

**COST OF GOVERNMENT COMMISSION
MINUTES**

**Kalana O Maui Building, 9th Floor, Mayor's Conference Room, Waihe'e Side
Thursday, September 10, 2015**

- PRESENT:** Garrett Evans, Vice Chair
Bradley Bunn, Member (excused at 11:20 a.m.)
Gabriel Hoeffken, Member
Paul Kailiponi, Member
Stanford Lantias, Member
E. Gayle Long, Member (excused at 11:30 a.m.)
Dale Thompson, Member
John Watling, Member
- STAFF:** Camille Sakamoto, Administrative Officer, Office of the County Auditor
Ed Kushi, First Deputy Corporation Counsel
- OTHER:** Shelley Pellegrino, Technical Writer for the Commission
Honorable Alan Arakawa, Mayor
John Buck, Executive Assistant, Office of the Mayor
Troy Hashimoto, Executive Assistant, Council Chair Mike White
Keith Regan, Managing Director

I. CALL MEETING TO ORDER

Vice-Chair Evans called the meeting to order at 10:07 a.m.

II. PUBLIC TESTIMONY

Paul Janes Brown

The Commission received public testimony from Paul Janes Brown. Mr. Janes Brown testified that for the past 17 months, a group of concerned citizens had been meeting to discuss opening up a community discussion on a Council-Manager form of government. He stated that the group had had met with a number of elected officials, including the Lieutenant Governor, the Mayor, and eight Maui County Council members, and that these elected officials seemed amenable to having a discussion of the issue. He added that to have an intelligent discussion about the Council-Manager form of government, information needed to be gathered and he hoped the Commission would research the issue and provide such information. Mr. Janes Brown also referenced Council Chair Mike White's letter to the Commission and subsequent article in The Maui News, in which he asked the Commission to review the issue.

Mr. Janes Brown testified that he made a cursory investigation into some Florida communities he thought were similar to Maui (e.g., in lifestyle, population, size, budget), and found that the Council-Manager form of government seemed to be more cost effective. According to his research, Manatee, Florida has a population of 330,000, an operating budget of \$550 million, and administrative salaries (including the Council) of \$1.98 million. Charlotte, Florida has a population of 163,000, an operating budget of \$136 million, and administrative salaries of \$628,000. By comparison, Maui County has a population of 160,000 and a \$520 million budget, out of which \$1.8 million is for the executive office alone.

Mr. Janes Brown stated that the deadline to put a Charter Amendment on the ballot is July 2016 and requested the Commission's assistance in researching the issue to assist with educating the public about the possibility of a different form of government.

Mayor Alan Arakawa

Mayor Arakawa testified in favor of maintaining the current Mayor-Council structure of government. He pointed out that regardless of who manages government (whether elected or hired), that individual's success will depend on his or her capability. He suggested that even with "private management," there can be issues with individuals who are not of the highest caliber and who do not understand the issues. He added that the body that appoints the manager also needs to be of the highest caliber to make its evaluation, and the County Council is not the correct group to do so. He stated that none of the Council members have expertise in management, and there is no requirement that they have such experience when they are elected. In addition, he foresaw the County Manager structure as problematic because of political ramrodding and trying to gain favors.

Mayor Arakawa stated that prior to the present-day Mayor-Council form of government, there was a Board of Supervisors, and each Supervisor would manage a County department. He maintained that this style of government did not work because the elected Supervisors did not have the required expertise or understanding of how to run the government. He added that current Council members do not know how to manage the government system, and do not know how to deal with government-related entities such as the unions, state legislature, and federal government. He also stated that most Council members have not been to County facilities, so they do not understand the underpinnings of how government works.

Mayor Arakawa noted that Maui County is different from Mainland communities in that Mainland counties are divided into blocks, and that the people, communities (e.g., farming, urban), and goals of each Mainland county are generally similar. Not true with Maui County, he stated, in which the challenges facing each region (e.g., Hana, Moloka'i, Lana'i, Kahului, Makawao) are distinct. He added that he does not think Maui could find a person with a broad enough background to fill a Council-hired managerial position.

Mayor Arakawa pointed to some examples of decisions the County Council made about budgetary spending that he disagrees with, including coastal soil erosion studies in Lahaina and the construction of a Moloka'i community center. A Council-hired manager, he argued, would simply follow the Council's position on these issues in order to keep his or her job.

Mayor Arakawa concluded that the public should be able to evaluate and elect the Mayor; a County Manager form of government would deprive the public of its ability to decide who its government leaders should be. The checks-and-balances system of government would no longer exist.

Vice-Chair Evans asked Mayor Arakawa whether the Commission should review the County Manager form of government. Mayor Arakawa responded yes, because the Council has been pushing for a review and an outside group has been evaluating the issue as well. He also pointed out that he asked the former Charter Commission to look into different forms of County management. He concluded that the Commission should weigh in on the issue because it is tasked with reviewing cost of government issues.

