

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

October 13, 2015

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Mike White, Vice-Chair (in 9:03 a.m.)
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Don Couch, Member
Councilmember Stacy Crivello, Member (in 9:24 a.m.)
Councilmember Don S. Guzman, Member (out 11:05 a.m.)
Councilmember Michael P. Victorino, Member (in 9:17 a.m.)

STAFF: 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)

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor (BF-38(2), BF-38(3), BF-38(4) and BF-38(8))
David Goode, Director, Department of Public Works (BF-38(2) and BF-38(3))
John Kim, Prosecuting Attorney, Department of the Prosecuting Attorney (BF-38(4))
Michele McLean, Deputy Director, Department of Planning (BF-38(8))
Mark R. Walker, Deputy Director, Department of Finance (BF-52(3))
Greg King, Central Purchasing Agent, Department of Finance (BF-52(3))
Jacob Verkerke, Chief Technology Officer, Management Information Systems Division, Department of Management (BF-57)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Bill Mitchell, Board Chair and Member, Maui Redevelopment Agency (BF-38(8))
Yuki Lei Sugimura, Wailuku First Friday (BF-38(8))
Others (2)

PRESS: Akaku: Maui Community Television, Inc.

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CHAIR HOKAMA: . . .*(gavel)*. . . The Council's Committee on Budget and Finance shall come to order. This is our regular meeting of October 13th, Tuesday, 2015. Present this morning from the Committee are Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning, sir. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, good morning, Chair.

CHAIR HOKAMA: Mr. Couch.

COUNCILMEMBER COUCH: Good morning, aloha, Chair.

CHAIR HOKAMA: And Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR HOKAMA: Excused at this time are Members Crivello, White and Victorino. As we do before our, going into the agendized items, we shall take public testimony. This Committee posts for a three-minute maximum of oral testimony and we'll check with our District Offices as well as the Chamber to allow anyone wishing to provide comment to do so. This morning we have Mr. Bill Mitchell who will be testifying, Members, on Item 38(8), and Mr. Mitchell comes this morning as the Chair of the MRA. Good morning, Mr. Mitchell.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. MITCHELL: Good morning, aloha, Mr. Chair, Members. Thank you. Just testifying this morning, like to request that the funds for the Wailuku First Friday be moved from where it's now administered through OED back to MRA so we could administer it as part of our, sort of as part of our scope of work that we do in the redevelopment of the Wailuku area. We worked with Wailuku First Friday for many years. By all accounts, it's been a success. And in speaking with businesses, property owners, who have come in and testified, it is a positive for those businesses on Market Street in Wailuku Town. So we'd like to respectfully request that that \$25,000 be moved back into the MRA budget and that we will then administer that to Wailuku First Fridays. Thank you, Mr. Chair. Any questions?

CHAIR HOKAMA: Thank you. Any questions for Mr. Mitchell? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair, and thank you, Mr. Mitchell --

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MR. MITCHELL: Thank you.

COUNCILMEMBER BAISA: --for being here this morning. Help me understand.

MR. MITCHELL: Sure.

COUNCILMEMBER BAISA: The \$25,000 is only for the Wailuku First Friday?

MR. MITCHELL: That is correct.

COUNCILMEMBER BAISA: And that's the money you're asking go to MRA?

MR. MITCHELL: That's correct.

COUNCILMEMBER BAISA: Okay.

MR. MITCHELL: Yeah.

COUNCILMEMBER BAISA: 'Cause, you know, we have so many First Friday --

MR. MITCHELL: Yes.

COUNCILMEMBER BAISA: --well, they're not all first, some are second --

MR. MITCHELL: Right.

COUNCILMEMBER BAISA: --third --

MR. MITCHELL: Second, whatever.

COUNCILMEMBER BAISA: --fourth and fifth.

MR. MITCHELL: Correct. Good question. Yes.

COUNCILMEMBER BAISA: Okay.

MR. MITCHELL: That is solely allocated for Wailuku First Friday events.

COUNCILMEMBER BAISA: Okay, thank you very much.

MR. MITCHELL: Thank you.

CHAIR HOKAMA: Members, any other questions for Mr. Mitchell on testimony shared this morning? Having none, Mr. Mitchell, thank you so much for . . . *(inaudible)* . . .

MR. MITCHELL: Thank you so much. Aloha.

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CHAIR HOKAMA: We recognize the attendance of Mr. White to the Committee's meeting.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: Good morning, sir. We'll ask Ms. Yuki Lei Sugimura, the next person to testify, to please come forward.

MS. SUGIMURA: Good morning, Budget Chair Hokama and Members of the Budget Committee. I'm Yuki Lei Sugimura and I'm here to testify on the same item, which is Budget and Finance Item 38(8) and I just kind of wanted to explain to you the process that we've gone through to ask for the... 'cause you were nice enough to put the \$25,000 into the Office of Economic Development, and now through your help we're moving it to Planning and what the impact would be. In April of, in 2011, we were told through CPEP Hawaii Tourism Authority that all funding would be stopped for large programs that were funded through CPEP HTA money. So we knew that in four years our funding would be cut. So in preparation for that, a bunch of us, which is Theo Morrison, myself, Kay Fukumoto and, you know, other people who put on big events, got together and we put a letter together asking if Hawaii Tourism Authority would consider their, reconsider their plan to cut us all off, in 2015 would be the cutoff date. So this would be the last year that Plantation Days, Maui Matsuri, Chinese New Year's, a whole bunch of us, would get funding. And so we put a letter together and in the meantime, that was submitted in May, then a new, the new HTA President/CEO, George Szigeti, got on board and then HTA decided that they're going to reconsider. So that's why this little confusion went on, and I really appreciate your support for trying to put in Wailuku First, or putting Wailuku First Friday into your budget for this fiscal year in OED. So now we were told in September, through HTA CPEP, that we would be given a one year reprieve, that we would have an extension for one more year. So this cutoff is going to happen, hopefully not, I'm not too sure what Mr. Szigeti will do on the board for Hawaii Tourism Authority, but right now it's slated to stop. So that's kind of the sequence of events. And to put it into Planning, appreciate Sandy's help and Planning to move it into Planning because we're expecting this cut to come and that we would no longer be able to apply for HTA CPEP funding.

CHAIR HOKAMA: Anything else?

MS. SUGIMURA: That's it.

CHAIR HOKAMA: Questions, Members, on testimony presented? Okay, having none, thank you --

MS. SUGIMURA: Thank you.

CHAIR HOKAMA: --Ms. Sugimura. We'll ask our Staff on Lanai, Ms. Fernandez, anyone wishing to provide testimony on today's agenda?

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

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CHAIR HOKAMA: Thank you. Ms. Alcon, anyone wishing to provide testimony for Molokai?

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

CHAIR HOKAMA: Okay, thank you very much. Is there anyone else in the Chambers? Seeing no one coming forward, Members, with no objections, testimony will be closed for today's meeting.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Thank you, Members. So ordered.

. . .END OF PUBLIC TESTIMONY. . .

**ITEM 38(2): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(PLAN REVIEW, PROCESSING, AND INSPECTION
REVOLVING FUND) (CC 15-164)**

CHAIR HOKAMA: Let us please now move forward, if I can direct you to BF-38(2). We have a communication from Budget Director Baz regarding a Amendment to the Fiscal Year 2016 and their Plan Review, Processing, and Inspection Revolving Fund. Let's see, the purpose of the bill is to add a proviso of \$81,000 for equipment for the purchase of three replacement vehicles for the Development Services Administration or DSA, Department of Public Works. Mr. Baz, good morning.

MR. BAZ: Good morning, Mr. Chair. Good morning, Members. Thank you for having us here this morning to discuss this budget amendment...sorry, microphone's falling apart here. So, I guess I'll be representing the Department this morning, but we have a budget amendment requested to add a proviso to allow the DSA...oh Mr. Goode's coming. But basically it's to allow the DSA to purchase three vehicles. It was discussed during budget and there was a transmittal during budget on April 25th and recollection by the Department is that you guys actually did vote on it but it just didn't make it into the details to put the proviso in to allow for the equipment to be purchased. There was a request from Mr. Chair, you, regarding some, you know, use of the vehicles and different --

CHAIR HOKAMA: Yes.

MR. BAZ: --things like that and there was a response by the Department on August 25th and that is in your binders --

CHAIR HOKAMA: Yes.

MR. BAZ: --with pictures and fleet information, mileage, all that kind of stuff. And maybe Mr. Goode can add some, if he might?

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CHAIR HOKAMA: Director Goode, any comments on your request?

MR. GOODE: Thank you, Chair. Good morning, Members. Dave Goode here from Department of Public Works. I don't have a lot to add other than you can see that the vehicles are pretty old and getting close to beyond their useful life. They're used to go out to generally remote areas --

CHAIR HOKAMA: Uh-huh.

MR. GOODE: --oftentimes on construction sites that are not paved. And as the older vehicles, they don't have some of the current safety features so our inspectors rely on these vehicles to work every day and we're getting to that point where they're not going to be working every day so I think it's time to replace 'em. So appreciate your consideration.

CHAIR HOKAMA: Director, are any of these assigned as take-home vehicles for specific employees?

MR. GOODE: No, they're not.

CHAIR HOKAMA: They're part of your pool for inspections and whatnot?

MR. GOODE: That's correct.

CHAIR HOKAMA: Okay, thank you very much. Mr. Guzman, questions for either directors?

