

**COST OF GOVERNMENT COMMISSION  
MINUTES  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room  
Thursday, June 12, 2014**

**PRESENT:** Tina Gomes, Chair  
Garrett Evans, Member  
Kent Hiranaga, Member  
Gabriel Hoeffken, Member  
Stanford Lantias, Member  
Dale Thompson, Member  
John Watling, Member

**EXCUSED:** Yuki Lei Sugimura, Vice Chair  
Gayle Long, Member

**STAFF:** Edward Kushi, Jr., First Deputy Corporation Counsel  
Shelley Pellegrino, Technical Writer for the Commission

**OTHER:** Scott Kaneshina, Senior Analyst, Office of the County Auditor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor  
John Buck, Executive Assistant, Office of the Mayor  
Michele McLean, Deputy Director, Department of Planning  
Jo-Ann Ridao, Director, Department of Housing and Human Concerns  
Rudy Esquer, Grants Management Division Head, Department of Housing and Human Concerns  
Sandy Baz, Budget Director, Office of the Mayor  
Chancy Hopper, Legislative Analyst, Office of Council Services  
Jordan Molina, Legislative Analyst, Office of Council Services  
Michele Yoshimura, Legislative Analyst, Office of Council Services

**I. CALL MEETING TO ORDER**

Chair Gomes called the meeting to order at 1:33 p.m. Chair Gomes then requested that Items V and VI on the agenda be moved so that they follow Item XII. There were no objections to her request.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. INTRODUCTION OF NEW COMMISSIONER DALE THOMPSON**

Commissioner Dale Thompson introduced himself to the Cost of Government Commission ("Commission" or "COGC").

**IV. REVIEW AND APPROVE MAY 8, 2014 MEETING MINUTES**

Commissioner Lianas moved that the May 8, 2014 minutes be approved, and Commissioner Evans seconded the motion. The minutes were approved without objection.

The May 8, 2014 Executive Session minutes were approved without objection.

**V. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

***\*\*Note: Agenda Item V taken out of order. For a summary of the Item V discussion, see below.***

**VI. DISCUSSION OF PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), BEING CONSIDERED BY THE MAUI COUNTY COUNCIL POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE, REGARDING THE COST OF GOVERNMENT COMMISSION**

***\*\*Note: Agenda Item VI taken out of order. For a summary of the Item VI discussion, see below.***

**VII. COUNTY AUDITOR'S UPDATE**

Scott Kaneshina, Senior Analyst with the Office of the County Auditor, stated that the closing date for the analyst position is June 16, 2014.

**VIII. DISCUSSION WITH MICHELE MCLEAN, DEPUTY DIRECTOR, DEPARTMENT OF PLANNING, REGARDING MULTI-ISLAND PLANNING COMMISSIONS AND THE COMMUNITY AND GENERAL PLAN PROCESS**

Michele McLean, Deputy Director of the Department of Planning, appeared before the Commission. Commissioner Hiranaga asked Deputy Director McLean how often the Molokai and Lanai Planning Commissions meet, as well as the general length of time and content of the meetings that have been held since the beginning of Fiscal Year 2014.

According to Deputy Director McLean, the Maui Planning Commission meets twice per month all day, with a break for lunch. The Lanai Planning Commission meets from 5:30 p.m. to 8:30 p.m. once per month. The Molokai Planning Commission meets twice per month beginning at noon, and meetings can be as short as 15 minutes or as long as about two hours. Recently, the Molokai Planning Commission agreed to meet only once per month if necessary.

Deputy Director McLean also explained that the Maui Planning Commission has delegated some of its authority to the Planning Director. Such delegated authority includes reviewing permit exemptions and Special Management Area (SMA) minor permits. In contrast, the Lanai and Molokai Planning Commissions have not delegated their authority to the Planning Director.

The cost per visit to staff (one attorney and three Planning Department staff) a Molokai Planning Commission meeting is approximately \$1,800. The cost per visit to staff the Lanai Planning Commission is \$4,000 because it includes an overnight stay.