Commissioner Thompson asked Mayor Arakawa what advantages he saw in a County Manager form of government. In response, Mayor Arakawa stated that a County-hired manager could have technical expertise, but he or she might not have good local knowledge. He also stated that to retain a good County manager, his or her salary would need to be upwards of \$750,000.

Mayor Arakawa stated that he serves the community because he wants to help. He gets personal satisfaction out of his job and is not concerned with how much he is compensated; the same might not be said for a professional manager who would not be hired based on these type of intangible qualifications.

Tina Gomes

Tina Gomes, former Chair of the Cost of Government Commission, testified regarding the County Manager form of government. She noted that the Commission solicited suggestions from Council Chair White in May 2015 for potential issues the Commission could investigate during its 2015–2016 term, but that the Commission received no response from him (although it did receive responses from Councilmembers Crivello and Carroll). As a result, she questioned why the Council Chair had not brought the issue to the Commission's attention earlier, if the issue had been festering for a few months as he stated. Ms. Gomes also stated that she thought the Office of the County Auditor might be in a better position to research the issue. Nonetheless, Ms. Gomes stated that the Commission should investigate the issue, but also thought that the Commission consider giving it only a cursory review during its 2015–2016 term because of the time constraints it faces to complete its annual report.

Keith Regan, Managing Director

Mr. Regan began by referring to Mayor Arakawa's comments about the type of expertise that is required to be a County manager, and then provided the Commission with his professional qualifications, which include a Master's Degree in Public Administration, a Master's Degree in Business Administration, and small business ownership. He has been involved in the day-to-day management of the County for seven years. Mr. Regan then explained that he believed, "if something is not broken, why fix it." In this case, he questioned why there is a push to change from a Mayor-Council structure of government to a County Manager structure. He also queried whether there is data to support the claims that something is wrong with the current structure and that a change would result in savings to the County.

Mr. Regan referenced Mayor Arakawa's comments about the conflict between the Administration and the Council, opining that this type of conflict is not necessarily bad. He considered it a way to encourage discussion and debate on issues that are important to the community.

Mr. Regan stated that when the Administration hired its department heads, the Mayor and Managing Director took their roles very seriously and looked at individual qualifications. Any friendships the Mayor might have had with resultant hires was purely coincidental; their qualifications took precedence over any prior relationship. Mr. Regan acknowledged that no director is perfect, but that they do their job expertly. In his opinion, the current system of government is not broken.

Mr. Regan offered other potential areas of investigation the Commission might consider, including director qualifications under the County Charter, district voting, and Council residency requirements.

Mr. Regan also questioned why Council Chair White was requesting that the Commission review the County Manager structure of government when he was also planning to appoint a blue ribbon committee to do the same. He considered such effort duplicative and unnecessary.

Mr. Regan suggested that the Commission meet with attorney William Crockett, who could share his institutional knowledge about how the County operated under the Board of Supervisors and why it moved away from that type of structure to a Mayor-Council structure.

Written Testimony

The Commission also reviewed written testimony from Jim Smith, Mark Hyde, and Stephen Goldsmith.

III. REVIEW AND APPROVE AUGUST 27, 2015 MINUTES

The August 27, 2015 minutes were unavailable for review, so the Commission voted to defer discussion until its September meeting.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

- A. Letter from Mike White Regarding City Manager as a Potential Topic for the 2015 – 2016 Report.

Commissioner Long stated that the project appears to be overwhelming and that the volunteer Commissioners do not have enough time to research the issue.

Vice-Chair Evans stated that a change in government structure would have an economic impact to the County, but whether it is an economic decision is unclear. Rather, he thought the issue seemed more political and that any economic consequences would be secondary.

Commissioner Kailiponi stated that he thought investigating the County Manager issue would be no more political, complex, or time consuming than evaluating the County budget. Commissioner Kailiponi did some cursory research into the County Manager issue and thought that the Commission would be able to investigate the issue as long as it focused on the associated changes that would occur from changing from the current system to the proposed system. He did not think the Commission should evaluate the issue from an efficiency standpoint; in other words, the Commission should not put a dollar figure on how much the County may or may not save with a change in government structure. He concluded that investigating the County budget would be much more difficult than investigating a change in government structure.

Commissioner Hoeffken stated that he was frustrated that the issue was being introduced so late in the year, but that it was nonetheless an important topic considering the likelihood of a Charter amendment being proposed by the Council.

Vice-Chair Evans pointed out that the Commission is not required to investigate two topics over the next year, specifically the County budget and the County Manager form of government; one topic for review would be sufficient.

Commissioner Kailiponi questioned whether the Commissioners felt comfortable with their skills such that they could provide meaningful recommendations to the Council and the Mayor.

The general consensus was that the Commissioners felt more comfortable evaluating the County Manager structure than the County budget.