COUNCILMEMBER GUZMAN: No questions, Chair. This Department's fairly good at streamlining and they've been good in the budget. So I feel really confident if that's what ...

CHAIR HOKAMA: And, again, Mr. Goode did present a well, comprehensive response --

COUNCILMEMBER GUZMAN: Yes.

CHAIR HOKAMA: --on the Chair's request for information so we thank the Director for assisting us.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. White?

VICE-CHAIR WHITE: No questions. I agree with Mr. Guzman's appraisal of the situation.

CHAIR HOKAMA: Good. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I too agree with Member Guzman's appraisal. The question I had is, I believe in one of these vehicles there was a Ford Focus that you were going to...it says it was in good condition but it's not

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four-wheel-drive, which is understandable. Is that going to be moved to a different group, remain in the pool, as opposed to being completely replaced?

MR. GOODE: Mr. Chair?

CHAIR HOKAMA: Mr. Director?

MR. GOODE: Mr. Couch, the Ford Focus, first thing we did is we looked internally to see what other vehicles might be available and so that Focus was identified as a potential candidate.

COUNCILMEMBER COUCH: Okay.

MR. GOODE: I'm not sure if we still have the Focus. We've, you know, since the time of this request, which was almost, at least internally, we generated this about a year ago, in the last budget. We've since moved some vehicles to the vehicle pool that the Managing Director's Office runs, which is working real well. So we took some of those vehicles out and put 'em in there, and also Engineering and DSA, for the vehicles they've kept within those Divisions, if for some reason one division's used all their vehicles on a given day, they share and kokua and use the other guy's so. I think so far we've eliminated three or four vehicles from our overall fleet and then transferred some to the pool, in addition to the three or four.

COUNCILMEMBER COUCH: Thank you. And I want to thank the Department for, or commend the Department for taking the vehicle policy seriously and doing a good job at maintaining the vehicles and using them when necessary and getting rid of 'em if necessary. So good job, guys.

MR. GOODE: Thank you.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And I don't really have any questions. I just want to thank Department for being thorough and putting forward the information asked of them in a very efficient and detailed manner. So thank you very much. And I know they do an awesome job in their vehicle and equipment fleet and are on top of things. So if it's needed and the money's there, then I think it should be given. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No questions, Chair. I just wanted to agree with what's already been said to save time. Thank you.

CHAIR HOKAMA: Okay, thank you. Mr. Carroll, any comments or questions, sir?

COUNCILMEMBER CARROLL: No.

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CHAIR HOKAMA: Okay, having none, I will direct you to, at the end of the item, Members, you will see a communication from Mr. Baz, dated October 12, 2015, and we have in receipt now, our Staff has worked together, as I said we would, so we appreciate the cooperation between our Committee Staff and Budget Staff. We have a revised bill for consideration this morning that will take care of the need regarding the departmental request. And you will see that on the attached page of the October 12 document. Thereby you see the proviso, disbursements for three vehicles limited to \$81,000 will come from the Special Revenue, Purpose Revenue fund, specifically the Plan Review, Permit Processing and Inspection Revolving fund, as set up in the Maui County Code. Any questions to the Chair at this time or Mr. Baz? Having none, I'm open to a motion to recommend to Council passage of first reading of a proposed bill for an ordinance.

COUNCILMEMBER GUZMAN: So moved.

VICE-CHAIR WHITE: Oh, I thought you ...

CHAIR HOKAMA: Yeah, I was going to read more but that's a lot of words for a \$81,000 --

VICE-CHAIR WHITE: Pregnant pause.

CHAIR HOKAMA: --appropriation. Motion made by Mr. Guzman.

COUNCILMEMBER COUCH: Second.

CHAIR HOKAMA: Second by Mr. Couch. That's fine. Okay, any discussion, Members? This is, again, a bill for an ordinance to amend Fiscal Year 2016 Budget. Any further discussion? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: "Aye."

CHAIR HOKAMA: Opposed say "no." Motion passes with seven "ayes," two excused.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Crivello and Victorino.

MOTION CARRIED.

ACTION: FIRST READING of revised bill by C.R.

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CHAIR HOKAMA: Thank you very much. And, again, thank you, Mr. Goode, for your good work.

**ITEM 38(3): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(STATE OF HAWAII DEPARTMENT OF HEALTH) (CC 15-164)**

CHAIR HOKAMA: Let us move to 38(3). This is now a budget request from Mr. Baz. This is, again, a proposed bill for an ordinance to amend the Fiscal Year 2016 Budget as it pertains to Appendix A, Part I, Grant Revenue - Schedule of Grants by Departments and Programs, Department of Public Works (State of Hawaii Department of Health). So at this time, Mr. Baz, Mr. Goode, gentlemen, this is your item, please.

MR. BAZ: Thank you, Mr. Chair. So this is grant revenue that we've received, the, actually, State sent us a check. It's late but they did send us a check for \$10,000. We had completed some Complete Streets training back in Fiscal Year 2015 using County money and the State reimbursement came after the Fiscal Year '16 started so that's why we're requesting this money be received as grant revenue and Public Works staff will be doing additional Complete Streets Program training and Mr. Goode can describe more details if you'd like.

CHAIR HOKAMA: Thank you, Mr. Baz. Yeah, Mr. Goode, why don't you tell us, we get Department of Health money for Complete Streets?

MR. GOODE: Okay, thank you, Chair. The, you know, Complete Streets is an important program that's taking on a fair amount of time because it does represent a lot of change within the Department. Deputy Director Rowena Dagdag-Andaya is leading the effort and identified this as a potential source of funds, not a large sum of funds, you know, in term of our budgets but Department of Health is interested in Complete Streets 'cause they see it as a way to get people out walking around for the most part. So, you know, by having more sidewalk facilities available, bike lanes or bike paths available, they're big proponents of it. So they do have funds from time to time, and this was an opportunity that we took advantage of.

CHAIR HOKAMA: Are we able to get equipment through this grant source by chance, Director?

MR. GOODE: I don't believe so.

CHAIR HOKAMA: Okay. I was hoping we could get more street sweepers out of this. Mr. Baz, any other comments you want to share with us, Mr. Baz?

MR. BAZ: No, Mr. Chair, that's it. Thank you very much.

CHAIR HOKAMA: Okay, thank you. We welcome Mr. Victorino to the Committee's proceedings.

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COUNCILMEMBER VICTORINO: Good morning, Mr. Chair. Thank you.

CHAIR HOKAMA: Good morning. We are on Item 38(3), the second item on the agenda, which is a grant appropriation request for the budget. Mr. Carroll, any questions, sir? Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thanks for this opportunity from the State, very nice. So the 10,000, the reimbursement, it's been spent or there's more training and capacity building to be gotten out of the monies, Mr. Goode?

MR. GOODE: Mr. Chair and Ms. Cochran, yeah, the, this particular training has been completed, but there are more opportunities coming up and so we definitely like to partner with the DOH on these whenever we can.

COUNCILMEMBER COCHRAN: Oh, okay, well, very good, great to see that. Thank you very much.

MR. GOODE: Sure.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Couch, no questions? Thank you. Mr. White?

VICE-CHAIR WHITE: No questions. Thank you.

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. Yeah, I definitely am a strong advocate for our Complete Streets programs. One of my questions is, since, is this an ongoing, annual grant that we could get reimbursements from the State? Because it looks as though, you know, 2016 you're gonna use the 10,000 for. Is there an ability to annually get it? Because I know there's a nexus with the Department of Health and the health-generated, I guess, programs that you would be anticipating in the Complete Streets, you know, pedestrian, bikeways, that's why the Department of Health. So could we, is there any possibility of annually getting this type of funding from the State?

MR. GOODE: Mr. Chair, Mr. Guzman, I'm not positive, I have to look into it. You know, I'd love if there was just a placeholder in the Budget so we didn't have to, you know, schedule an item to do it, but I'd have to look into it because I don't know.

COUNCILMEMBER GUZMAN: Okay. Thank you, Chair. Chair, if you could, if we could get a follow-up written request ...

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CHAIR HOKAMA: We'll follow up on your request, Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you.

CHAIR HOKAMA: Yeah, thank you. Mr. Victorino, any questions, sir?

COUNCILMEMBER VICTORINO: Well, no, thank you. And, Mr. Goode and Baz, this is, you know, excellent news. Are there any other forms of grants that fall into this area? I know Mr. Couch and Mr. Guzman are familiar with a few others, but is there any other that would fall in this specific area that we can look at in the future, that you know of?

MR. GOODE: Mr. Chair, Mr. Victorino, there may be, I mean, it is a field that, you know, a lot of people are really interested in.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. GOODE: And there's even, you know, a possibility that there's charitable foundations, you know, that focuses on health --

COUNCILMEMBER VICTORINO: Uh-huh.

MR. GOODE: --or walkability, those kind of things. So it, I'd say it's a growing area so the opportunities, I would think, would be more in the future but I'm not aware of any specific ones.

COUNCILMEMBER VICTORINO: Okay. Thank you. And, Mr. Chair, if we could add that question to the Department so that they will be aware of looking into other areas. I think, like you say, this is an emerging area, you know, people are concerned and looking for health issues. I know Kaiser has programs and HMSA has programs that fall into this category. So I would like to know, maybe by doing some research the Department can come up with some other grants which will facilitate and help a healthier community, especially for Maui County. So that would be my question, Chair.

CHAIR HOKAMA: Okay, thank you.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR HOKAMA: We'll have that written up, Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR HOKAMA: So, Mr. Baz, just so that the Committee is clear. This \$10,000 grant is a reimbursement. So how do we pay for it initially?

