about the standards as to compare them, what is the impact. Because, again, this will it really have a true bearing on the wait time when we are making sure that the people that are coming into transact have the correct documents. Is that going to add, you know?

COUNCILMEMBER COUCH: Right. Right.

MR. VILA: You know, and wait time --

COUNCILMEMBER COUCH: But theoretically that should cut down this...

MR. VILA: --is actually, right, and your wait time is going to be dependent upon the types of transactions that are being made. You know, right now the license renewals we're at a low, the volume is not that as high as what will be coming up in the near future because of the conversion from the six to eight year licenses. So we need to start prepping for that because it is coming back around and the cut of vehicle counts will continue to rise. We have some diversion. Our Internet program has been in effect for many years now and we're still at that 900 per month. It's nowhere near there. What else? We need to start diverting from within the office possibly.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR WHITE: Other questions, Members?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

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COUNCILMEMBER COCHRAN: Thank you. And thank you, Mr. Vila, for being here. So I haven't received one of the newer, I think it's the registration, the sticker that has the issue of it rubbing off. Have we had any issues with that and is that being looked at to be changed out?

MR. VILA: The registration printing that we're currently using with the license plate on the decal?

COUNCILMEMBER COCHRAN: Right. I believe so.

MR. VILA: We have been using that, oh, for the past several years. We started that off with the renewal notices, the mailed in renewals, so those came in. And I still recall, when we first launched that people were complaining because, you know, well the complaint before that was they were coming in, somebody stole...took my decal from my bumper. Well you can't take that anymore. And that registration decal has a life of one year, and I have never received a complaint that says, oh, it suddenly I can't read the license plate number on it or what. And it's affixed right on the license plate pretty much the same place as where the safety inspection decal is, you know, in the same location at the back of the vehicle. And the purpose of putting the license plate number is to identify that this validation decal is actually for this vehicle. So if that is not present then the owner should, you know, should come in. I mean the publicity that we got about putting acetone or rubbing alcohol to deface it, yeah, that will happen on a lot. But to answer your question on the registration decals that has not been an issue, and if they come in and complain and tell us about it and we agree that it should be replaced, I give enough latitude to my supervisory staff to say yes we will make that exception and we will replace it at no charge to you if need be.

COUNCILMEMBER COCHRAN: Okay. Very good. Thank you. Thank you, Chair.

CHAIR WHITE: Other questions? Mr. Victorino.

COUNCILMEMBER VICTORINO: A little latitude but not too much this time. Reconstruction become a big issue, right? Not for you guys? Do you have how many reconstruction sites here on Maui?

MR. VILA: Per the Revised Statutes the Recon Law only applies to counties with population of over 500,000.

COUNCILMEMBER VICTORINO: So only Honolulu ...*(inaudible)*...

MR. VILA: So it's only designed for Honolulu.

COUNCILMEMBER VICTORINO: Yeah.

MR. VILA: So, they have a Recon Program, on the other side of the coin though is what is the reconstruction format for modified vehicles here? We don't...there's not a facility to inspect those.

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COUNCILMEMBER VICTORINO: So anybody that does reconstruction trucks, vehicles, whatever, raise 'em, and all that, there's really no means of having that checked here on Maui, I'm saying here on Maui?

MR. VILA: The law does not require reconstruction so therefore they're not obligated to have it reconned. The issue there is on that modification is it actually safe? Does it meet the bumper heights? The Safety Inspection Program actually checks like 20-something inspection points that must be inspected for the safety of that vehicle. However once you get into modifying your structure, your unitized structure, lift kits, and dropping the suspension, is that legal? And, you know, the reconstruction station like in Honolulu would be the one to check that, yeah.

COUNCILMEMBER VICTORINO: Okay. Thank you for that clarification. Thank you, Mr. Chair.

CHAIR WHITE: Okay. Mr. Vila, one question that I guess we have to ask is that we gave you three more employees last year, what impact has that had on the service levels?

MR. VILA: The three new employees, the three additional, three that was set to be hired came on board some time in November - October. Right now, they're ending the training phase.

CHAIR WHITE: So, we have no idea what, what's going to happen when they get into service?

MR. VILA: Well, those three are assigned at the Service Center, okay, so what with that I mean we're reusing that and I don't...

CHAIR WHITE: What are the wait times at the, at the Service Center?

MR. VILA: The wait time--I have it--the wait time at the Service Center is less than at the satellites. The average about 30 to 40 minutes I believe it fluctuates depending on the times. I mean and that is also dependent upon...we always try to keep out satellite offices open, so when I have staff that call in sick there, we will divert resources from the Service Center to cover those. So, the staffing level does decrease at the Service Center.

CHAIR WHITE: Okay. Thank you. Mr. Baz.

MR. BAZ: Mr. Chair, Page 236, in their measures, they have actual wait times and projected wait times for the Service Center as well as the three satellite offices.

CHAIR WHITE: Was what?

MR. BAZ: Page 236.

COUNCILMEMBER VICTORINO: But I didn't get that far back but thank you.

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MR. BAZ: So the Service Center actual for Fiscal Year '13 was 30 minutes average wait time, Kihei was 37 minutes, Lahaina 40 minutes, and Pukalani 44 minutes.

CHAIR WHITE: But by going there you save yourself a lot of time in your car and you save gas.

COUNCILMEMBER VICTORINO: You know, Mr. Chair, I think, you know, the other important thing that Mr. Lito and that's why I was happy that he answered that question is the number of people not only from Central Maui that go down and work in Kihei or in Wailea or/and West Maui that don't have the time to get back here in the afternoon, they'll go to the Service Centers to take care of things. So I think it's a dual purpose. I like this, you know, and I'm not against it. It's just like you, Mr. Chair, if we give 'em three this year, they going come running in for three more next year. But you got to have some kind of evidentiary results, you know, that you've done something, it's paying off. Two minutes, two minutes, two minutes. Okay. Okay. That's moving in the right direction. I hope you're right in 15, and it will be dropped down 30 minutes all the way around. I don't understand how come the Service Center can't get down to 25 when everybody else is getting down by eight minutes. But that's okay I'll refrain from asking that question.

CHAIR WHITE: Okay. Members, other questions? Elle? Okay. Thank you very much, Lito. And we will move into...

COUNCILMEMBER VICTORINO: You might as well leave the chair there, the others going come.

CHAIR WHITE: Yeah, might as well leave the chair there.

COUNCILMEMBER VICTORINO: Thanks, Lito.

MR. WALKER: Mr. Chair?

CHAIR WHITE: Yes.

MR. WALKER: The only other item I wanted to bring up on the expansion budget side of things, Member Cochran I think already, or maybe it was...I'm not sure, already brought up, you know, the related equipment increases that would be necessitated if these positions were approved. But additionally, I wanted to mention, our RPA Division is asking for additional funding for an ESRI tech support person. It would be a consultant that provides, and I'm not exactly sure what this is but partial fabric support another high level support. Sounds like it's a sewing class but it's...it's very technical in nature and this is to maintain the County's GIS base map and that's a \$10,000 increase.

CHAIR WHITE: Members, questions on that? Ms. Cochran.

COUNCILMEMBER COCHRAN: Chair. Sorry. I think there was--Mr. Crivello, did you want to go?

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COUNCILMEMBER CRIVELLO: I just want to know where are we looking at for this?

MR. WALKER: Oh, I'm sorry. Page 232, middle of the page, \$10,000 line item.

COUNCILMEMBER CRIVELLO: 232, okay.

COUNCILMEMBER COCHRAN: Chair? Sorry maybe I missed it but did we go through all of Real Property Tax? I kind of have questions all about Real Property.

MR. WALKER: No. No, we're just...

COUNCILMEMBER COCHRAN: We sort of went over to DMV and Mr. Lito's.

CHAIR WHITE: Yeah, Mr. Walker kind of jumped a little bit.

COUNCILMEMBER COCHRAN: Okay. I was like all right. We're moving on and I got some questions in regards to RPT.

MR. BAZ: The Financial Services Program is one program that encompasses both Real Property Tax and DMV so that's why there's a little confusion there.

CHAIR WHITE: Right. We're done with DMV.

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: Now we can move into RPT or RPA.

COUNCILMEMBER CRIVELLO: I want to ask on this high tech thing. ESRI is it?

MR. WALKER: ESRI.

COUNCILMEMBER CRIVELLO: ESRI it's rent? It's a rent a person? Is that what it is or rent a robot?

MR. WALKER: Mr. Teruya, our Administrator is going to come down and explain it to you. It's just technical support, I guess they're calling it rent-a-tech but.

MR. TERUYA: Good afternoon, Chair White and members of the Committee. ESRI is a company that we use. They're a very large company that does a lot of support for a lot of our GIS maps. So this request for \$10,000 is to assist our GIS people with the high level things that they're not able of completing for our mapping. So this additional 10,000 was a request that our mapper had asked for because there's some technical aspects that she's not qualified to do and that we can't contract those things out separately.

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COUNCILMEMBER CRIVELLO: Okay. Thank you. Thank you.