Commissioner Watling inquired whether the Planning Department had considered video conferencing as an option to reduce costs. Deputy Director McLean responded that the Department had considered this option, but that the Molokai and Lanai Planning Commissions prefer in-person contact. First Deputy Kushi also clarified that the intent of the video conferencing option is to encourage public participation, not to make it more convenient for staff. Video conferencing can also be used when a commissioner cannot be physically present at the meeting, but can be available via video conference to ensure quorum is met.

First Deputy Kushi noted that a more pertinent question might be why the Lanai Planning Commission insists on meeting at night rather than during the day. In response, Deputy Director McLean stated that the Lanai Planning Commission members have indicated that they are unable to meet during the day because they work, but she also noted that there have been occasions where the Lanai Planning Commission has been unable to meet quorum during its night meetings, which has cost the County money for staff time and an overnight stay.

Commissioner Hiranaga inquired whether the Planning Department had considered reducing the number of commissioners from seven to five to help with quorum issues. Deputy Director McLean responded that this option made sense from her perspective, and that doing so would require a Charter amendment.

Commissioner Hiranaga pointed out that prior to the creation of the Lanai and Molokai Planning Commissions, there was a single Maui Planning Commission which had representatives from Molokai and Lanai. He asked whether the Planning Department had considered returning to a single commission, with the proviso that if there were a major project under consideration for Molokai or Lanai, the Maui Planning Commission would travel to that island to hold public hearings. In response, Deputy Director McLean noted that the Maui Planning Commission has a Hana Advisory Committee, and when there are larger projects that require a public hearing, the Hana Advisory Committee conducts the hearing on the project in Hana and the Maui Planning Commission has final authority. She added that this might be a model that could be followed.

Commissioner Hoeffken asked whether it would be worthwhile for the COGC to look into some of these issues regarding neighbor-island planning commissions. Deputy Director McLean responded that the Department has worked successfully with the Molokai Planning Commission to find solutions to many issues, but has been less successful with the Lanai Planning Commission, so the latter might be worth looking into further.

First Deputy Kushi asked what the Planning Department's response might be if the COGC recommended adopting an ordinance that all planning commissions meet during the day. Deputy Director McLean responded that the Department would be amenable to such a proposal.

Deputy Director McLean then turned to the General Plan and Community Plan process. She asserted that the current review and approval process is cumbersome, burdensome, and expensive. She pointed out that it takes approximately two years to get each plan through the process, so it would take approximately 15 years before all the community plans are complete. She stated that the Planning Department is planning to send the County Council one or two proposals to shorten the process.

**IX. DISCUSSION WITH JO-ANN RIDAO, DIRECTOR, DEPARTMENT OF HOUSING AND HUMAN CONCERNS, AND RUDY ESQUER, GRANTS MANAGEMENT DIVISION HEAD, REGARDING GRANTS REVIEW PROCESS**

Jo-Ann Ridao, Director of Housing and Human Concerns, appeared before the Commission. She began by stating that until Fiscal Year 2015, there were two ways an agency could obtain a County grant: (1) the grants review process; and (2) line-item grants. The grants review process was eliminated in early 2014 with the elimination of the County Grants Review Committee. Consequently, the only way an agency can obtain a County grant is for the fund to be specifically identified in the County budget.

Budget Director Sandy Baz interjected that in addition to the line item grants that are listed for specific organizations, there is also a “pot” of grant funds for specific programs (e.g., substance abuse programs) that are not designated to a specific agency.

Chair Gomes inquired whether there are some issues surrounding the grants review process that the COGC might consider reviewing. In response, Director Ridao stated that some agencies complain that it takes too long to obtain funding. However, she noted that oftentimes these agencies are new to the grants process and unaware that before they can obtain County funding, they must fill out an application and finalize an agreement with the County. This process can take upwards of three months.

Director Baz explained that his office is in the process of creating uniformity to the process. First, the Budget Office proposed the creation of Grants Management Division within the Finance Department to eliminate the need to have grants managers across multiple departments. The County Council’s Policy and Intergovernmental Affairs Committee has had this proposal for the past two years, but has not acted on it. Second, Director Baz is reviewing various software systems to help streamline the grants process.