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MR. BAZ: Mr. Chair, the Department paid for it out of their program funds, out of their County funds, during Fiscal Year '15. They were expecting to get the reimbursement in Fiscal Year '15 --

CHAIR HOKAMA: Right.

MR. BAZ: --but since it took so long, those books are closed now and so this check will be received in Fiscal Year '16 and then they'll be using the grant revenue to further the same Complete Streets training in Fiscal Year '16. Yeah, so it's not just a direct reimbursement.

CHAIR HOKAMA: So that means we gonna be owed another \$10,000 reimbursement? Because we put out, you know, we funded --

MR. BAZ: Yeah.

CHAIR HOKAMA: --the first ten.

MR. BAZ: Right.

CHAIR HOKAMA: Now this is the ten to pay back the front money.

MR. BAZ: Yeah.

CHAIR HOKAMA: So there's actually a wash right now. I mean, without the booking issues of which fiscal year we booking it, we're now at a wash.

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

CHAIR HOKAMA: Okay, so it's, so now I gotta go front \$10,000 more again to get another 10,000 reimbursement?

MR. BAZ: Well ...

CHAIR HOKAMA: You . . . *(inaudible)* . . .

MR. BAZ: Yeah, I understand your logic. This \$10,000, we could recognize it as miscellaneous revenue and just put it back in the General Fund pot and then we would be, it would be just \$10,000 more for next year's revenue, for Fiscal Year '17's revenue.

CHAIR HOKAMA: Right.

MR. BAZ: But the Department's requesting use of the funds because they believe that, they want to do the training anyway. So, yeah, if we can get another reimbursement from the State, then that would be wonderful. As Mr. Guzman was alluding to, you know, that it may be possible to receive the funds again. And if we get it within Fiscal Year '16 --

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CHAIR HOKAMA: Uh-huh.

MR. BAZ: --then we could just claim it as miscellaneous revenue.

CHAIR HOKAMA: Okay. Well at least, I am glad you understand 'cause for me --

MR. BAZ: Yeah.

CHAIR HOKAMA: --you know, right now we at breaking even.

MR. BAZ: Correct, yeah.

CHAIR HOKAMA: Just from a cash flow out, cash flow in. We welcome Ms. Crivello to the Committee.

COUNCILMEMBER CRIVELLO: Good morning, Chair. Thank you.

CHAIR HOKAMA: Good morning. We're on the second item --

MR. BAZ: So ...

CHAIR HOKAMA: --of the agenda.

MR. BAZ: I can tell you when the Department first asked me about this, before they did the Complete Streets training, and were, you know, they were, they desired to do this anyway, right. So this was something that, they wanted to do the Complete Streets training anyway, you know, there was some walkability discussions in, I think some Councilmembers participated in the Wailuku area and the MRA area and there was different things that they did for Complete Streets trainings. I think they travelled to the mainland for more training on the Complete Streets. So the idea was that they were going to do it anyway and great if we get the State money back.

CHAIR HOKAMA: Uh-huh.

MR. BAZ: So, you know, that's when, that's why I said, I asked them that ahead of time saying okay, well, would you do this anyway? And they said, yes, so okay, fine. If we don't get the money in time then, you know, we're still gonna, they would still have done that Complete Streets training. So this was basically just additional effort for the Department, or additional resources with the Department to fulfill their mission.

CHAIR HOKAMA: Okay, I appreciate those comments, Mr. Baz. Ms. Crivello, do you have any questions you'd like to ask at this time?

COUNCILMEMBER CRIVELLO: Not at this time, Chair. Thank you.

CHAIR HOKAMA: Okay, thank you very much. Okay, well, we will not say no to State money.

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Grant Revenues, Appendix A, Part I, and this time it is for adding a \$150,000 appropriation for the Prosecuting Attorney Department to receive a grant from the State of Hawaii for prosecution of cases in the drug court and mental health courts, pursuant to Act 65 of 2015. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. And, again, this is grant revenue we're receiving from the State, they, State Legislature provided a grant-in-aid to the Department of Prosecuting Attorney. We have attached the, Act 65, for your reference. And because this is money that we were not necessarily expecting, we didn't put it in the FY '16 Budget and now it requires an amendment to the grant revenue to be able to receive this money and have it be spent by the Prosecuting Attorney's Office. So we have Mr. Kim here, our Prosecuting Attorney, if you have any questions specific to the program or if he wants to describe it at all.

CHAIR HOKAMA: Okay, Mr. Kim, if you would please, give us some information on your grant monies, please?

MR. KIM: Thank you, Mr. Chair. Good morning.

CHAIR HOKAMA: Good morning.

MR. KIM: We have two programs, specialty courts. One is the Maui Drug Court Program that was started I think in 1999 or so, 2000, with Judge Raffetto, and now it's taken over by Administrative Judge Joseph E. Cardoza. Back in the day, it started with one-half day of court and over the years it's expanded to two half-days when I was assigned to drug court. Then it became three half-days. Now it's a full day, two half-days, staffing and emergency staffing. We asked for a position but we were turned down. Basically this money is to use, to pay our staff the overtime, the clerical staff, and also to get equipment as well as sending our attorneys to the drug court conferences so they can hear about the latest and greatest treatment programs for our defendants who are addicted and do not commit non, violent crimes and are eligible for treatment. The other program is the mental health court. Judge Cardoza decided to take all our, what we call our 704 or defendants who have raised mental health or mental disorder defense, into one courtroom and that is Courtroom 4 and one attorney handles that. We also, in District Court, have what started as a crises intervention program. We lost Dr. Rampersad but we still are trying to revamp that program to make sure that we channel those defendants who are suffering from mental health issues, not into our prisons or jails but make sure they get treatment. And so we send one deputy a year to try to get the crisis intervention training so that we understand that program and get, it's like taking another course in, for law school. It's a one-week training and we also have conferences on those issues. And so my attorneys do not get overtime so we work 'em hard, but the staff, support staff, that have to do all the ground work. And so we don't have enough people at this time. We just paying overtime.

CHAIR HOKAMA: Okay.

MR. KIM: Any questions?

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CHAIR HOKAMA: Thank you for that, Mr. Kim. So on this mental health assessments for some of those either perpetrator or the victim, who's paying for those services?

MR. KIM: That comes from the State. We don't pay anything.

CHAIR HOKAMA: Okay. Does State Health Department pays for that?

MR. KIM: Yes.

CHAIR HOKAMA: Okay, but it's not from County general funds --

MR. KIM: No.

CHAIR HOKAMA: --in any manner? Okay, okay. Jordan, make sure we get the language and the comments from Mr. Kim very accurate in the Committee Report of what this money is for. Mr. White, questions to Mr. Kim or Mr. Baz?

VICE-CHAIR WHITE: No questions. I think it's great that Maui County is getting this additional assistance. And, I guess I have one question. Is this a grant that you all worked for or was this something that the State came up with kind of on their own?

MR. KIM: No, we went in...originally the Hawaii Prosecuting Attorneys Association went in for grants to try to boost the Career Criminal Program. We decided to go another way because we, the County Council, through the years, although it's a State-mandated program, initially we had three prosecutors funded by the Career Criminal Prosecution Program. As the years went by, funds was being lessened by the State but the County Council absorbed and saw the need that we have career criminal prosecutors assigned to each of the courtrooms. Right now we have three and we have one funded position. The extra funding would've come out to something like 14,000 so we decided it wouldn't be worth the salt just to go and try to get 14,000. And so we decided to ask for the funding with these new programs that are coming up with the court.

VICE-CHAIR WHITE: Good. Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. Thank you, Mr. Kim, for being here. I'm familiar with both programs. I served as a director for the Friends of Maui Drug Court and also worked the mental health calendar on the intervention programs. How much of the 50,000 is going to the mental health programs side?

MR. KIM: We have 75,000 for the drug court program and 75,000 for the mental health program.

COUNCILMEMBER GUZMAN: So split down the middle?

MR. KIM: Yeah, that's correct.

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COUNCILMEMBER GUZMAN: Yeah. I always realize that the, you know, the drug court side wasn't up and, it's always functional, it's like a machine and it keeps moving, but I think what's, what I've seen lately is that the mental health side really needs more, I guess, activation or more efforts into it. I'm concerned about Dr. Rampersad not being there. Is there a reason why he left or is that something that you can't disclose?

MR. KIM: That was a personal decision. I believe he misses Maui and his work here but it was a move that he had to make to Arizona, to the mainland. He does come back and does do training for the crisis intervention --

COUNCILMEMBER GUZMAN: Uh-huh.

MR. KIM: --team. So he's still here. He has some presence here in Maui.

COUNCILMEMBER GUZMAN: That's a tough court.

MR. KIM: Yeah, we're waiting for the State Department of Health to appoint another doctor for Maui County.

COUNCILMEMBER GUZMAN: Okay, thank you. Chair, the reason why I'd like to focus more on the mental health side is because a lot of our homeless, and when I was working on that, in that court, in that mental health calendar, are from that side of the tracks and it's all very, very, long, drawn-out process to get them through because you also have to work with social workers and they're repeatedly coming in for scheduled courtroom dates. It's not just one date, it's, you know, one client could take you up to two years, just coming through. So it's a tough courtroom. I would make it, you know, at this stage, have more emphasis on the mental health side because it's not as functional as the drug court side.

CHAIR HOKAMA: Uh-huh.