CHAIR WHITE: Does that answer your question? Ms. Cochran, did you have anything further?

COUNCILMEMBER COCHRAN: Yeah. I guess following up on this ESRI discussion though does this correlate in any ways with Planning Department, too?

MR. TERUYA: Well, what we do is we coordinate the base map. So every time there's a subdivision or any changes to your land maps we're doing it in GIS now. So we would provide the layer for all the other departments to put their layers on top of our layer. So, for example, like our layer right now we may just have the polygons of your old tax maps that you used to see but now you're seeing it in GIS. A layer would be like our building footprint of all the parcels that would be another layer. So, Planning would be a layer of zoning. Yeah. So every other department, Water Department might have just fire hydrants or pipes. So every department may have a different use for that base layer to lay on top of.

COUNCILMEMBER COCHRAN: Okay. And then, Chair, if I may? So for RPA, my question is looking through the different E/P's and their position titles. I guess...

COUNCILMEMBER CRIVELLO: I have a question before we jump to RPA for Mr. Walker.

CHAIR WHITE: Okay. If you don't mind, Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah. No problem. Go ahead.

CHAIR WHITE: Go ahead, Ms. Crivello.

COUNCILMEMBER CRIVELLO: So, other costs we're asking for additional funding in increase for rent at the Lahaina Gateway satellite office. What's the current rent? This is on Page 232.

MR. WALKER: I don't know what the monthly rent is but I can get that for you.

COUNCILMEMBER CRIVELLO: Okay.

CHAIR WHITE: Okay. Go ahead, Ms. Cochran.

COUNCILMEMBER COCHRAN: Okay. So we can talk about RPA, I guess, which was formally known as RPT?

CHAIR WHITE: Yeah. As Ms. Baisa said earlier we're kind of getting comfortable with our methods here.

COUNCILMEMBER COCHRAN: Okay. And so, I'm just trying to figure out the differences here in regards to position titles and their respective responsibilities I guess or job descriptions. So you

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have Real Property Assessors, you have Property Valuation Analysts, and Real Property Appraisers. So I just kind of wanted a breakdown as to each title and their respective responsibilities.

MR. TERUYA: Okay. I can go from a high level, kind of give you an org chart visually, with the Administration on the top, and then breaking into sections, an Assessment Section. The Assessment Section is made up of Assessment Clerks, which would be like Clerk III's, Tax Clerks, Tax Clerks II's, and the Supervisor for the Assessment Clerks. Then you have an Appraisal Branch, which would be the Appraisal Supervisors and the individual Appraisers that handle each geographic area so to speak. On the property technical side, they're a separate branch under Administration, which handles a lot of our technical issues, training, manuals, legislation, and assisting with the Administration with a lot of the, I guess, language that we need to deal with at the Legislature or before the Council. Then there's the Tax Maps Branch. They're in charge of all the ownership and ownership transfers and some of the maps that you guys see as far as the parcel maps. And then we have a GIS Section, which handles all the GIS. If it's preferred, I can always hand out an organizational chart to the Members so that you can kind of see where they are if that's requested.

COUNCILMEMBER COCHRAN: Yeah.

CHAIR WHITE: Do you have one available?

MR. TERUYA: I may.

CHAIR WHITE: We'll make copies for the Members.

COUNCILMEMBER COCHRAN: Thank you, Mr. Teruya. And that somewhat helps but as in exactly an Assessor goes out and what? Physically looks at the land. Assesses, yeah, you were deemed Ag; no, you're not deemed Ag. Property valuation. Now this person says this person it's Ag but now we're going to determine it to be a higher property value or lesser property. You know that's kind of what I was looking for to see what the distinction was between these three different categories.

MR. TERUYA: Okay. The Assessment Clerks they deal a lot with exemptions. So, when you come into the office and you want a Home Exemption you go to the Assessment Clerks. The Clerks will also take in any dedication or any paperwork that you're filing for an application for including address changes, et cetera. That's all the Assessment Clerks. Building permits, sales information, anything to do with valuation, agriculture use assessments, those are all your Appraisers. Your Technical Section, they deal with a lot of legislation, any technical questions or training that would be the Technical Section. And the appeals are the Appraisers or the Assessment Supervisor if it has to do with any exemptions.

COUNCILMEMBER COCHRAN: Okay. Yeah, that helps. The reason I'm just trying to figure the, I guess, the program and how this works is 'cause I was told that it would be helpful in this

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particular Department that the Assessors really whether--I don't know if we get more or they just get more grounds on to physically assess and get what this County is due 'cause there's a lot of missed lost monies out there.

MR. TERUYA: That's a very good point and I have some statistics. I don't want to bore you to death but, you know, this Council, this body, over years have given us a lot of personnel to deal with the compliance issues. And I think it's good to at least point out to you that in two fiscal years ago, I believe it was Fiscal '12, I had reported back then that we had brought in about \$1.5 million in unbudgeted revenue. That's not just what we brought to the coffers but the 1.5 in unbudgeted revenue from the compliance issues that we had talked about whether it was AOA or Home Exemption Program. In 2013 or 2014, this current fiscal year that we're in, to date of this fiscal year we're bringing in at least \$750 million in unbudgeted revenue, that's not what we've brought into the coffers from the previous compliance issues--\$745 million ...\$740,000.

COUNCILMEMBER COCHRAN: I was like whoa.

MR. TERUYA: Yeah. Yeah. Okay.

COUNCILMEMBER VICTORINO: Whoa.

MR. TERUYA: Okay. I guess we don't need tax rates already. Yeah I guess so.

COUNCILMEMBER VICTORINO: Enough already I'm done.

MR. TERUYA: No, but it's important to understand what you're saying is for the Real Property Tax Office or the Assessment Office there is always work to be done, and what you're talking about the low-hanging fruit or what compliance issues or whatever it is, but it's very difficult for us to identify what is the priority. Because there's a lot of things we can do like you said have the Assessors go out. Should I have my Technical Section be monitoring Home Exemption or is it AOA? I mean there's a lot of things that we...in three or four years ago, we were never into compliance efforts meaning. So the numbers that's coming back to you, and already for Fiscal Year '15 for the amount of things that we have already denied, we're already looking at 2015 at \$1.1 million, and we're not even in there yet. So there's a lot of things we're already denying this year that the next fiscal year that there will be a large return. There is a demo that we just did last week, which was from ESRI Canada that helps Assessors Office go into compliance by using aerial technology like Pictometry, for example, and other methods to do the work for you. So, you know, IAAO, which is our mass appraisal institute, there's a compliance issue that one of the things that they require is the assessor visit every property every four to six years. So, we talk about reducing E/P some of these technologies are ways to reduce E/P and gain on the ground expertise. Because even though a lot of times what we do is we see imagery from the top down and it may look exactly correct but it's actually the side view that they're capturing a lot of the valuation. So these are other ways that we can either talk to the Budget officer or the Council member as to ways that we can maybe look in the future of reducing E/P by using technology.

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COUNCILMEMBER COCHRAN: Okay. Very good. Well thank you for your efforts, Mr. Teruya. And that does, you know, give me comfort and confidence that yes we're taking steps towards my concern. So thank you, Chair.

CHAIR WHITE: Thank you. Members? Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you for doing a good job in getting unbudgeted revenues. So what are we doing with Hawaiian Homes?

MR. WALKER: I'm not sure. It's a collections issue.

VICE-CHAIR HOKAMA: They owe us big money, so are we going to take them to court?

MR. TERUYA: Okay. I can't tell you exactly the current status. As you know collections is now a part of Treasury so I don't have a direct relationship. Although that I was working on the possibility of resolution to the case. I think the Council still needs to decide whether or not the resolution that was passed maybe four or five years ago still holds weight or not. So like --

VICE-CHAIR HOKAMA: ...*(Inaudible)*...

MR. TERUYA: --I think you would have to defer to Corporation Counsel to decide whether, you know, the negotiation or the ongoing issue of the delinquency at DHHL.

VICE-CHAIR HOKAMA: So what does that mean, Chairman?

CHAIR WHITE: Your guess is as good as mine. We've got a collection issue. Maybe Mr. Baz has...

VICE-CHAIR HOKAMA: So could you tell us how much penalties and interests would be if we applied it to the delinquency?

MR. TERUYA: Chair? I've kind of stepped out of that role about a year ago. At that time, I believe we were at about \$550,000, and half of it is P&I and half of it is principal that's about the breakdown that's about half.

VICE-CHAIR HOKAMA: Okay. Maybe we can ask --

CHAIR WHITE: I guess the...*(inaudible)*...

VICE-CHAIR HOKAMA: --Mr. Walker or the Treasurer to give us one explanation on collections and why we're not collecting our money.

CHAIR WHITE: And have we received any partial payments in the meantime. Mr. Baz.

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MR. BAZ: Yeah. Mr. Chair, I don't believe we have received any partial payments. The last time I discussed this with the Finance Director was a few months ago, and we had been in negotiations with DHHL to try to resolve the situation and he said that it seemed like they were willing to come to a conclusion but then there were some changes at DHHL and there's been no further discussion after those changes were made. So it would be something I could follow up with the Finance Director to see what the current status of those negotiations.