First Deputy Kushi asked how much money the County grants to agencies annually as compared to other counties in the State. Director Baz stated that Maui County appropriated \$27 million in grants for Fiscal Year 2015, which includes approximately \$4 million for capital projects. The largest single grant is \$6 million to MEO for transportation services. Director Ridao responded that the City and County of Honolulu grants \$3 million.

Commissioner Evans asked whether the County conducts reviews to determine if grant recipients are using County grant funds wisely. Director Ridao responded that the County monitors grant recipients on a quarterly basis.

***Chair Gomes recessed the meeting at 2:50 p.m. and reconvened the meeting at 3:00 p.m.***

**X. DISCUSSION WITH SANDY BAZ, BUDGET DIRECTOR, REGARDING MAUI COUNTY BUDGET PROCESS**

Budget Director Baz provided the COGC with a brief background of the County budget process and distributed two handouts to the Commission: (1) Budget Process Calendar; and (2) Overview of the Budget Process and Analysis of Biennial Budget System PowerPoint Summary.

Chair Gomes asked Director Baz for his thoughts on whether the County should consider moving to a biennial budget process. In response, Director Baz first stated that the County budget must be balanced. With respect to County revenues, Director Baz expressed some concern about his ability to project real property tax revenue (the majority of the County's revenue) 18 months out. Other revenue figures — e.g., wastewater fees, fuel tax — would be easier to estimate. He suggested that one way to better estimate revenues would be to amend the Charter so that real property tax rates change every two years rather than every year. With respect to County expenditures, Director Baz stated that the largest single expenditure is salaries, and that union contract negotiations can affect salaries in unforeseen ways. Director Baz concluded by saying that forecasting expenditures would be less challenging than forecasting revenues.

Commissioner Watling asked how much is expended by the County for the budget process annually. Director Baz replied that he estimated approximately \$1 million in County funds were expended on the Fiscal Year 2015 budget deliberation process.

Chair Gomes inquired about what the COGC could do to review the County budget process. Director Baz responded that the COGC could review the budget processes used by other counties.

Commissioner Hiranaga asked Director Baz's opinion on amending the Charter to shorten the budget process timeline. Director Baz responded that the Charter was recently amended to lengthen the time period so that the County could receive necessary State budget information prior to finalizing the County's budget. He suggested possibly adjusting the time period so that the Mayor would submit his budget on April 15th rather than late March 25th.

**XI. DISCUSS IDEAS FOR 2014-2015 ANNUAL REPORT**

Chair Gomes stated that Dave Taylor, Director of the Department of Water Supply, could not appear before the Commission in June, but was willing to appear at the Commission's July meeting. Chair Hiranaga requested that the Department's manager for the pipe replacement program also appear at the July meeting.

Chair Gomes requested that the Commission defer Item XI to its July meeting. There were no objections.

**XII. DISCUSS, PROPOSE, AND APPROVE PRESENTATION OF 2013-2014 ANNUAL REPORT TO COUNTY COUNCIL MEMBERS MEETING**

Without objection, the Commission decided not to make any formal presentations to the County Council regarding the Commission's 2013-2014 Annual Report.

**V. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

***Note: Agenda Item V taken out of order per Chair Gomes' request.***

Chair Gomes distributed a copy of a transmittal from G. Riki Hokama, Chair of the Policy and Intergovernmental Affairs ("PIA") Committee, to the PIA-10 File, attaching a proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO ABOLISHING THE COST OF GOVERNMENT COMMISSION."

Commissioner Gomes also distributed a copy of a May 31, 2014 e-mail she sent to PIA Committee Chair Hokama and to the remaining eight County Council members regarding the proposed resolution. She explained that she sent the e-mail because she felt that when she testified on her own behalf before the PIA Committee on May 15, 2014, she had not been clear about the Commission trying to establish a better relationship with the County Auditor over the past few months. Chair Gomes stated that in her e-mail, she explained that the Commission has been trying to build a positive relationship with the County Auditor since the beginning of the 2014-2015 term.