COUNCILMEMBER GUZMAN: So that's just my two cents on that. If you wanted to have any input on that, Mr. Kim, welcome to do so. Chair?

CHAIR HOKAMA: Make it concise.

MR. KIM: We're up and rolling about two, three years ago, and when Dr. Rampersad decided that, for personal reasons that, he needed to move that part of the program did take a big hit.

COUNCILMEMBER GUZMAN: Yeah. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. We have just confirmed what we know nationally. Mental health in counties is a very big expenditure issue and for most counties it's crisis mode. But our County jails are not mental health institutions or were meant to be. And that is what the Feds and the states have pushed down to the counties across the country, shoving it to county jails. So counties are now eating a lot of the

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mental health costs. Our peers are, maybe not us, but a lot of our peers are, and it's breaking their budgets because they lose their Medicaid, Medicare benefits. They're not, they haven't even been adjudicated, but they're kicking, they lose benefits, okay, before adjudication. And that's something we working with the Congress to see if we can make an adjustment that should, if ever they should lose it, it should be after they've been adjudicated and found guilty of the crime, not before, on an alleged crime. So thank you for that. Mr. Victorino?

COUNCILMEMBER VICTORINO: No, thank you, Chair. And I think you've covered it very well, and I think you and Mr. Guzman, so I don't have to elaborate 'cause we'll be meeting this weekend up in Ouray, Colorado. And this is one of the big issues that will be on our agenda, is this mental health crisis and making our jails mental health facilities, you know, for holding purposes and not reimbursing us. So this is one of the major agendas we'll be discussing in Colorado this coming weekend. So look forward to that and I will pass the message on, and that, what you have said and others, that we need to continue to work with Congress to get these changed, these laws changed, so that adjudication cannot be the predication for removal of Medicare and Medicaid. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions? Ms. Baisa?

COUNCILMEMBER BAISA: No questions but I'd like to congratulate and thank them for going after this money. Every dollar counts. You know, there is so little money to help with mental health treatment of any kind. And so thank you very much for bringing this resource. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, Department, for being here. And I'm reading the bill for an act and it also includes hiring of staff. So has any of this...I know you broke it down to overtime, equipment, travel, training and things of that nature but has it been or will be utilized for hiring? And if so, are you expecting to get continual grants to fund that position?

MR. KIM: We would need, once we get the money, we can put out for a position, probably another law clerk because they do all the heavy lifting for our attorneys who appear in court. We don't have enough money or funds, this 75,000 wouldn't be able to hire an attorney. And so I believe that the monies would be best used in hiring a law clerk support staff.

COUNCILMEMBER COCHRAN: Okay. So I think in one of, some other monies in an earlier agenda item, asking a question about, foresee this as a annual occurrence, you know, I mean, I know grants are never a given or a guarantee. In your eyes, do you feel that it's safe, you know, good chance, I guess, to have this money reoccur?

MR. KIM: If we put into that position, we will apply. However, I know it's --

COUNCILMEMBER COCHRAN: Yeah.

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MR. KIM: --not a very good policy or good practice to depend on grants for positions. I've learned that from our other prosecuting offices around the State. So this would be a one-time thing. We would, if it, if the drug...not the drug court, excuse me, but if the mental health court gets to where it was two years ago, then yeah, we would need that support staff and we would come back to you, this body, to ask for that position.

COUNCILMEMBER COCHRAN: Right. Okay. Well, I guess we'll cross that bridge if we have to get to it.

MR. KIM: Thank you.

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

CHAIR HOKAMA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Ms. Cochran asked the exact questions I was going to ask so, and those are good answers, so I fully support this. Thanks.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you. I support this. And congratulations for receiving the grant-in-aid --

MR. KIM: Thank you.

COUNCILMEMBER CRIVELLO: --from the State. So actually when you make mention that you'll bring, probably hire a law clerk, that would be like a temporary hire?

MR. KIM: Yes, ma'am.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

CHAIR HOKAMA: Okay, thank you. Members, further questions for either, for Mr. Kim on this budgetary amendment request? Staff has, on behalf of the Chair, handed out to you a revised bill for an ordinance where you will see in red the recommendations. And, again, this is part of the amendment process that Mr. Baz and I have been working together and I can say we appreciate the cooperation with his staff and our Committee Staff again on making sure we get this in a timely manner. So you will see in the handout we just gave to you, is basically grammatical and more housekeeping, whereby we are making specific reference to the act, 65, and the year, 2015, under the title as well as Section 1. And also on the letter M, again, we just made specific reference to the act and the year of the funding. If there's no questions for the Chair, or any more for Mr. Baz or Mr. Kim, the Chair will entertain a motion to recommend to Council passage of first reading of the revised Bill for an Ordinance Amending Fiscal Year 2016 Budget, Appendix A, Part I, Department of Prosecuting Attorney (State of Hawaii Grant-In-Aid), Act 65 (2015) as presented to the Committee for first reading.

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VICE-CHAIR WHITE: So moved, Chair.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER GUZMAN: Second.

CHAIR HOKAMA: I have a motion by Mr. White, seconded by Mr. Guzman. Members, any further discussion? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: "Aye."

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes" and one excused.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Victorino.

MOTION CARRIED.

ACTION: FIRST READING of revised bill by C.R.

CHAIR HOKAMA: Thank you very much, Mr. Kim.

MR. KIM: Thank you.

ITEM 38(8): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET (WAILUKU FIRST FRIDAY EVENTS) (CC 15-164)

CHAIR HOKAMA: May I direct you now to BF 38(8), Members. This is also a communication from Mr. Baz, dated September 25th. And this is, again, a Bill for an Ordinance Amending Fiscal Year 2016 Budget as it Pertains to Office of the Mayor, Economic Development Program, Department of Planning, Administration and Planning Program. And the purpose of the bill is to transfer \$25,000 from the Office of Economic Development and then this would be then transferred to the MRA, Maui Redevelopment Agency, specifically for Wailuku First Friday events. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair and Members. You heard testimony this morning from people involved with the MRA as well as the Wailuku First Friday event. We also have

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the Department of Planning here as a resource if you need. But basically this money has been provided through Department of Planning's MRA line item funding for many years. The request was made to move it to OED during the Fiscal Year '16 Budget so we moved it to OED during the Fiscal Year '16 Budget not realizing an unintended consequence that they would no longer be able to apply for the HTA money if they received money from the Office of Economic Development County money. I did verify that this is a, an HTA CPEP rule. All of the counties in their grant applications have that same restriction in there. So we are requesting that for the Wailuku First Friday to be able to utilize the monies, that we transfer this back to the Department of Planning for their management and then they'll be able to still apply for the HTA grant monies as well.

CHAIR HOKAMA: Okay, thank you. We have the Deputy of Planning. You want to come forward and share any comments? We appreciate your presence, Deputy. We have the Deputy Director of the Department of Planning joining us, Ms. Chouteau. If she would please, if any, share some comments with us regarding this proposal.

MS. McLEAN: Good morning, Chair, Committee members, thank you. We just agree with the presentation that the Budget Director gave. They are monies that the Planning Department had administered before. There seemed reasons to shift it over to OED but as we found out, there is a problem with that. So we're happy to take it back and to continue to administer it as has been done in previous years.

CHAIR HOKAMA: Okay.

MS. McLEAN: Thank you, Chair.

CHAIR HOKAMA: Thank you very much. Thank you, again, and thank you for being here. Mr. Victorino, any questions for the representatives?

COUNCILMEMBER VICTORINO: Thank you. And I glad that was finally resolved because I had been told by the Hawaii Tourism Authority that that was one of the criteria's and that we were going to lose it. And as you well know, the Wailuku First Friday is the mother of all the First Fridays here in Maui County and somewhat successful, very successful overall. It has been revitalizing Wailuku Town in general and it helps the merchants as well as helping nonprofits and others show their wares. You know, we've attracted many, many visitors, you know, and considering Wailuku Town is out of the visitor areas, it is a real pleasure to see them come and enjoy and partake in what I call a good, true First Friday. Now I know Kihei has and other areas have 'em now and that's great because I think it helps really showcase what Hawaii and the local merchants are all about, like first, you know, Made in Maui and all those other events. So I'm glad we resolved this 'cause when I was told this about a month and a half ago, that we were going to lose the funding, I wasn't quite happy, right, Michele? I wasn't happy about it and I was like, what did we do now? And sometimes these are the unintended consequences we come across by doing and shifting monies, thinking that this is the better way to do it and now we find out the results. So I'm glad we can resolve it and I fully support this. I want to see the First Friday continue in all of our districts and all of our little towns, whether it's Makawao, wherever. I want to see 'em

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continue because I think this is one of the unique events that Maui County puts on versus our other counties. So I'd love to see this continue, so thank you very much for the correction, and I will be most happy to support this, Mr. Chair. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions on this request? Ms. Baisa?

COUNCILMEMBER BAISA: No, thanks.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, not really, Chair. But this is definitely a good move on our part. Just curious, the HTA funding, what that is, if anyone might know?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Mr. Chair, you mean HTA funding, what the source of the funding is or...

COUNCILMEMBER COCHRAN: No, how much --

MR. BAZ: Oh, how ...

COUNCILMEMBER COCHRAN: --are they receiving?

VICE-CHAIR WHITE: It's about 400,000.

COUNCILMEMBER VICTORINO: Yeah.

MR. BAZ: Yeah.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. BAZ: Well, the County's receiving 400,000 total.