VICE-CHAIR HOKAMA: Would those changes be personnel changes?

MR. BAZ: Yes.

VICE-CHAIR HOKAMA: Or fiscal policy changes?

MR. BAZ: They were personnel changes.

VICE-CHAIR HOKAMA: Personnel change. Okay. Thank you, Director. Thank you, Chairman.

MR. WALKER: Mr. Chair? Sorry.

CHAIR WHITE: Mr. Walker.

MR. WALKER: I just have an answer to Committee Member Crivello's question about the rent for the Lahaina DMV. We are currently paying \$5,530 a month in rent it doesn't include CAM and that's going to increase July 1st to \$5,776, which is the difference...which is the difference we're requesting.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Do you know what the historical rent has been? My recollection is that it used to be in the Civic Center.

MR. WALKER: And then after that it was in down on Front Street, right?

COUNCILMEMBER COCHRAN: Lahaina Center.

MR. WALKER: Right.

COUNCILMEMBER COCHRAN: Lahaina Center...

MR. WALKER: I don't have...I only have...this is just this facility, right? So yeah I don't have the, I don't have the historical rents in front of me.

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MR. BAZ: I have in the Details the rentals for Fiscal Year 2012 was \$49,851, for Fiscal Year '13 was \$51,435, for Fiscal Year '14 is when we moved to Lahaina Gateway Center it's 90,651 and then with the additional 3,000...

CHAIR WHITE: What page are you on?

MR. BAZ: 6-26.

CHAIR WHITE: 26?

MR. BAZ: Yeah. And this is the only location we pay rent. The Kihei and the Makawao or Pukalani are at County facilities so.

MR. WALKER: And again the figure the Budget Director is referencing includes CAM and tax. I mean there's not just straight rent.

CHAIR WHITE: Well, it looks like another Service Center we should be building on our existing lands over there.

MR. BAZ: Yes. Mr. Chair, actually, the Finance Director did propose that. We are contemplating other options right now with the Lahaina Civic Center. The Police Department is talking about a new facility in Lahaina, West Maui. And maybe if they move out then we could move Real Property Tax and, excuse me, DMV to the Service Center or something, yeah, those are in discussion.

CHAIR WHITE: Okay. Thank you. Mr. Teruya, is the change detection software in...working order or what is your...

MR. TERUYA: Okay. What we did was last fiscal year you gave us the money to do the project, which was the sketch validation from Apex through Pictometry imagery. So right now we have that data with us. So right now it's really a matter of getting the bodies on the road to see all the missing buildings, omitted buildings, the minor changes and the major changes. I think that project will take us easily a year. I hate to ask for more bodies just to do that but that is the dilemma we're with. We have a lot of work and very little bodies to go do that on top of the things that we already statutorily need to do. So that's something that we're going to have to challenge internally. The sketch...the change detection is something that we're going to use moving forward. You have the imagery from Pictometry already. We've done the initial stage of sketch validation. And sketch...the detection is basically to say any illegal construction or construction that happens after that imagery it should detect the differences. That is something that we hopefully we can continue to do because I still think that the return on investment on that is still way outweighs itself as far as cost. So I would think that that is something that the County should continue to do at least every two years.

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CHAIR WHITE: How much of the work to utilize the change detection can be done using Pictometry from their desk than just go on the road to validate?

MR. TERUYA: You know we've gone through that discussion with the vendor and it's I would say majority of it will done using the Pictometry imagery sitting at the desk front. So I have a very good feeling that I think majority of the revenue should be relatively quickly because especially the omitted buildings. Their estimation is maybe about 8 to 10 percent may have to be escalated to the field and that would be more for foliage when it's covering up the buildings where you won't be able to see it. So I think that's one of the things. And like I mentioned the ESRI Canada solution to this incorporates not only the obliques but the street view imagery to actually show it from the street. So that is something that's probably a technology that probably we would like to see and there's very good results from the study that Maricopa County did as a pilot project.

CHAIR WHITE: Are all of you aware of what change detection software does? It detects changes in buildings. If there's a new bedroom added on without a permit the change detection software will flag, well, it will just flag the fact that there's a new building there. It won't tell us by itself whether they have a permit or not but then the Department will follow up to see whether it's shown on the new records. And so it's a little Big Brother but if someone is going to try to get away with something then I think it's fair for us to go and take a look at it. So, any further questions for RPA? Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, Mr. Teruya, for your handout. And on it looks like two members of the Board of Review there's two vacancies currently as of I guess yesterday or today? Yeah. So are we looking to fill those spots for to take care of our appeals I guess?

MR. TERUYA: Yeah, I believe the Mayor's Office has some candidates in mind that they're probably going through. I know they're getting difficulty finding probably the fifth person and that's pretty historically with this, this board is being able to find quorum. I'm sure Administration through the Director of Finance will be coming out with an amendment hopefully soon that maybe adds bodies to maybe like a backups to deal with the issues of quorum. Because the last thing we do want to do is get into the appeal period, which is very soon, the next couple of months, and have a lot of this revenue in abeyance. So that's something that the County obviously does not want to get into.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Chair.

CHAIR WHITE: Okay. Any further questions, Members, for Mr. Teruya? Mr. Hokama.

VICE-CHAIR HOKAMA: Aren't we supposed to have another update on one flyby?

MR. TERUYA: My understanding is we are soon to be delivered the Pictometry imagery that was flown in 2012. I believe the State 911 contract funds the flyover every two years. Initially, I'd

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brought back to this body that it would be...was we thought it was important to fund the opposite years to get a flyover every year, that I'm not so certain anymore. I think it is good but I'm not sure if it's mandatory. The IAAO standards kind of hint that every two years is a good, good time period to do that flyover. When I spoke to my counterparts obtaining a plane and the flight in the US 48, is very different from the cost that we've been seeing as far as bringing them, bringing the plane here I mean exponentially. So it is a huge cost. At this time, I think the money is best spent for this Council to explore paying a little bit of money, and I'm not sure how much it is it might be 100 or 200,000, but to use that flight that they're currently contracted in and pay a little extra and get a different lens for the camera to get the imagery to three-inch standard and which is a lot better. So you can see it I would say just it won't be as granular. So, you know, the picture is a little bit sharper when you're trying to zoom in and for our purposes that is relatively key when you're trying to find out physical functional problems with a house. Because right now at the four-inch level, you can see it but you can't really...you can see it but you can't really see it but it's just getting the level of detail in the imagery is very, very huge. And I think for the amount that we would spend just to get the plane outfitted with a better camera would be worth it.

VICE-CHAIR HOKAMA: Okay. This is a aircraft aerial...

MR. TERUYA: Yeah. What they're just taking is they're taking single engine planes coming over...retrofitted with a camera that's basically taking pictures.

VICE-CHAIR HOKAMA: So that's not satellites?

MR. TERUYA: No it is not. It's actually flown by a plane that's approximately a thousand feet high.

VICE-CHAIR HOKAMA: So Police has drones that could do this for us?

COUNCILMEMBER VICTORINO: I knew that question would come up.

MR. TERUYA: That I don't know.

VICE-CHAIR HOKAMA: Well, I appreciate that update, Mr. Teruya. Because I guess if we do go to court it's going to be on the most updated information that's going to make or break the case so I appreciate you folks' hard work. Thank you.

CHAIR WHITE: Members, other questions for Mr. Teruya?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

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COUNCILMEMBER COCHRAN: Thank you. And in regards to this--what is?--International Association of Assessing Officers and you're looking for a certification course accreditation. So, currently our assessors are not and what does that mean?

MR. TERUYA: Okay. A lot of these courses what we're trying to do is, one, where we're trying to adhere to the standards of Mass Appraisal Practice. Two of us, myself and Marcia Martin are both accredited as AAS with the IAAO, and the third person we're trying to get in as well. So these are courses that we're trying to get funded for to make sure that we are trying to...our best is to educate everybody in the office that's senior first and then down the line. But definitely what we're trying to do is make sure we're accredited. In the City and County of Honolulu their structure is that you must be ready to be licensed or have, have taken all these classes to maintain a level of an appraiser. So, if you cannot pass these classes basically I believe they're on LTA's until you come, until the senior person. So I guess what I'm just telling you is the education that we're trying to put in is...should be reflected upon the work that we're going to give out to the public.

COUNCILMEMBER COCHRAN: Okay. And so we have seven--is it seven appraisers?--sorry where's your paper?

MR. TERUYA: I believe I have 13.

COUNCILMEMBER COCHRAN: And so none of those are accredited.

MR. TERUYA: None of them are State licensed. None of them accredited with IAAO. The intent is to get them accredited with the IAAO. But like I said I mean I've been here with Real Property for 16 years and I just got accredited. So it's not something that you take a bunch of courses and, you know, pay your dues and get it. So it's...the courses that are taken for the class that I had there's at least eight or nine classes, and we don't offer these classes every year. So I think it's just a matter of every year bringing in a different course in, having them take the course, pass the test, and then try to go for their accreditation. That is the goal.