Vice-Chair Evans offered to draft a letter to Council Chair White acknowledging his request. Commissioner Long asked that the letter also request that Chair White provide his thoughts on what he thought the blue ribbon committee and Commission's scope of review should be, as well as any timelines to consider.

Troy Hashimoto, Executive Assistant to Council Chair White, was attending the meeting and offered to provide the Commission with some background information regarding the proposed blue ribbon committee. Mr. Hashimoto explained that the blue ribbon committee, which would be established by the Council, would be tasked with determining the "nuts and bolts" of the type of legislation to be proposed. In contrast, the Cost of Government Commission was being asked to consider the costs involved in a different government structure. For example, would there be a cost savings or operational efficiencies? Would the Mayor's personal staff as it now exists still need to be part of the County Manager's staff or would these positions no longer be necessary? What type of salaries would be required?

Mr. Hashimoto stated that the blue ribbon committee could be formed within the next month, but that it would be looking at structure rather than cost.

Commissioner Long reiterated her request that Chair White provide a more detailed explanation regarding his expectations — specifically the scope of review and timeline — of the blue ribbon committee and Commission.

Commissioner Kailiponi noted that his research pointed to more than 150 different types of County Manager structures. He speculated that the Commission could not come up with a meaningful evaluation unless the potential structures being proposed were narrowed down.

Vice-Chair Evans moved that he draft a response to Council Chair White thanking him for his letter and asking what his expectations and timeframe would be for the Commission and blue ribbon committee's investigation. (Inaudible) seconded the motion. The motion was approved unanimously.

V. COUNTY AUDITOR'S UPDATE

- A. Update on the Request for Proposal for Technical Writer

The County Auditor was not present at the meeting, but Vice-Chair Evans stated that the technical writer had been hired and was present at the meeting.

VI. 2014 – 2015 COGC ANNUAL REPORT

- A. Discuss, Consider, and/or Establish Next Steps to Advocate for Annual Report

Vice-Chair Evans explained that in previous years, Commissioners had met with individual Council members to present the findings of that year's Annual Report. The Commissioners agreed that offering to meet with Council members would be beneficial.

Vice-Chair Evans moved that a letter be drafted to the County Council offering to meet with individual members to discuss the 2014 – 2015 Annual Report. Commissioner Kailiponi seconded the motion. The motion was approved unanimously.

VII. 2015 – 2016 COGC ANNUAL REPORT

- A. Discuss, Consider, and/or Establish Subject Matter for Annual Report

Commissioner Kailiponi stated that he would prefer evaluating the County Manager structure of government rather than the County budget. Commissioner Hoeffken agreed, noting that the County Manager issue is of interest to the Mayor, Council, and public at large.

Deputy Corporation Counsel Kushi suggested that the Commission wait until the blue ribbon committee has completed its review and proposed specific legislation that the Commission could then review. Commissioner Kailiponi added that Council Chair White alluded in his letters to having an idea of what the new system of government might look like, so the Commission should ask Chair White to elaborate on his ideas.

Chair Kailiponi stated that the primary goal of the Commission's investigation should be whether the Council can find someone who can run the County more efficiently than how it is currently run.

Vice-Chair Evans moved that the Commission investigate the County Manager structure of government as part of its 2015 – 2016 Annual Report. Commissioner Thompson seconded the motion. The motion passed unanimously with Commissioners Hoeffken, Kailiponi, Lianas, Thompson, Watling, and Vice-Chair Evans voting in favor. Commissioners Bunn and Long were excused.

- B. Discuss, Consider, and/or Establish Temporary Investigative Group(s) (TIGs) or Standing Committee for Annual Report

The Commission decided to defer creating a plan for investigating the topic until it received a response from Council Chair White. Commissioner Kailiponi offered to provide a list of useful resources regarding the subject at the next meeting and asked that other commissioners do the same.

- C. Establish Annual Report Timeline

Mr. Hashimoto relayed that the Council likely would be making its decisions in March or April of 2016. Shelley Pellegrino, Technical Writer for the Commission, recommended that a rough draft of the Annual Report be completed by January 2016.

VIII. MATTERS RELATED TO COGC STRATEGIC PLAN

- A. Consideration of a Google Drive Account or Attachment(s) to COGC Web Link on Maui County Website for COGC Documents

Vice-Chair Evans moved that the Commission shelve consideration of a Google Drive account. Commissioner Kailiponi seconded the motion. The motion was approved unanimously.

IX. DETERMINE NEXT MEETING DATE, TIME, PLACE, AND AGENDA

The next meeting is scheduled for October 8, 2015, in the Mayor's Conference Room, Waihe'e side, at 10:00 a.m.

The Commission requested that Council Chair White attend the Commission's October meeting.

X. ADJOURNMENT

The meeting adjourned at 12:15 p.m.