COUNCILMEMBER VICTORINO: Yeah.

VICE-CHAIR WHITE: Right

MR. BAZ: The organization, for Wailuku First Friday, I think it was 20,000 --

COUNCILMEMBER VICTORINO: Yeah.

MR. BAZ: --from my recollection.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. BAZ: Yeah.

COUNCILMEMBER COCHRAN: And then the 25 from us?

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MR. BAZ: That's correct.

COUNCILMEMBER COCHRAN: Okay. Alright, very nice. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. Couch? Ms. Crivello?

COUNCILMEMBER CRIVELLO: No.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. Is this a new restriction by HTA?

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you. So the restriction was discussed last year, during the 2014 calendar year, and the, as Ms. Sugimura had mentioned, the board decided, you know, earlier this year, that that restriction was going to be at least stayed for another year. So we'll figure out if Mr. Szigeti is going to be working on changing the rules for future years or not. But this year, at least, they're still, all still eligible. But, yes, it was, I think it was a rule that was created in 2013 and 2014. I can go back and look at their minutes.

VICE-CHAIR WHITE: Yeah, I just wasn't aware of that one. I know that they've, HTA has been threatening to cut off events that have been funded for, I believe, four years or at the point of four years, and through a letter writing campaign, we we're able to roll that back with the help of Hawaii County and Kauai County. But this is one that I wasn't aware that they were --

MR. BAZ: Yeah.

VICE-CHAIR WHITE: --focusing on.

MR. BAZ: Yeah. Mr. Chair? This is one of those four-year grants. Since they've been receiving it actually over four years, that fourth year would have been, you know, this past year. So that's the same rule that you're talking, that we're talking about. So that letter writing campaign was able to stay off the implementation for at least a year but we're not sure if the ...

VICE-CHAIR WHITE: But the explanation that was given earlier was that this, that they could not receive a CPEP grant if they received money from the County.

MR. BAZ: That is an existing rule and it's been around for quite a while. I don't know exactly, I think it was, I could go back to applications from like 2007, 2008 and see that that rule was in there. It's very specific in the grant applications that it's not that

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they can't receive money from the County, it's that they can't receive money from the office that oversees the CPEP money.

VICE-CHAIR WHITE: Ah, okay.

MR. BAZ: Yeah.

COUNCILMEMBER VICTORINO: Remember that?

VICE-CHAIR WHITE: Okay. Yeah, that makes sense. Well, I think it's important for the people of Maui County to know that Maui County provides more funding to this type of event than HTA does by a fairly considerable measure, so.

MR. BAZ: Yeah. Thank you.

VICE-CHAIR WHITE: Thank you, Chair.

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: Thank you. One second.

COUNCILMEMBER VICTORINO: Okay.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: I'm okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Mr. Victorino?

COUNCILMEMBER VICTORINO: One more thing, you know, and I want to make sure that people understand that there's also other requirements. One of 'em is a thousand surveys have to be done before the end of each fiscal year to be submitted because my Committee has done that for the past two years and that's over a number of nights that we have to be out there and doing these surveys. And we've asked for that to be changed. I've written letters asking for that to be changed because you trying to get surveys and the survey is very simple. Where are you from? Why are you here? And did you enjoy yourself? Well, that doesn't tell us a lot, you know, I mean, it tells us where they're from and it's not just visitors, they are willing to take local residents too. So it's a lot of work and I don't see the value in it. And I, you know, Mr. Baz may be able to elaborate a little more, but that's one of those issues that, not just for, and I imagine this goes for the other First Fridays that go on, it's like, this is a lot of work and, you know, what kind of results, what tracking are you using this for? And so that's been my question to the Hawaii Tourism Authority is what's, what is this all about? But maybe Mr. Baz can give more insight to that. Thank you, Mr. Chair.

CHAIR HOKAMA: Mr. Baz?

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MR. BAZ: Thank you. I'll try to be brief. So basically with every government grant, there's, we have to hold some kind of accountability measure, right? And HTA, they're looking for, you know, this is product enrichment, this is money that is supposed to be helping our product, right, Maui, you know, specifically our environment, our culture, our, you know, efforts to be able to attract tourists. I mean, that's really what HTA is about, and so that's why they're asking where the people came from and that kind of stuff, if you enjoyed your event or not. They, it's just, as probably as easy of a survey as you could do to still get some kind of accountability 'cause it is government monies and we do want to make sure that people are spending it, not just appropriately by seeing the receipts that they're sending to us to get reimbursed but also that there's a decent outcome to it. So that's why. I'm not sure why a thousand, but it should be based maybe on the amount of money you receive or people you're expecting at an event or something, but yeah.

COUNCILMEMBER VICTORINO: Alright. Thank you, Mr. Baz. Thank you, Chair.

CHAIR HOKAMA: Okay. Ms. McLean, you have anything you want to share? I mean, we're happy to hear your comments.

MS. McLEAN: No. As Councilmember Victorino pointed out, the Wailuku First Fridays have been hugely successful for Wailuku Town and also being the parent of the other First Fridays and other communities that have also been very successful, including the occasionally Fifth Friday on Lanai and we're very happy to support it. It doesn't make a big difference to us in particular where that money is administered and so if there are good reasons for it to come out of Planning within the scope of the MRA, we're happy to keep it going. Thank you.

CHAIR HOKAMA: Thank you. Any other comments or questions for Mr. Baz, Ms. McLean, Members? If not, please look at your correspondence dated October 12, 2015. Again, working with Mr. Baz, we have a further, the most current revised bill that's take into account the revisions we have recommended, working with Mr. Baz and his staff, and so this is the vehicle. As you notice, we've made adjustments not only in the language proviso but also with the appropriate appendixes, Appendix C, for the budget document. The Chair is open now to a motion to recommend to Council first reading of the revised bill as attached to correspondence dated October 12, 2015.

VICE-CHAIR WHITE: So moved, Chair.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR HOKAMA: I have a motion made by Mr. White, seconded by Mr. Victorino. Members, any further discussion on the motion before you? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: "Aye."

CHAIR HOKAMA: Opposed say "no." Motion passes with nine "ayes."

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opinion, allow this County to utilize a recognized purchasing agreements that other counties and other State governments utilize across the country. So we'll have the discussion, 'cause one of the things that I believe also in the statute says that our CPOs must follow the charter and county ordinances. And so maybe we need to enact county ordinances that directs the Department priorities and what to utilize for purchasing agreements as well as to seek the lowest possible cost to the tax base 'cause I have yet to see how the State is going to explain why they want the taxpayer to pay more for something they can get for less. So that's one of the big issues that your Chair has had from the times of the late Mr. Nakasone and his understanding of the procurement law, as well as consideration if we should take the State to court on this item. So be ready for some comments, Mr. Ueoka. Mr. King, Mr. Walker, thank you again. We appreciate your presence and I know that you folks work with this parameters, the confinements of which, for me, the State Procurement Officer has no jurisdiction over the County. We have Mr. White and Mr. Agsalog as two Chief Procurement Officers for the County from each branch. At this time, we do not have anyone from Water Department, right, that has a CPO designation in this County? Mr. King?

MR. KING: Yes, Chair Hokama. The Water Department, unlike the other counties, is not semiautonomous. They are a department. When they went from semiautonomous status to department, we, because they had an existing procurement staff, they do a lot of the procurement function but the contracts are all signed through Danny Agsalog, which is the Chief Procurement Officer for the Administration.

CHAIR HOKAMA: Okay, thank you. So, Mr. King, Mr. Walker, why don't you share with us your thoughts regarding the procurement law and how you would possibly recommend some options on how this County can utilize, you know, proper purchasing agreements to get the best cost possible for the taxpayers of this County.

MR. WALKER: Good morning, Mr. Chair. Mark --

CHAIR HOKAMA: Good morning

MR. WALKER: --Walker. Committee Members. I'm gonna, you know, Mr. King as the Central Purchasing Agent is the most knowledgeable one here so I am going to defer any comments I have to him.

CHAIR HOKAMA: Okay, thank you very much. Mr. King, we'd be open to having your comments, please.

MR. KING: Okay, Chair Hokama, thank you, and, Committee Members, thank you for having me. I had recently received an e-mail regarding this issue and my response to that was, after looking at it closely...to give you a little history, the State has set up a procurement, cooperative procurement agreements with a company, with an agency called the WSCA, which stands for Western States Contracting Alliance and they're also aligned with NASPO, which is the National Association of State Procurement Officers. And because the County has traditionally been under the umbrella of the State procurement regulations, we've always participated with the WSCA contract. I

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was asked recently whether there was a possibility of us being able to use somebody else, or another cooperative purchasing agency, and when I looked into it, into the law, in the past, the previous, the current head of the State Procurement Office and the previous head of the State Procurement Office, their interpretation of the existing law is that the County of Maui has to be named, it has to state County of Maui in the initial solicitation that goes out. Now a lot of these contracts are long term so the opportunity to participate can be a long time before they go out to renew because usually these contracts are negotiated for, again, for a long period of time and they're negotiated for discounts off of list prices versus, okay this year the Dell model so and so is 800 bucks and then we have to go out to bid every year. So that's not the way they're set up. The, so both Aaron Fujioka and the current SPO Officer, they, Sarah Allen, they both have opined that we have to be named in the original solicitation. Now when you look at the law, the law says, under Hawaii Administrative Rules 3-128-2(b)(2), states, the external procurement unit complies with its respective public notice requirements and includes the public procurement unit in its notice and solicitation as a participating entity. So I just raised the question, it doesn't state that the County of Maui has to be named and most of these solicitations have, they don't state the County of Maui but they say, they state something, a state or county agencies, or something to that effect, or I think one of the U.S. Community contracts I looked at says, on behalf of other government agencies. So my question to, I guess, Corp. Counsel or whoever is, could we use that, is the State interpreting this section too narrowly and could we interpret it a little broadly and not get in trouble? And so that's kind of where I am with that.