COUNCILMEMBER COCHRAN: Okay. And, Chair?

CHAIR WHITE: Go ahead.

COUNCILMEMBER COCHRAN: And I'm on Page 234, goal five, numbers three and four in regards to I guess physically inspecting parcels. And just wanting...so they're kind of related the two, three, and four...I was questioning the 75 percent and 100 percent. I would want 100 percent both ways but--and then the increase the rate of the 1/6 of all. I don't quite get the 1/6 thing.

MR. TERUYA: Okay. And that's why I mentioned the IAAO has standards on mass appraisal. The requirement or the expectation is that every four to six years every property is physically inspected. And that's what my goal is, is that we want to come up to a standard to say that hey yes according to our standards we did see you every six years. But in order for me to get there, I

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need your help, too, because it obviously takes technology and use of the aerial imagery to abide by that standard. Physically to inspect 10,000 parcels a year for us is not very easy on top of the things that you already have to do, which is valuation on all these other things. The four to six years is a mass appraisal standard. It is not in stone. That is not a State requirement for us but it is something that I believe is very important for us to have some integrity in our data. So that is probably a long- or short-term goal that I would think that I think we should do. We haven't done it. Like if you didn't take out a permit or your property didn't sell, there's a very good chance that we haven't seen since we took over in 1981 from the State. So what I'm saying is the return on investment on something like this to do technology, spend some money, and it's going to be probably tenfold but it's also something that's good. It's not only revenue but it's compliance and having your data correct because if your data is correct, ultimately, your value will be incorrect. So what we're trying to do is maintain some time of program to say every six years this is the standard from IAAO, we'll meet that, we'll try to do it, and just be in compliance with all the standards that IAAO sets forth.

COUNCILMEMBER COCHRAN: Thank you for your efforts, Mr. Teruya. Thank you, Chairman.

MR. WALKER: Mr. Chair, if I might? Committee Member Cochran, just back to your earlier comment about training and the IAAO standards. Scott is an approved instructor now so it's not like he's having to bring in instructors to teach us. He can teach the courses as well, which is obviously helpful. Well three of 'em. All of the ones that have got their certification can teach so that's helpful.

COUNCILMEMBER COCHRAN: Very good. Thank you.

CHAIR WHITE: Members, questions? Mr. Hokama.

VICE-CHAIR HOKAMA: Mr. Teruya, you know, it's coming to a point on Lanai, I'm trying to figure out how much more do I need to, I guess, justify one Tax Clerk for Lanai. You know 'cause I'm the Councilman, I'm not the State Representative. I'm not the Federal guy. I'm the County guy but, you know, we get...for everything in our office including tax, property tax, income tax. We get the questions. What is the plan for Lanai and that kind of tax position, Tax Clerk position?

MR. TERUYA: We have one Clerk on Molokai. I don't think it's ever out of the question. It's obviously up to this body or Administration to see if whether or not we should have a Clerk there. I wouldn't go against it. I think it is good. There are a lot of people or at least a lot of revenue that is brought in by the Lanai community as well. As far as, no one has really complained or came forward to say why is there not one but there are exemptions and things that people could file for that may assist the community of Lanai if we did have a Clerk position there. So I would say if it would be...it would be similar to our Molokai Clerk which would be a Tax Clerk I an SR-12.

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VICE-CHAIR HOKAMA: Okay. Well, we can work on that together, you know, I mean of course we need the justification of, you know, enough requirements for a position but I'm happy to talk about it with you folks. Thank you, Chair.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Teruya, back to the goal five, number four, increase the rate of 1/6 of all parcels receiving agriculture use. And you said that would amount to about 10,000 a year. So there's 60,000 agricultural lots?

MR. TERUYA: No. As far as people receiving agricultural use right now, I think it's between 3 to 5,000 parcels receiving it.

COUNCILMEMBER COUCH: Oh.

MR. TERUYA: I think what we're trying to do is break down the numbers because every year we say we're going to do it but it's really hard to physically get to that point. And I'm not saying that it doesn't have any merit but I think like I keep going over what we need to do is statutorily, you know, we need to go inspect all the sales, go do all the building permits, et cetera. It's easier to say look just get more appraisers but I'm not sure if that's the direction we should be heading given the technologies out there that may be able to use that via the appraiser and have the appraiser maybe concentrate on other things. So, I know already I can tell you this, this is probably the first time I can ever tell you this that we removed 83 parcels with agriculture that we...that had applied for agriculture. So that's already for the Fiscal '15 year about \$201,000. It's something that I know we can do but it's just a matter of the numbers. And we've fought with this with maybe two or three Agriculture Committees that I started on ten years ago. We also had...we had one with Member Victorino and Gladys Baisa about the Agriculture Committee 'cause some of these things that, you know, if we maybe had spent more time in doing the compliance in agriculture maybe we wouldn't need that committee to figure out what we need to do with agriculture. Because if we can make sure that everybody according to our office standards adhere to that maybe it would be good enough, you know, 'cause I know when we talked about it probably three years ago the subsidy was about \$25 million. And now by bringing it down--I don't have a number, I can probably give you a number as certification as to what is the current subsidy now but there's a lot of more parcels that are getting removed because we're sending out the letters or inspecting them. So that's something that this Committee should think about whether we should go out there and focus it more on agriculture.

COUNCILMEMBER COUCH: And a follow-up, Mr. Chair? Along those lines the people that do go out and do say yes or no you're agriculture, do they now have agriculture experience? Because I know that was a --

COUNCILMEMBER BAISA: Yes.

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COUNCILMEMBER COUCH: --a problem the last couple of years or prior years that they didn't know.

MR. TERUYA: Yeah. The problem is it's the gray areas. When you're dealing with two acres to five acres I mean anything over 15, 20 acres it's pretty apparent that it's a farm. The two to five acres is the challenge for the appraiser, and I feel sorry for them because you got to determine that line. Is three papaya trees enough or five papaya trees? You know it's one of every type of tree? Is that agriculture? So it's hard for the appraiser, in that sense, because to me if you walk there you should know if it's a farm or not, I mean if you've got to start figuring out or looking for the agriculture then that's kind of where the gray area is. But there is very little standards or something in the ordinance that says this is what it takes for agriculture, and that is the biggest battle that we've gone through. And any Member who's been on the taskforce with ag knows you'll start here, you'll go all the way around, and you come back to the same place and say what are we going to do. It's very difficult.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Chair, I just wanted to make a comment. I wanted to say thank you. You know some of the issues that I think Mr. Victorino and I have said this many times when we came to the Council eight years ago; those issues are still here. They're still lingering. We're still trying to deal with them. But I have to say in the area of collecting tax monies a lot of progress has been made and, you know, it's a million here and a million there but it really, really adds up. And I want to say thank you. Job well done, and I wish that we could give you more tools so that we could do even more because there's 'gold in them thar hills' and we want to go get it. So thank you very much for the hard work. Thank you, Chair.

COUNCILMEMBER VICTORINO: Chairman?

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, and on top of that, you know, I know Mr. Guzman has been working with a group, I mean there's been a number of working groups so this is not a new one, you know, but hopefully in what I've been able to ascertain it looks like if we can grasp most of that I think we will have a definition of ag, which can be standardized across the board. I still think there's still some tweaking that individual departments may have to do like RTP [*sic*], Water, you know, Planning. There's always going to be little tweaks that they've got to be able to do but I think in the overall aspect of the definition of ag I think, you know, and that's going to be brought after, after we get done with the Budget. But I think now we're going to find some, some guidelines for which everybody can follow and take away a lot of the gray areas or at least eliminate many of the gray areas. You know there will always be some. But anyhow, Mr. Teruya, thank you. And, you know, you've worked real hard and we've been waiting to get these changes and I see, you know, the changes have come. You know, unfortunately, the other

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area of contention is Circuit Breaker and I'm not going to get into that right now but that's still, still a real bothersome area. And you and I have talked and others have talked about it and something has got to be done because, you know, we really want to get those who don't deserve it out of there but we've impacted those who need it or deserve it they've been impacted quite harshly also. So, you know, we'll look at that. But anyhow, Mr. Chair, thank you. And thank you, Mr. Teruya, for all the great work you've done.

CHAIR WHITE: Okay. Members, any other questions for Mr. Teruya? If not, we'll take our afternoon break. So please be back here at 3:15. We're in recess. . . .(gavel) . . .

RECESS: 3:06 p.m.
RECONVENE: 3:24 p.m.

CHAIR WHITE: . . .(gavel) . . . This is getting harder and harder to get order back in this Chamber but. The meeting of the Budget and Finance Committee will come back to order. And we will proceed with Mr. Walker. Members, I just want to once again direct your attention to the Details. We've been kind of bouncing back and forth but there's a lot of information in the Details that you should be looking at. So we can either, well, we might as well move on to the next, the next is Purchasing or Treasury?

MR. WALKER: No, this is still the Financial Services Program - DMVL.

CHAIR WHITE: Okay. Okay.