**VI. DISCUSSION OF PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), BEING CONSIDERED BY THE MAUI COUNTY COUNCIL POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE, REGARDING THE COST OF GOVERNMENT COMMISSION**

***Note: Agenda Item VI taken out of order per Chair Gomes' request.***

Chair Gomes explained that there was a subsequent PIA Committee meeting on June 5, 2014, in which Chair Hokama submitted a second proposed resolution to limit the scope of the Commission's duties. A copy of the proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION," was distributed to the COGC. Chair Gomes added that the proposed resolution was not distributed to PIA Committee members prior to the meeting, so PIA Committee members had limited opportunity to review the proposal. Nonetheless, the proposed resolution was passed out of the PIA Committee and will be before the County Council at its June 20, 2014 meeting.

Commissioner Hoeffken opined that he would not want to be a member of the COGC should the COGC's work be dictated by the County Auditor as delineated in the proposed resolution. Chair Gomes added that the proposed resolution seems to go against the County Auditor's position that he be independent from the Commission.

Commissioner Hiranaga stated when he was first approached to serve on the COGC, he never envisioned the COGC having oversight over the County Auditor. Rather, he thought the COGC and County Auditor would operate on parallel paths. He questioned the haste with which the County Council is attempting to limit the role of the COGC and thought it would be more prudent to give the COGC and County Auditor some time to work out their respective roles.

Chair Gomes stated that, to date, she has been testifying before the Council on her own behalf, but not on behalf of the COGC. Commissioner Hiranaga requested that a written communication from the Chair on behalf of the COGC be drafted and transmitted to the County Council.

Commissioner Evans highlighted language from the 2011-2012 Charter Commission report, which stated that the Charter Commission considered and rejected a County Council request to abolish the COGC. He added that the Charter Commission concluded that retaining the COGC was necessary to provide further protection in a system of checks and balances.

Commissioner Hoeffken moved that Chair Gomes write a letter to the County Council regarding the proposed resolution and use language from the Charter Commission's final report to oppose the proposed amendment clarifying the duties of the COGC. Commissioner Thompson seconded the motion.

During discussion of the motion, Commissioner Hiranaga stated that he would oppose the motion because he preferred the COGC have an opportunity to review and approve the draft letter. First Deputy Kushi suggested that the Chair recess the COGC meeting and subsequently reconvene to review the draft letter to the County Council.

Commissioner Hoeffken withdrew his motion and Commissioner Thompson withdrew his second.

(Inaudible) moved to defer Item VI and Commissioner Evans seconded the motion. The motion to defer passed without objection.

**XIII. REVIEW AND DISCUSS PROCUREMENT PROCESS FOR HIRING OF INDEPENDENT CONSULTANT TO ASSIST COMMISSION IN FISCAL YEAR 2015**

Commissioner Evans moved that the Commission go into Executive Session and Commissioner Watling seconded the motion. The Commission voted to go into Executive Session for the purpose of consulting with the Commission's attorney on questions or issues regarding the Commission's powers, duties, privileges, immunities and liabilities in accordance with Section 92-5(a)(4), Hawaii Revised Statutes.

***A recess was called at 4:22 p.m. Following its Executive Session, the Commission called its regular meeting back to order at 4:30 p.m.***

**XIV. REVIEW AND DISCUSS COMMISSION "HOUSEKEEPING ITEMS"**

Chair Gomes deferred Item XIV until the meeting reconvenes on June 17, 2014.

**XV. DETERMINE NEXT MEETING DATE, TIME, AND AGENDA**

Chair Gomes deferred Item XV until the meeting reconvenes on June 17, 2014.

**XV. ADJOURNMENT**

Chair Gomes recessed the meeting at 4:35 p.m. The meeting will reconvene on June 17, 2014, at 10:00 a.m., in the Mayor's Conference Room, Waikapū side.