CHAIR HOKAMA: And thank you for those comments, Mr. King. And, again, I appreciate you giving your comments and another way for us to consider it. So before I ask the Members for some of their questions and possible comments, Mr. Ueoka, hearing what Mr. King just shared with the Committee, since again, we heard that Mr. Fujioka opinion is very narrow, what is the, is there any issue for the County to look at it in a more generic and broader sense so that we can, again, have the benefits? I know we've asked NACo, in the future that all RFPs that go out for public purchasing, proposals, that the County, all counties of Hawaii be listed in the solicitation. So in the future, I'm sure that eliminates any concern. But currently, if Mr. King is presenting a reasonable option, which is to have a different opinion of the statute, is this something that your Department is open to?

MR. UEOKA: Thank you, Chair. I haven't spoken to either of my bosses about this but looking at the plain language of the administrative rule, it strictly says, and includes the public procurement unit in its notice and solicitation as a participating entity. Based on the State Procurement Officers, that's the State Procurement Officers' interpretation. I could see how it could be open to a broader interpretation. Again, though, if we were to give an opinion that it was proper to take part in the, another external procurement unit that broadly named the County, in the sense that it just said, all counties, or all associated counties of the association, it would still, if it were questioned and we were to go to court, it would be a matter decided by a judge and not necessarily by us. But based on the language in the Code, it doesn't specifically say that each county must be named individually or anything to that, it's, it is rather broad and saying, it includes the public procurement unit in its notice. So as to the

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sufficiency of what includes means, that would be ultimately a matter of interpretation up to a court. Thank you, Chair.

CHAIR HOKAMA: Okay. And one thing I would like you to comment on, because one of the interesting things that the statute, 3-, or is this the rule 3-128-2, when you look at Subsection D, under the term "piggyback" defined as procuring goods, services, or construction using another agency contract without prior public notice and intent to participate. So if this Council adopts a resolution and we put forth a public notice with intent to participate, does that satisfy the State more specifically? 'Cause we're gonna be open and say, yeah, we intend to ____ NACo's purchasing agreement. As of this date, we would give our taxpayers a decrease cost in expenditures for services or goods that otherwise we would pay more through the State's agreement. Would satisfy prior notice, we explaining our intent is to purchase at a cheaper price, does then that satisfy, 'cause we are going through a public notice and intent to participate before actually doing it? Mr. Ueoka?

MR. UEOKA: Thank you, Mr. Chair. It would sound reasonable to me; however, I'd hate to give you a answer right now 'cause I'm not sure if there are specific notice and intent requirements contained in 103D or the public procurement code or the administrative rules. So while it would sound reasonable that that would be definitely stating the County's intent and a resolution is public notice, I'm not sure if there are specific requirements within 103D for notice and intent. So I apologize.

CHAIR HOKAMA: No, I mean, that's why we seek your guidance and we rather you be candid with the Committee and if appropriate time and due diligence is needed to make the right recommendation, we understand. But my thing is, I don't have a problem pushing the line. I don't have a problem going to court. I don't have a problem changing the law. I just have a hard time explaining to the tax base why we paying more than we should. Mr. Victorino, questions, comment?

COUNCILMEMBER VICTORINO: No, I tend to agree with you, Mr. Chair, that it is time for us to really take a hard look at this whole system. We in the County have had to bear the brunt of extra costs just because they say we have to use this particular procurement and the system that they have in place. So we've been to NACo, we've seen the good things that the various organizations and purveyors can provide us through NACo, yet we're not allowed to use 'em. So I agree with you, Mr. Chair. I think the time is now to make that change and, you know, if Corporation Counsel can give us, and I would like to hear really, a definitive answer whether we can or cannot or, you know, how far we can go, you know, I think this is something that, you're saying that you need more time, and, if that's correct, Mr. Ueoka?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I guess right now my best suggestion, I know you guys wanna do it right now --

COUNCILMEMBER VICTORINO: Well, yeah.

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MR. UEOKA: --but my best recommendation would be lobbying the board to amend Section 3-128-2 of their administrative rules to either clearly define what including the public procurement unit in its notice and solicitation as a participating entity means or clearly broaden it to allow for what we would like to do. But that, to me, would be the cleanest, quickest way to resolve this. Thank you, Chair.

COUNCILMEMBER VICTORINO: Okay, thank you --

CHAIR HOKAMA: Thank you.

COUNCILMEMBER VICTORINO: --Mr. Chair.

CHAIR HOKAMA: We'll ask Mr. King--I believe he participates--can you tell us who makes up this board of procurement officers, please, Mr. King?

MR. KING: Chair Hokama, I assume you're referring to the Procurement Policy Board?

CHAIR HOKAMA: Yes. That is correct.

MR. KING: Yeah, the Procurement Policy Board's a, yeah, it's a State board that, their primary role is to write administrative rules for legislation that's passed. And it consists of, I'm on the board as a representative of the four counties in the State, and then there's a couple people on the board that represent the health and human services area. There's a person on the board that represents the military, or brings military, or Federal procurement experience, to the process. The State Comptroller is on the board and there's a couple of at-large positions. There's a total of seven people, seven positions on the board.

CHAIR HOKAMA: And you represent all the counties? You --

MR. KING: Yes.

CHAIR HOKAMA: --by yourself, of one of seven, speaks for all counties?

MR. KING: Yes.

CHAIR HOKAMA: We are outnumbered every single time, yeah?

COUNCILMEMBER VICTORINO: Chair? What is the at-large? Who, how do they determine at-larges?

CHAIR HOKAMA: We'll ask Mr. King if ...

COUNCILMEMBER VICTORINO: Yeah, Mr. King, what ...

MR. KING: It's through ...

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COUNCILMEMBER VICTORINO: You mentioned, at-large. So what is that comprise of and who are the at-large representatives?

MR. KING: They are actually vacant right now. The Procurement Policy Board, they have trouble getting people on the board. It's done through commissions, you know, like the State commissions and so, through, it goes through, the Governor or the people apply and then the Governor nominates, and then it comes to the, and then there's a commission that, similar the way it works here at the County of Maui.

COUNCILMEMBER VICTORINO: Is there any criteria, you know, like you have to have business experience ...

MR. KING: Yeah.

COUNCILMEMBER VICTORINO: That's what, I guess that's what I'm trying to get to, is there some criteria --

MR. KING: Yes.

COUNCILMEMBER VICTORINO: --at-large can be, you know a broad, very broad.

MR. KING: Yes. It's, yeah, you have to have...again, there's two positions that are related to health and human services so generally we get people on there that are connected to some nonprofit, big nonprofit.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. KING: And, again, there's a government procurement experience or Federal government procurement experience, and usually somebody's on there that has worked at one of the bases on Oahu, has been involved with Federal procurement. And then there's the county position and the comptroller, State Comptroller, and then the at-large positions, I'm not sure, I can't tell you exactly what, what it is but in the past we've always had people with...there's one, I think, one of 'em has high level, some kind of procurement experience. So we've had people that have been like consultants in the procurement industry on the board in the past.

COUNCILMEMBER VICTORINO: And how often to you meet, Mr. King?

MR. KING: Only...it's, actually it depends on what's going on in the Legislature. Some years we don't meet, hardly at all. Other years it's, it can be five or five times, yeah, so.

COUNCILMEMBER VICTORINO: Okay. I guess, Mr. Chair, that opens another Pandora's Box as far as I'm concerned because it doesn't sound like this is a very effective committee and I don't know what they seem to do because you don't even meet very often and if you meet, it's only because, maybe the Legislature wants to make a change and you wanna make some recommendations on those changes. Is that correct?

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MR. KING: It's, yeah, again, they have staff that drafts the administrative rules and then the Procurement Policy Board deliberates over those rules. And then every once in a while there's a contentious issue that comes up, for example, when the Akaku and Olelo, which is the Oahu equivalent, the SPO Officer at the time, Aaron Fujioka, decided that that should be bid out. There was a big fight over that and that involved numerous meetings and so forth, so.

COUNCILMEMBER VICTORINO: So what agency does this fall under, this particular board?

MR. KING: Administratively under DAGS.

COUNCILMEMBER VICTORINO: DAGS?

MR. KING: Yeah.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair. I'll let others ask questions. Thank you.

CHAIR HOKAMA: Thank you for those questions. Mr. Carroll, any questions for our representatives? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you for bringing up that point. I had my highlights in the handout that you gave us in regards to the, this chapter. And in regards to that piggybacking term --

CHAIR HOKAMA: Uh-huh.

COUNCILMEMBER COCHRAN: --because what crossed my mind was the bundling term that you use in regards to like you're saying, with other municipalities in the procurement and bundling of sorts to get the better cost at purchasing similar items that we all as municipalities need and buy. So I'd like to look into that, and then heard Mr. Ueoka's comments as in going...and then we're discussing who is this procurement policy board and I guess, best route to go, maybe lobby them in order to change verbiage in this particular legislation to help assist us as counties to better utilize, you know, purchasing power on our behalf for the best price for our taxpayers. So I like that discussion we're having. And looking, I actually went to the site to figure out, yeah, who is this board and who's on it. Yeah, it's sad. They had one meeting this year. Everything else has been cancelled. And this is dated 2009 so I think it's high time that it gets revisited and to get sorted out to see, you know, go with the times and utilize it in the best, what's the best opportunity for us --

CHAIR HOKAMA: Uh-huh.