MR. WALKER: Thank you, Mr. Chair. I'd just like to clarify for the record that the three positions previously approved in last year's budget for the satellite offices, yes, they are being trained at the Service Center but they will be going to the satellite offices once fully trained, which is going to be in approximately 30 days. Anyway just for the record.

CHAIR WHITE: Okay. Thank you.

MR. WALKER: I call your attention to Page 237, the Financial Services Program - DMVL, Grant Revenue Fund. This program is funded by State grants for the services listed at the bottom of Page 238, which are...is the CDL License Program, the Motor Vehicle Inspection Program, the State ID Program, and the Motor Vehicle Registration Program. The proposed budget increases slightly over 1 percent and is a result of the Collective Bargaining increases in salaries and wages. All costs of these programs experienced for the County are reimbursed by the State on a monthly basis.

COUNCILMEMBER VICTORINO: You know, Chair?

MR. WALKER: Any questions?

CHAIR WHITE: Mr. Victorino.

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COUNCILMEMBER VICTORINO: You know I think it would be nice if, you know, you're saying go to the Details so if you would give us the page and then if you have the number of the detail page so that we know exactly. Because I noticed Finance you get Financial Services Program but it's all Financial Services Program and I just kind of got to guess where I want to go with this.

CHAIR WHITE: Yeah.

COUNCILMEMBER VICTORINO: You understand what I'm asking, Mr. Chair?

MR. BAZ: Mr. Chair? Members, Page 6-43.

COUNCILMEMBER VICTORINO: Forty-three?

MR. BAZ: Yeah, 6-43 of the Budget Details has the Grant Revenue section of the Financial Services Program.

COUNCILMEMBER VICTORINO: And that's what we referring to right now?

MR. BAZ: Yes.

COUNCILMEMBER VICTORINO: Thank you very much, Mr. Baz. I knew if I asked the question somebody would give me the answer. Okay. See it doesn't say DMV it just says Grant Revenue so. Okay. Thank you very much.

CHAIR WHITE: The Grant Revenue covers four of the different programs.

COUNCILMEMBER VICTORINO: Yeah.

CHAIR WHITE: Are all of the costs incurred fully reimbursed?

MR. WALKER: Yes.

CHAIR WHITE: Including contribution to OPEB and ERS?

MR. WALKER: I think so.

MR. BAZ: Yes.

MR. WALKER: Yes.

CHAIR WHITE: Okay.

MR. BAZ: The fringe benefit costs are shown on Page 6-45 and 6-46.

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CHAIR WHITE: And why are those at different percentages? The one on 6-45 I have at 85.7 percent, and the ones on 6-46 range from 85 to 89 percent.

MR. BAZ: I'm not sure about that. I'd have to verify that information.

CHAIR WHITE: Okay. And one of the questions I had was on Page 6-47, and these amounts were moved last year, I just don't recall where they went. But, Members, if you turn to Page 6-47 of the details there is...there are charges or expenses in Fiscal Years 2012 and '13. Mr. Baz, can you refresh our memories as to where those?

MR. BAZ: Yeah. If you look on subsequent pages 6-49 the index codes for Grant Revenue change every year or change with every new grant. So those...we don't have a historical, you know, side by side comparison of those costs, actual to budgeted, because of the change in index codes.

CHAIR WHITE: Well, the reason that it popped out at me is if you go to Page 6-51, I'm assuming these were all covered by the State at this time, the bottom figure for Fiscal Year 2012 is 490,000 and for Fiscal Year 2013 it was 609,000. Now for 2014 and '15, it's roughly 120,000. So does that mean that those costs have been transferred to some other Grant Revenue or are those costs that we're now footing or the costs have gone away?

MR. BAZ: Mr. Chair, it looks like it's just the way that the reports are shown and the objects are...the object level of the expenditures are shown. If you look on Page 6-46, you'll see that the actual expenditures are quite low but the budgeted expenditures are significantly higher for the payroll costs. And I'm not sure why that is but you'll see, you know, for Fiscal Year '12 actual salaries and wages was actually only \$4,138 and for Fiscal Year '14 it would be \$729,000 in the adopted budget. So those corresponding numbers down below, actually, so it's a little bit higher if you add them up than the actual expenditures.

CHAIR WHITE: Yeah. I see what you're saying.

MR. BAZ: I can do some research. Have my staff...

CHAIR WHITE: Yeah. If you wouldn't mind just, just verifying that we're not taking on expenses on behalf of the State. I think your explanation makes sense 'cause the two totals are pretty close.

MR. BAZ: Yeah. It could just be the way that we get the actuals from...because I noticed Payroll Fringes in Index Code 136423 which is Fiscal Year '13's driver's license, Commercial Drivers License Program it's shown as a 6275 Sub-Object Code but in budgeted amounts we have Payroll Fringes at 5300 Sub-Object Code. So it's just a matter of where it's classified in the character type.

CHAIR WHITE: Yeah. Okay. Yeah actually there is a Payroll Fringes on Page 6-49 that could have I don't know ...(inaudible)... Anyway I would appreciate it if you just verify that we're not

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picking up extra costs. Okay. Members, I'd like to take a look at...well, we'll just go ahead and, Mr. Walker, you can proceed.

MR. WALKER: Thank you, Mr. Chair. Moving on to the Purchasing Program.

MR. BAZ: The Details of Purchasing Program starts on Page 6-31.

MR. WALKER: And then the actual budget on Page 240. The proposed budget increase is 56,000 or 13.6 percent. The bulk of that increase is again in salaries and wages having to do with the Collective Bargaining increases. There is an expansion request worthy of note, which is for \$20,000, which I discussed or mentioned earlier to the Committee when we were dealing with Accounts. It's an adjunct to their initiative to do workflow analysis and online form creation that's what this \$20,000 is for is for the purchasing end of that initiative.

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: So it's a one-time appropriation but no one can do this work in-house or ITS?

MR. WALKER: Mr. King will come down to explain but...and we can ask if he's checked with IT but.

MR. KING: Good afternoon, Chair White and Members. Ms. Crivello, to answer your question the...I'm sorry my name is--I know...*(inaudible)*...--my name is Greg King. I'm the Central Purchasing Agent for the County of Maui. To answer your question we are, actually, already started this program and the technical expertise we need relates to advice from someone who's familiar with the IT parts of our IFAS Program and then also the accounting side of it. And it relates to a lot of the...there's some technical challenges with trying to program how we...program how we do things for the workflow 'cause a workflow is...basically what it is is...it's online approvals. That's the whole trick of being paperless is having online approval and routing. And some of the departments are very complex like Wastewater is a good example. They have guys that are buying parts for Central Maintenance, guys that are buying parts for various plants, and so it all gets kind of complex, and so that's really the purpose of that is to, is to solve some of those problems that we can't solve in-house.

COUNCILMEMBER CRIVELLO: And ITS cannot?

MR. KING: Yes.

COUNCILMEMBER CRIVELLO: They're not able to? They don't have the expertise?

MR. KING: Yeah. Well, they don't have the expertise to deal with the accounting portion of that. The accounting portion of that involves possibly restructuring our account code structure to accommodate the ability to do this workflow. In other words, adding, you know, the index code number you're familiar with, adding, adding some of those or restructuring those to be able to do

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it and maybe even forcing departments and also getting outside advice as to Best Practices in that area.

COUNCILMEMBER CRIVELLO: Okay. Okay. Thank you.

CHAIR WHITE: Any other questions, Members? And just a reminder that now that we're at a bare quorum, don't leave the Chambers without asking for a recess. Okay. Any further questions? No further questions on Purchasing?

COUNCILMEMBER VICTORINO: No.

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: I think just the Web Form Program in general. Is this in answer to our auditors' recommendations, too, though? I think there's...I forget what department but they wanted the oversight and the signoffs from supervisory level and things of that nature. They wanted that addressed. And is this to assist to accommodate that recommendation by our auditors?

MR. WALKER: Mr. Chair. Councilmember Cochran, I believe that reference was in the Payroll Section I think and so the answer would be no that this is a different initiative.

COUNCILMEMBER COCHRAN: Okay.

MR. WALKER: Yeah.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR WHITE: Okay. Any other questions? Well, I wish we had made it a little more challenging for you, Mr. King. Okay. Thank you very much.

COUNCILMEMBER VICTORINO: Run fast. Run fast.

CHAIR WHITE: Okay. Moving into...

MR. WALKER: Moving right along. Next, I call your attention to the Treasury Program and Sandy is going to let you know which page of the Details at so.

MR. BAZ: 6-35.

MR. WALKER: In the Budget book, may I call your attention to Page 243. The Treasury Program is requesting a Fiscal Year 2015 budget increase of 194,000 or a 22.3 percent increase. The bulk of

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this increase is in Premium Pay in order to deal with the new Circuit Breaker Ordinance. Additionally, there are...there's an increase request in Services as well. The Division is asking for 74,000, which is their best estimate for Premium Pay funds earmarked for increased time required to process the Revised Circuit Breaker Ordinance. I know that they have come to you with a Budget Amendment I think it was Ordinance 4112 in which you provided an additional 86,000 based on the, well, on the new ordinance. And I guess this is just formalizing this and putting this increased amount into the budget for 2015.

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: So this \$74,000 is additional funding for overtime or just to handle the Circuit Breaker exemption?

MR. WALKER: Correct.

COUNCILMEMBER CRIVELLO: Is this something just because it's new or is this something that's going to be ongoing?

MR. WALKER: I mean the hope is that overtime it's just because it's new. You know I'm assuming it doesn't change that the public would get used to it and would work through it. I mean if it was going to be ongoing obviously we'd probably be asking for a position. But I think the goal here is or the thought here is that it, it would decline over time and as a result this dollar amount would go down over time. But based on what we've seen, this is again their best estimate on the time it's going to take to handle the additional work required by the Ordinance or time taken to deal with the Ordinance and still get their regular work done.

COUNCILMEMBER CRIVELLO: Thank you.

MR. WALKER: You're welcome. The other item I wanted to bring up...go ahead.

CHAIR WHITE: Before you move on to that. The question I have is that I can understand the overtime in the first year when it's a brand new program, we've got a whole lot of people coming in and confusion, you know, from, from a variety of directions. But I guess we're going to need to have you spend a little time with justifying this on the basis that next year there may be significantly fewer applications and a significant reduction in confusion since we've gotten through that possibly. So you don't need to answer that today but I'd like --

MR. WALKER: Fair enough.

CHAIR WHITE: --to take a close look at that. The other, the other item I had a question on was that you're asking for an additional 63,000 in bank charges.

MR. WALKER: Right. That was my next. Right.

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CHAIR WHITE: And so if you could, well, go ahead and provide that.

MR. WALKER: Well, they've consistently have not budgeted enough for the bank charges we're charged. And, you know, we have roughly 11 bank accounts. My understanding is the bulk of those charge and analysis fee, which you get, you get a credit for the money you keep, you know, pennies per thousand or what have you but then you're also charged for the number of items that are processed. And they consistently have under budgeted for that amount. I said well budget for what it costs. So this is just based on historic, on historic levels what the additional amount it's going to take to accurately budget what the banks are charging us for their services.

CHAIR WHITE: Well, to Mr. Hokama's earlier point, what might you be able to accomplish if you reduce the number of accounts or the number of banks utilized?

MR. WALKER: Well, I mean the money is going to come out of that account and go into another account so you're still getting the same amount of credit and you're still having theoretically the same amount of moving items. I mean I can, I can pose that question. I mean on some level, I mean we're dealing with three of the four major banks here. I think they're our friends but, you know, they're wanting to make money as well. But I mean I don't want to say we grind them but I think we use our leverage to ask for the best deal possible and my sense is we're getting the best deal that they're willing to give us. But to your point, we could, we could investigate whether shutting down, you know, and I think these accounts, you know, for the most part are used. And so if there was any benefit to doing that and not confusing issues I think that would be something we could look into.

MR. BAZ: Mr. Chair? I know that dealing with some of the banks, they actually charge more the more money you have in them. It actually becomes more of a liability to them when you have a significant amount of money in there. So, consolidating bank accounts may not be the best option but we can definitely take a look at that. I do, if you look at Page 6-7 of the Details, you can see the historical bank charges when the Treasury Division was under the Administration Program. And for Fiscal Year '12 actuals was 124,586 and for Fiscal Year 2013 actuals was 138,610. So we do pay a significant amount in bank charges.

CHAIR WHITE: Okay. So we're basically returning to the 2013 number.

MR. BAZ: Yeah. I think he said it was based on actuals.

CHAIR WHITE: And do we know what the charges are year to date as of say March 31st?

MR. BAZ: I can pull that up.

CHAIR WHITE: I guess it will be February 28th.

MR. WALKER: Mr. Chair, I've asked Jack Kulp from Treasury to come down to assist.

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CHAIR WHITE: Okay. Mr. Kulp.

MR. KULP: Chairman White, Councilmen, good afternoon. I'm Jack Kulp with the Treasury Division. I'm an Accountant III. In regards to these bank charges, they're coming from Bank of Hawaii and First Hawaiian Bank. Those are the only two accounts that actually have them. Central Pacific Bank has waived the bank charges. One of the driving forces now is the Dodd-Frank requiring the insurance being transferred to us as a cost. So this is something that's going to continue for quite a while.

CHAIR WHITE: What is going to continue for quite a while?

MR. KULP: These high level of charges. And we've also historically not put in the budget the proper amount of money to cover these fees.

CHAIR WHITE: Okay.

MR. BAZ: Mr. Chair, expended to date \$101,468.61.

CHAIR WHITE: As of February 28?

MR. BAZ: As of today.

CHAIR WHITE: As of today. Okay. Thank you. And then the next question was on Security Services the cost is going up about 50 percent.

MR. WALKER: Yeah, again, this contract expires in September and this is the best guess on what the increase is going to be I think based on the Treasurer's discussions with the carrier, it's armored car.

CHAIR WHITE: Is that Loomis or one of the, one of the armored car?

MR. WALKER: Yeah.

CHAIR WHITE: It's just armored car services and nothing else --

MR. WALKER: Right.

CHAIR WHITE: --in that area?

MR. WALKER: That's my understanding.

CHAIR WHITE: Mr. Kulp looks like he's...

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MR. KULP: Also, there's one route that's not included in there so there's another 355 per month that's missing. There's actually six routes.

CHAIR WHITE: So we're being charged for five routes now?

MR. KULP: No, I think we're getting charged for six but it's just on that one invoice they had five but there's actually six routes now.

CHAIR WHITE: And we anticipate a 50 percent increase?

MR. KULP: Well, the contract is going to terminate and there's going to be a new contract and that's why we're anticipating an increase there.

CHAIR WHITE: And is there only one provider?

MR. KULP: I imagine there might be others. I don't know whether we went out to bids or not.

CHAIR WHITE: Maybe you can speak to Mr. King about that process. He's already left though.

MR. KULP: I noticed he left already.

MR. BAZ: Mr. Chair, the Fiscal Year 2013 actuals just because it's not on the same page therefore...\$27,548. So it was over the budgeted amount.

CHAIR WHITE: Were the earlier ones on the same page where 27 in 2013.

MR. BAZ: Yeah. Not that significant if you look at the actuals from '13.

CHAIR WHITE: Pardon?

MR. BAZ: If you look at the actuals from '13.

CHAIR WHITE: Yeah that's what I was just looking at. Yeah, it's the same. Okay. Members, other questions? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I'm stuck on those bank charges. You know if one bank is willing to waive them and the other two aren't, I know you want to try and spread our cash around. Do we have to spread it around only in local banks if they're not going to treat us well? And, and/or can we use credit unions?

MR. KULP: This has been a question I've had, too, but when I've spoken with them it's the Dodd-Frank, and there's not nearly as much money in the Central Pacific Bank that results in this type of exposure. The more that we have in there, the more they have to insure us to protect

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our monies in case so there won't be any losses. In other words, they have to come up with at least 110 percent of collateral and that runs them quite a bit of money.

COUNCILMEMBER COUCH: Mr. Chair. You used a term now twice. Was it Dodd Frankin?

MR. KULP: Dodd-Frank it's...it was passed about three or four years ago, and it's the banking bill that came out after the 2008 collapse.

COUNCILMEMBER COUCH: So, essentially, it's the cost for insurance?

MR. KULP: There's a big, very large component associated with insurances.

COUNCILMEMBER COUCH: So we're blaming the insurance industry on that then.

MR. KULP: No. I'm just saying that that's a new fee that we have to handle and every other, all other clients have to do this, too. It's across the country.

CHAIR WHITE: It's called your bank profitability guarantee cooperation.

COUNCILMEMBER COUCH: Yeah I think, yeah, that's what it sounds like.

COUNCILMEMBER VICTORINO: Chair?

COUNCILMEMBER COUCH: But the other question was credit, credit unions have you looked into that, too?

MR. KULP: Mr. Chair? We work with two of our credit unions here but they're very small accounts and I don't think they'd have the capacity to give the services that we need, Councilmember Couch. But we do a lot of transfers and a lot of sometimes international work, too, and because of that we have to have banks that can work in those arenas.

MR. BAZ: The official title is the Dodd-Frank Wall Street Reform and Consumer Protection Act.

COUNCILMEMBER COUCH: So, it's not really the insurance industry. It's the banking industry insuring itself.

COUNCILMEMBER VICTORINO: No, I think it's mandated. Yeah. It's mandated. It's not somebody wanting to do something. It was mandated after the collapse --

UNIDENTIFIED SPEAKER: Correct.

COUNCILMEMBER VICTORINO: --of 2008. So I mean we can bicker about it all day but it's something there. And I would ask you this question, if let's say tomorrow, we said Central Pacific Bank if you had the capability we moved all our money over there, these fees would

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probably then show up because of the exponential increase in the amount of money they would be holding for us?

MR. KULP: Mr. Chair?