COUNCILMEMBER COCHRAN: --to procure things in the best interest of our taxpayers' dollars, like you stated. So, not thoroughly maa to what all this is but happy to be here to learn and know more, but I really like that process of bundling or piggybacking, whatever it's going to be termed, for us to make the best use of our purchasing power. So, thank you, Chair, for that.

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CHAIR HOKAMA: Thank you.

COUNCILMEMBER COCHRAN: Those are my comments.

CHAIR HOKAMA: I'll go to Mr. Couch and then return to Ms. Baisa for her opportunity.
Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. You know, Mr. Chair, you mentioned, or actually it might have been Mr. Ueoka, mentioned that get a rule change potentially. I guess my question would be to Mr. King. Would changing the rules be quicker or easier than actually changing the law, asking the State Legislature to put something in the law? 'Cause we do have some, you know, track record of speaking with our legislators and getting some things done, so this might be something that they might, might be quicker to get that done that way?

MR. KING: Yeah, you know, I think the board is, you know, my, I've been on the board for quite a while and I think the board doesn't like to overstep what, the intent of the Legislature so, you know, that's why I emphasize that we're an interpretive thing. I could certainly put it on the agenda to try to change it at that level, although I'm, I suspect it will be met with a lot of opposition from Sarah Allen, who is the head of the State Procurement Office. She's gonna...the board is, you know, consists of people that are private citizens on a voluntary basis and, as such, they don't have time to sit and deliberate for, you know, like many boards, for hours and hours and hours. So they rely upon, they're gonna rely upon Sarah Allen's opinion over my opinion.

COUNCILMEMBER COUCH: And that's what boggles my mind, is to be able to get cheaper prices on a national wide basis and it's proven that the prices are cheaper, and that they would be against that. So that's why I would think that it would be better to go to the State Legislature and say, hey, can you fix this section? And, you know, when you look into the rules and the law, you know, 3-128-2(b)(2), it talks about procurement, public procurement unit or participating entity and I don't see a definition of either one of those. You know, I'm looking through the HRS, couldn't find it in there and the rules are, I mean, all I have is this three pages of the rules, so. Is there a definition that you are aware of of public procurement unit or participating entity? Because I can certainly define participating entity as any, as on the U.S. Communities list, other governmental, other state governments, that's good enough for me. I mean, I would, you know, defend that, be willing to defend that in a court if it's not defined somewhere. Maybe I just missed it.

MR. KING: Yeah, Councilmember Couch, the, there is, this is just one small section. The Hawaii Administrative Rules is this thick.

COUNCILMEMBER COUCH: Oh, geez.

MR. KING: So it's just one small section of it and there's a huge definition section in the front of all that and it's probably in there.

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COUNCILMEMBER COUCH: Okay. But then that would depend upon what that definition is, is whether or not the list that he talked about, U.S. Communities, would be, we would fit under that, but I see Mr. Ueoka chomping at the bit to talk.

CHAIR HOKAMA: Mr. Ueoka, you have a comment you wish to share?

MR. UEOKA: Thank you, Chair. They are defined in HRS 103D-801. I believe the issue isn't necessarily whether or not the other organization group qualifies as an external procurement unit, the question here is, were, was the County of Maui specifically listed or listed specifically enough on their initial notice sent out for procurement by that external procurement unit, which was U.S. Association of Counties or something- I'm not sure what the organization is.

UNIDENTIFIED SPEAKER: U.S. Communities.

MR. UEOKA: But that's the question, whether or not the County of Maui is specifically listed enough to satisfy the requirements of the Hawaii Administrative Rules in regards to cooperative purchasing. So that's kind of the issue here. Thank you, Chair.

COUNCILMEMBER COUCH: And thank you, Mr. Ueoka. As I was listening to everything I was going through and, yes, it's, I just happen to be on 13D-801 [sic] just before I asked the question so I didn't get a chance to look at it, and there it is, public procurement unit. But, still, I think it's still broad enough that whatever, I would be willing to ask Mr. Ueoka 'cause I trust his defense capabilities to defend that. We could use U.S. Communities at least.

CHAIR HOKAMA: Well I would say, the State also needs to look at how we went out and procured and how we approach our RFPs from the national standpoint. We are an active, dues-paying member of NACo. When the soliciting goes out, it is all for all members of NACo, okay. The main county is solicited on behalf of all its members because they pay attention to an LA county with 10 million people, procurers listen to their purchasing power. They'll listen to Cook County with 6½ million people. It's to our advantage to use the power of purchase through those large counties to get us the financial benefits of better rates and prices. I would say at this time, it is to the State's advantage not to make any changes because by using their purchase agreement, I believe they have a rebate program where the State makes money off of us when forcing us to buy at the more expensive price. It's a benefit of their program, purchasing program, the states get some kind of financial rebate. Is that a good assessment, Mr. King?

MR. KING: You know, I haven't been able to find out from Sarah Allen. I've asked her a couple of times of what exactly the rebate is or what they get back.

CHAIR HOKAMA: That's what all the other purchasing agreement people tell me, is why the State is hesitant, is because it's about money for them.

COUNCILMEMBER COUCH: That sounds like a huge conflict of interest to me, Mr. Chair, just out of curiosity.

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CHAIR HOKAMA: What's new, Mr. Couch?

COUNCILMEMBER VICTORINO: This is the State, right, Mr. Chair?

CHAIR HOKAMA: Yeah. What can I say? But, again, I think the tax base, once informed, will ask the hard question. Why do we need to pay more when we can get it for less? I think that's a great question from the tax base. Ms. Baisa, any questions at this time?

COUNCILMEMBER BAISA: No, Chair, but I am very excited about the idea of what we're trying to do here. It's really important. You know, if we can get the value of group discounts nationally, I think it's sad that we don't have it and I think that we ought to push for it and why not. You know, money's getting tight and the value of purchasing power, that kind of purchasing power that you mentioned, I mean, just the population numbers tells you that any good business would be smart enough to do business with a organization that represents that kind of purchasing power. So, thank you. Thank you for bringing it up. I think it's very important.

CHAIR HOKAMA: Thank you, Ms. Baisa. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No questions except will Mr. Ueoka or his Department help us usher this through if, that, we decide to push through some changes or what have you or at least ...

CHAIR HOKAMA: They're our attorney, we're the client. They shall perform accordingly, by Charter.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. I totally agree with you that we should be able to shop where the price is the best. But I also feel that we shouldn't be limited to either U.S. Communities or the Western States.

CHAIR HOKAMA: I agree with you, the best price possible.

VICE-CHAIR WHITE: We should be able to choose whichever one offers the best --

COUNCILMEMBER BAISA: Right.

VICE-CHAIR WHITE: --price for the --

CHAIR HOKAMA: Absolutely.

VICE-CHAIR WHITE: --for the, or the best product.

CHAIR HOKAMA: Absolutely.

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VICE-CHAIR WHITE: But I have a couple of questions. Under, in this handout, on Page 28-2, or 128-2, it states, cooperative purchasing subject to prior written approval of the Chief Procurement Officer. Is that Chief Procurement Officer the State's Chief Procurement Officer or the County's?

MR. KING: I believe it's the County's. And so we participate...they've kind of set up all the cooperative purchasing agreements in the last five or ten years to where everybody's automatically included and because the majority, I think just about all of the contracts are voluntary, they're not mandatory, and so --

VICE-CHAIR WHITE: Uh-huh.

MR. KING: --we just automatically sign up for everything so, and we're automatically on everything. This is when, I'm talking about WSCA and NASPO contracts.

VICE-CHAIR WHITE: Right. But if we're automatic, automatically included in those, why are we not...I mean, I understand why we're not included in the U.S. Communities one, still don't accept that we, you know, we shouldn't be able to sign up there, but. And then my other question is regarding the piggybacking. You've been in this for a long time and I think all of us really appreciate the amount of knowledge that you've got on, both on current law and the historical perspectives. What is the background on not allowing for piggybacking? 'Cause it seems to me that we should be able to, if there's a contract out there that's been put in place by U.S. Communities or WSCA, that we should be able to piggyback if we so choose. And why is that prohibited?

MR. KING: The only argument I ever heard was from Aaron Fujioka, the previous SPO who was there, he was the head of the SPO, State Procurement Office for a long time, and his argument was that that the State wanted to control the cooperative purchasing agreements because they wanted to ...*(inaudible)*... They wanted to protect, make sure that the ones they were participating in weren't hurting local businesses. Now the thing is is that's really not a great argument because the, you know, most of the ones we participate in are big contracts with companies and there's very little manufacturing in Hawaii anyway so there's not a lot of risks there anyway so we're participating with contracts for computers and for auto parts and for things like that that are already huge national, and sometimes international organizations so that's kind of a weak argument. But that was the only one I heard.

VICE-CHAIR WHITE: So is it your feeling that we should be looking at eliminating the ...

MR. KING: Yeah, I'd be happy to compete. I like your idea of, you know, we look at, we have a, we're going to buy 500 computers and, for a year, whatever, and we go and get a quote from WSCA and we go get a quote from U.S. Communities and whoever, yeah.