CHAIR WHITE: Uh-huh.

MR. KULP: I can't say one way or the other but I imagine that they would have to begin to charge us fees.

COUNCILMEMBER VICTORINO: Yeah. Okay. And, Mr. Chair, that's just the cost of doing business now. Even many, many investors are faced with very similar fees that they are passing on. Even credit cards now are able to pass on a lot of fees that in the past was eaten or was done by the banking industry, and now they've given that all up. And, you know, for the guys with miles you pay fees. You know, again, I use miles as one 'cause everybody can relate to that but there's all kinds of programs out there. And I do agree that I, you know, I'd hope our local banks would give us some kind of help but I also know that this fee that they have to pay like FIDCA [*sic*] and all the other ones that, you know, it's got to be paid. Somebody has to pay for it, and it always get back down to the consumer in the long run, unfortunately, Mr. Chair.

CHAIR WHITE: I agree with you to a certain extent, Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, well, you know.

CHAIR WHITE: But the difference is, and we may have already done this, have we ever suggested that we would move monies from here to a mainland bank as Mr. Couch mentioned?

MR. KULP: No. But I have, excuse me, Mr. Chair, we have had meetings with First Hawaiian Bank and we have a meeting scheduled with Bank of Hawaii and we do bring up the fees when we're at these meetings. So it's not like that we're neglecting this and just accepting it. We do look for opportunities to see if we can get a better deal whenever we have a chance.

CHAIR WHITE: Yeah. Because in my experience, nothing happens with the bank charge until you let them know that you're thinking about moving it elsewhere and then they come down.

COUNCILMEMBER VICTORINO: Well make sure...

CHAIR WHITE: And I'm sure we've done...

COUNCILMEMBER VICTORINO: Yeah. All I would ask is that we make sure that we don't move our money and find out we end up paying more someplace else. You know I mean some people will give you a deal upfront, you know, lure you in; hook, line, and sinker, bam, a year or two later. Right. Just like credit cards. Oh, first year annual fee free. Next year \$95 or whatever it might be. So what's the bait and switch, you know, they play these games a lot. So, I'm not

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trying to advocate or trying to defend anybody but I'm saying experience has taught me when somebody says this is really, really great and you switch over then they get later on somewhere along the line and sometimes it comes...becomes more expensive than where you were.

CHAIR WHITE: Yeah.

COUNCILMEMBER VICTORINO: Just history has taught me that one.

CHAIR WHITE: Good point.

MR. WALKER: Mr. Chair, as a recovering banker.

COUNCILMEMBER VICTORINO: As a recovering what?

MR. WALKER: We're a good account. The banks know that. We're a plum. I mean everyone wants the County's business. Not because we're asleep at the switch because it's a lot of money. And so I'm confident we're getting a good deal. Can we ask for a better deal? Sure and we will.

CHAIR WHITE: Thank you. That's all we can ask. Mr. Couch? All right. Any other questions on the Treasury Program? Seeing none. I guess you're off the hook.

MR. KULP: Thank you.

CHAIR WHITE: Okay. Members, I would like to go back to a few items in the Details. Turn to Page 6-24 in the Details and I don't know if you have that, Mr. Walker, but we have an item the third or fourth line from the bottom. Computer Services in 2012 and '13 we're in the neighborhood of \$280,000, and for 2014 we adopted 370,000 which is what you're requesting again this year. I'm just wondering what we've expended to date and what the increase? I don't recall what the increase dollars were for and I'm wondering if you can tell us what they were used for and how far along you are with whatever project that was?

MR. WALKER: That makes two of us that don't remember, Mr. Chair. The 370 versus the 281 we're talking about?

CHAIR WHITE: Correct. And also I think Mr. Baz is probably looking up what's been spent year to date. That's a big enough number for us to ...*(inaudible)*... If you can't pull it up right now.

MR. BAZ: Yeah, Mr. Chair, the actual expenditures for Computer Services in the Financial Services Program this Index Code here for fiscal year to date was \$178,856; 2013 actuals is 281,742; Fiscal Year 2012 was 289,417; '11 was 288,626 and '10 was 258,671.

CHAIR WHITE: What was 2010?

MR. BAZ: 258,671.

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CHAIR WHITE: Okay.

MR. BAZ: So it looks like the significant jump happened between '10 and '11. And I believe these are the fees that we pay to the City and County of Honolulu for their services.

CHAIR WHITE: For DMV?

MR. BAZ: Yes. This is a DMV charge. Mr. Vila.

CHAIR WHITE: Pardon?

COUNCILMEMBER VICTORINO: You thought you was done.

COUNCILMEMBER COUCH: Oh, City and County versus the State worker.

MR. VILA: I should have gone home, Mr. Chair.

CHAIR WHITE: Yeah, you almost got out of it.

MR. VILA: Should have gone back to work, Mr. Chair, but this is work. The Computer Services is comprised of various components and they're all as follows. These are the motor vehicle transaction charges for vehicle registration. Every time we hit enter on a vehicle transaction we get charged I think a penny and a half or something like that. The drivers licensing transactions is the same thing, and the card production charges for drivers licenses that's the plastics that we get now. We're going through Central issuance so that would include all of the mailing charges, and the consumables, and et cetera. And so that's basically what this Computer Services charges are for.

CHAIR WHITE: So refresh our minds, in the increase for last year, were there any specific projects that were going to be done with the additional funding or is that just an anticipated increase based on added traffic?

MR. VILA: I would have to look at what was those items.

CHAIR WHITE: It sounds like the amount expended year to date that Mr. Baz just gave us is well within the range to hit a little below where we had...a little below the 281 much less the 370. Mr. Baz, what was that number? It was 180?

MR. BAZ: One hundred and seventy-eight thousand.

CHAIR WHITE: Okay. So, if you annualize that it's not even going to hit the 280 of the previous year.

MR. BAZ: Yeah 'cause it would be that's eight months worth.

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CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: While they're looking that up or whatever. If we're paying that much per year for a computer system, wouldn't it be prudent to make our...build our own system for that? I mean that's an awful lot of money for a computer system.

CHAIR WHITE: Especially when you put that together with Department of Water Supply.

COUNCILMEMBER COUCH: Yeah.

MR. VILA: Mr. Chair?

CHAIR WHITE: Go ahead.

MR. VILA: The computer system is...once the Statewide computer system operated out of Honolulu and that has to be, I guess, the programming, one program for the State and that interacts with all of the other, the national systems. So, I guess, we could however the question then becomes would there be two Statewide computer systems and the support, and mechanism, and the housing, and the security, that would be associated with that because it does house the Central Database Repository for your State identification, driver licensing, and vehicle registration. At this point, that is the security requirements. It's managed and provided by the City and County at the Municipal Building and that is a secure facility I guess it's located in their basement plus the redundancy. So, I guess the question of whether we could do it, probably, at what cost though and at what support? And would that then be possible in getting all of those infrastructure in place. I mean that's not for me to say.

COUNCILMEMBER COUCH: Just curious.

COUNCILMEMBER VICTORINO: Yeah.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Well I'm glad you brought that up and it's always good to ask the question. I think it's so important to ask the question, Mr. Chair. Just like you mentioned Department of Water I mean they've done studies to show that it would cost us way more to do on our own system because they have the numbers to reduce the cost tremendously. Statewide system would probably equal out to that. And especially when you're talking different aspects and loads and security aspects that, you know, really come into play. So but I'm glad the question was asked because I looked at that and I said whoa that's pretty expensive but now that you've explained it, I don't think it's that bad. 'Cause if we had to manage that on our own I think we'd pay as much if not more. Now you got to add E/P's, you got to add not only the data but space, and we got to find space. Maybe when we build our new building, Mr. Chair, when we got our new building we can do that. But I mean I think in all and all I see where when

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you're talking a Statewide system such as what he's talking about in that respect. Hey I don't think a penny and a half and all these different figures you throw at us really it equates to very much. And I think if I was correct you're saying this program is pretty self-sufficient. In other words, what we get in, what we get reimbursed, the County is not really paying much money out in that respect.

MR. VILA: We are paying a per transaction charge. So this allows us, all of our offices that have access to this, the access. And it's the same system, and compatibilitywise it's used by enforcement and, you know, then you'd have to get all those interrelation in the security, and all of those. So, at the last, about a decade ago since I've been here quite a while, the City and County did look at trying to update and get a new system just for the motor vehicle programming and at that point from my recollection it appeared to be like 19 or 20 million just to revise and update that system. What they're looking into now, it is a mainframe system. They're trying to upgrade into a Web based system that will allow us more interaction with the older system, with the Internet, and, you know, applicabilities. So it is being upgraded and they are putting in a lot of money to meet the security requirements in the communication protocols that are established in transmitting a load of data. For example your picture from the Hana office is transmitted securely up to the database and it's maintained there. This is all kind of part of it.

COUNCILMEMBER VICTORINO: Is this also--one more quick question--is this also part of the Safety Inspection Program, you know, they're taking pictures now and uploading everything? Is this part of it or is this a separate program?

MR. VILA: The Safety Inspection Program is managed by a vendor that was selected by the State.

COUNCILMEMBER VICTORINO: Okay. So it's separate.

MR. VILA: That is separate, however, there is an interface with that because the problem has been where in the past under the manual system when you got your vehicle safety inspected those forms were physically turned in, sent to Honolulu, and data inputted, and that took months to get. Versus at this point, once the Safety Inspection Stations have certified the vehicle then there's an interface that uploads that updated information into this Vehicle Registration Database. And the City and County had to develop that interface that accepts those logics.

COUNCILMEMBER VICTORINO: Okay. Thank you.

CHAIR WHITE: Has the City and County of Honolulu ever been asked to provide an accounting of what that service cost them?

MR. VILA: I have requested that. Well, what they provide with each billing is the component charges of how many transactions and which terminals access...

CHAIR WHITE: Yeah, I'm asking what --

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MR. VILA: What's the cost?

CHAIR WHITE: --if they've ever shown, shown any estimates of what, what it cost them and who's paying what part of the tab. I mean I'm assuming their charging themselves the same amount per transaction but it would be...

MR. VILA: I am not sure, Mr. Chair. I can send an inquiry to get the total cost of the system and their outlay 'cause I know they're, the City and County wouldn't, does not charge themselves. It's part of their overall structure but outside users like the Police, the probably FBI, and all of those guys, they will, they will charge a transaction fee per inquiry.

CHAIR WHITE: Okay. Anyway, the reason for asking the questions it looks like the requested amount this year is a little bit, a little bit higher than what we're going to be using this year. Not, not by a little bit but by about 100,000. Okay.

COUNCILMEMBER COCHRAN: Chair? Chair?

CHAIR WHITE: Yes. Ms. Cochran.

COUNCILMEMBER COCHRAN: In regards to your questioning that. So I'm looking at the grant awards from the State that helps assist services that we provide on behalf of them, so this amount we're talking about has no bearing. I mean they don't, you know, what I mean I guess they don't help assist. I mean there's a fee. Every time you hit enter like you said there's a charge and that's their processing fee, period. And two-part question is that the same with all counties? I mean is that a flat rate Statewide then for the services they charge you?

MR. VILA: Okay. To answer, Mr. Chair, to answer the first question it is a bearing for the CDL Program. There's a per transaction charge and we get the total licenses, total license transactions that are produced based upon their itemized statements. I do prorate the driver licensing portion and on a monthly basis and charge them their share. Okay. And the other question was?

COUNCILMEMBER COCHRAN: As in charges, it's a Statewide Program...

MR. VILA: Oh, yeah, it's a Statewide.

COUNCILMEMBER COCHRAN: The County...

MR. VILA: And, yeah, all the three counties Hawaii, Kauai, and us, Maui, are all charged the same amount --

COUNCILMEMBER COCHRAN: Okay.

MR. VILA: --per transaction.

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COUNCILMEMBER COCHRAN: Okay. That was my, yeah, question. Thank you.

CHAIR WHITE: Okay. Ms. Crivello.

COUNCILMEMBER CRIVELLO: I wanted to go back to the Countywide Costs Program. Are we there or are we done? You want to still do...

CHAIR WHITE: I'd like to just go down I've got about three or four more items on this --

COUNCILMEMBER CRIVELLO: Okay.

CHAIR WHITE: --on the Details and then we'll go to Countywide Costs. The next item is on the bottom of Page 6-24 and it's for Janitorial Services. It's \$40,000 from last or appropriated last year but the expense in prior years looks as though it was only one year it was zero and the next year it was \$78.

COUNCILMEMBER COUCH: It was negative 78.

CHAIR WHITE: I'm sorry negative 78. I don't know how you end up with a negative 78 but.

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

MR. WALKER: I apologize, Mr. Chair, could you...I missed that.

CHAIR WHITE: It's on the bottom of Page 6-24.

MR. WALKER: Okay.

CHAIR WHITE: It's an item titled Janitorial Services. It's on the very bottom of the page. It's \$40,475. I'm just wondering what has been spent thus far this year and is that...what made us go out and get Janitorial Service 'cause it doesn't look like it's been there before.

MR. WALKER: Let us...let us look here but we've always had janitorial so we got to find out where it went.

MR. VILA: Mr. Chair, the Janitorial Services are for the Service Center. And I have Janitorial Services for Pukalani, Kihei, and Lahaina.

CHAIR WHITE: Okay. So that's...where were the Janitorial Services shown in prior years?

MR. WALKER: We think it's moved lines and we'll have to report back to you on that particular item, Mr. Chair, unless the Budget Director can help us.

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MR. BAZ: Yeah, Mr. Chair, we'll have to get back to you on that. When I pull up the report for 907039, which is the DMV for Janitorial Services, there's actual expenditures in Fiscal Year 2010 of around \$16,000 and then in Fiscal Year 2011 it goes down to \$233 and then '12, '13, and '14 have no expenditures in there. So they're obviously being accounted for in a different Sub-object Code.

CHAIR WHITE: Charged somewhere.

MR. BAZ: Yeah.

CHAIR WHITE: Yeah. Okay. If you could get back to us on that. And then the, along the same lines, the next one on the top of the next Page 6-25 there's Maintenance Contracts for 11,700 last year, requesting the same amount this year but the previous years were 4,000 and \$3,000. And if you can just get, you don't need to look that up now, you can get back to us on that. And then the third line down, you're requesting an increase of \$8,400 for this next year, and I'm just wondering what the, what we have spent thus far in the 2014 budget for Other Services.

MR. BAZ: What Sub-Object Code is that?

CHAIR WHITE: It's 6129.

COUNCILMEMBER COUCH: 6129.

MR. BAZ: 6129 it looks like we've spent 93,753 so far but Fiscal Year 2013 actual expenditures was \$250,901.

CHAIR WHITE: Yeah. The challenge with these Other Services and Professional Services is that sometimes there's a project that's done and you spend the money in one year and it goes up. So if we're only at 98,000 that, that's the number that I think we need to have you take a close look at and see what you're really going to need there. Okay. So that's four items. And while Mr. Vila is here there was a request for...I'm not finding it in the Details but on the other book there was a request for additional funding to cover gas for vehicles used by DMV. Is that part of the shift of the gasoline and maintenance from Public Works, Mr. Baz?

MR. BAZ: We'll have to verify that, Mr. Chairman.

CHAIR WHITE: Yeah, it's on line 6022 additional funding for vehicles assigned to DMVL but there's no prior number or prior expense. My recollection is that you've decided to move the gasoline charges out of Countywide and charge it to the Department.

MR. BAZ: Like I said let me verify --

CHAIR WHITE: Okay.

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MR. BAZ: --that with my staff and then I'll get to you.

CHAIR WHITE: Okay. I have the same thing under RPA. A slightly different amount. Okay. Members, any other questions on those Details before we go to Ms. Crivello's question on Countywide? Mr. Couch? Mr. Victorino, anything?

UNIDENTIFIED MEMBER: What page?

CHAIR WHITE: Pardon?

UNIDENTIFIED MEMBER: What page?

CHAIR WHITE: Well, I've gone through...I've gone through all the ones that I had questions on up until Page 6-42. So with that any further questions on the Department before we move into Countywide? Seeing none, Members, what is your pleasure? The Chair would be comfortable breaking now and starting Countywide in the morning.

COUNCILMEMBER CRIVELLO: Sounds good.

COUNCILMEMBER VICTORINO: Nothing wrong with that, Mr. Chair.

COUNCILMEMBER COUCH: How long do you think it's going to take?

CHAIR WHITE: Pardon?

COUNCILMEMBER COUCH: How long do you think it's going to take?

CHAIR WHITE: Countywide can get into some very, you know, drawn out discussions so.

COUNCILMEMBER COUCH: All right.

COUNCILMEMBER VICTORINO: And, Mr. Chair, I'd like to see hopefully more Members here tomorrow in the morning. I think, you know, these are the kind of things that we need to all see. You know, we cannot help this afternoon and we know why but maybe tomorrow we'd have more people in here and I think that will help us an awful lot.

CHAIR WHITE: That's the other part of my rationale is that we're down to bare quorum and I'd rather...the Countywide discussion is always a very active one.

COUNCILMEMBER VICTORINO: That's correct.

CHAIR WHITE: Okay. With that, thank you all very much and we will recess.

UNIDENTIFIED SPEAKER: No.

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CHAIR WHITE: No. Adjourn.

UNIDENTIFIED SPEAKER: Adjourn.

COUNCILMEMBER VICTORINO: You can adjourn.

CHAIR WHITE: They don't let me get away with it. So we will adjourn and our next meeting is tomorrow morning at 9 o'clock. So we will see you all then. Adjourned. . . .(*gavel*) . . .

ACTION: DEFER pending further discussion.

ADJOURN: 4:21 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min: 140331:es

Transcribed by: Cathy Simmons

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CERTIFICATE

I, Cathy Simmons, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED this 25th day of April 2014, in Wailuku, Hawaii.



Cathy Simmons