VICE-CHAIR WHITE: Yeah. I mean if we don't have these external procurement organizations feeling like they need to compete for our business, then they're not going to change their prices and the State's the winner because they get, probably get a

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premium on everything we purchase. So I'm with you, Chair. I think it's time to either change the rules, change the statute, or just ...

CHAIR HOKAMA: I think you brought up a good example 'cause I can recall from my time as Chair--I don't know about Ms. Baisa and yours, Mr. White--on this State contract on preferred car rental. I don't remember signing off as the Chief Procurement Officer of the Legislative Branch to be part of that contract.

VICE-CHAIR WHITE: No.

COUNCILMEMBER BAISA: No.

CHAIR HOKAMA: But we're allowed to use that benefit. We weren't, I don't remember the County being specifically solicited to sign at the original procurement request.

VICE-CHAIR WHITE: Yeah.

CHAIR HOKAMA: I didn't sign anything. I don't know if you guys signed anything. So that was a good point. Where is the signer from the Chief Procurement Officer that the statute requires?

VICE-CHAIR WHITE: Right. So if we've not been advised of or asked for concurrence on any of these issues, then why should we be held to decisions that they make at the State level?

CHAIR HOKAMA: I think Mr. King used the right word, control. The State wishes to maintain control.

VICE-CHAIR WHITE: Well, I'm sure Mr. Ueoka and the Corp. Counsel can come up with --

CHAIR HOKAMA: Uh-huh.

VICE-CHAIR WHITE: --an opinion that allows us to move forward with U.S. Communities, and based on the fact that we are a separate government entity and we have to follow the procurement law but I'm not sure that we have to necessarily follow the rules that are promulgated by the State alone for their own benefit.

CHAIR HOKAMA: I think if you look at the statute, there's provisions where Mr. King must take into account requirements by Charter, by County ordinance, also, in his decision making. I think that's very clear in the statute --

VICE-CHAIR WHITE: So ...

CHAIR HOKAMA: --that he must abide within the charter and the ordinances of the counties.

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VICE-CHAIR WHITE: So are you, Chair, making, asking for approval of a motion to put in ordinance that our procurement officers must apply to external procurement entities of all stripes?

CHAIR HOKAMA: I was, we're gonna ask you to, later to defer this item and allow us and the Committee some time to maybe come up with couple of proposals, more than one, and to see what makes sense for this County's benefits.

VICE-CHAIR WHITE: Yeah.

CHAIR HOKAMA: 'Cause currently in this State, the biggest user beneficiary of U.S. Communities, because of its pricing, are nonprofits. And the Bishop Estate is the biggest nonprofit that uses our contract to the maximum benefit, Bishop Estate.

VICE-CHAIR WHITE: Yeah.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Just a quick note on the administrative rule, Mr. White, they're done by the State; however, once adopted, they usually have the force and effect of law. So we are required to follow them. I have no opinion on whether or not they are drafted to the State's advantage or not, that's separate, but I just wanted to state that.

VICE-CHAIR WHITE: Mr. Ueoka, I realize that I was going a little beyond but I was just trying to make a point.

MR. UEOKA: Thank you.

COUNCILMEMBER VICTORINO: Wow, that's _____.

VICE-CHAIR WHITE: And I was told by...well, I won't name who it was, but somebody in your Department that at least at a county level, the rules do not have the force and effect of law and that they are, whether they are enforced or not is up to the department head, which blew my mind. But I just assumed that if that's the case for the County rules and Hawaii Administrative Rules are the same level. Anyway ...

CHAIR HOKAMA: Mr. Guzman?

VICE-CHAIR WHITE: I'll leave that alone. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you, Mr. White. Mr. Guzman, any questions or comments at this time?

UNIDENTIFIED SPEAKER: Stay out of that one.

CHAIR HOKAMA: Anyone else? Mr. Victorino? Anyone else wish to give additional questions or comments? Again, the Chair appreciates the discussion. I think this

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County always tends to take the lead on trying to be very frugal with our money and, for me, this is one way of continuing to do more with less for our citizenry, tax base. So I'm going to pursue this and come up with some options and also, if appropriate, ask Mr. Victorino to ask our sister counties whether or not they would like to consider similar options and considerations for their benefits. Mr. Walker, any other comments you wish to give before we terminate discussion on this item?

MR. WALKER: No, none. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. King, anything that you would like to either recommend or make sure we are aware before we complete discussion on this today?

MR. KING: Yeah, I guess my only thing is, there are a lot of cooperative purchasing organizations out there. I went to a conference a couple of years ago and there's seven or eight or nine of 'em and it would, at some point it would get prohibitive if we were required to pursue quotes from every one that's out there. So maybe if you could keep it to three or something or something like that.

CHAIR HOKAMA: Uh-huh.

MR. KING: That would be my only comment.

CHAIR HOKAMA: No, again, I would prefer to work with you and get your experience and institutional knowledge, Mr. King, to assist us in putting forth a good proposal for consideration. So we will be working with you to capture your experience in this matter. Any other comments, Members? If not, with no objections, we shall defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Thank you.

ITEM 57: CONTRACTS FOR THE COUNTY'S TELEPHONE SYSTEM (CC 15-251)

CHAIR HOKAMA: The last item is BF-57, under the heading of Contracts for the County's Telephone System. And it is one of your thick binders, which is just on one item. Okay, Members, the last item of the day is from a communication sent by your Chair regarding the contracts of the County telephone system. And today we appreciate Mr. Verkerke's presence so we can have some understanding of how we got here. And, for me, it's my, again, trying to get an understanding of how we got to this point and all of us still working with the bugs. I'm sure we all got the memo; we having phone problems again today. So according to this is, we can...we having difficulty receiving incoming calls from the outside. And so I'm just trying to figure out what happened

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and why is the vendor not providing us a system that should be better than the old system and some of the issues that we've had in other meetings by the Council regarding concerns regarding the new system. So I'll ask Mr. Verkerke if he has anything he would like to share in his opening comments regarding the review of this item please. Mr. Verkerke?

MR. VERKERKE: Good morning, Chair.

CHAIR HOKAMA: Good morning.

MR. VERKERKE: Good morning, Members. I don't have any opening comments 'cause I have precious little information as to what intent of the discussion may be. So I'll do my best to give you answers that may be helpful. Thank you.

CHAIR HOKAMA: Okay. Well, let me just start off and then I'll have the Members present their either comment or a question. Is it correct on this Committee's part in understanding that originally what was solicited from the County was a contract for a communication system for the Department of Police? That was the original procurement or request for proposals?

MR. VERKERKE: Mr. Chair? No, I don't think that that's a correct understanding. If I may, I'll give you a little bit of the history.

CHAIR HOKAMA: Please, we would appreciate that.

MR. VERKERKE: It's been clear to those involved with the phone system support, and at the time that was mostly outside vendors directed by Mr. King, who through a weird quirk of fate inherited the responsibility for managing the phone system. That, the existing phone system was aging and was in need of replacement. When the construction of the police station was about to commence, conversation started as to what kind of phone system should be installed, especially with the recognition that the existing phone system would most likely be replaced at some point, would it make sense to go and spend money on an older technology to match what we had or would that be the opportunity to bring in a new phone system for the County? So the RFP that was developed was able to provide specifics as to the needs for the Kihei Police Station and it was recognized that in order for that system to really support the functions of the Police Department, we had to include the Wailuku Police Station and we had to build a core capability that would be the foundation for a Countywide system. So the RFP had specific quantities and estimations to meet that initial Phase I objective but it was very clear that it was going to be a selection of a system that was going to ultimately meet the needs of the whole organization. It was intended to be implemented throughout the organization. So we asked for proposals for a system that would meet the needs using, you know, modern technology, of the County of Maui. Focused on what it would take to implement that within the Police Department but establishing at the same time a price list, a purchasing vehicle very much like what we've been talking about, or you've been talking about in the previous item, that would allow use to establish the ability to purchase against a list of products that were, fit in with the system that we were going to select but that had been established in a competitive

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manner. So the contract became a miscellaneous contract. You will notice that its number is not a C something-something number but it's an M number. So it's contract M-10-13, a miscellaneous contract, that allows us to use the competitive process that established that contract to build out the system initially in the Police Department and then continuing on for the rest of the County, 'cause we didn't want to risk, want to run the risk that at some point through procurement law, we were going to end up with two systems. If we're gonna go out for a separate procurement competitive bid on the system for the rest of the County, we may, not very likely, end up with a different system, but it was quite likely we would end up with a different vendor and that would mean that a whole bunch of knowledge that was gained in the original solicitation and the original implementation would have to be reacquired by the vendor and that it would really be very disruptive in the process of replacing the Countywide phone system with something that was more modern. So the vehicle of a miscellaneous contract served our needs and we ended up with a system that we, in spite of perhaps the occasional hiccup, that we feel will meet the needs of this organization for quite some time.

CHAIR HOKAMA: Okay. So how do we explain, because I've had queries to my office, that it wasn't clear and that if it was proposed that this would be part of a Countywide system proposal at the end of the day, entities would have given us, we would have received additional proposals of entities who were interested in giving Countywide service and not a departmental thing? So how do we respond to that? 'Cause that's the kind of questions I get from outside companies that said, we would have put in a proposal, Chairman, if we knew this was for the whole system.

MR. VERKERKE: It's hard for me to put myself in the frame of mind of interested parties. The parties that did respond were very aware of the intent. We had a bidders conference where questions by the vendors were posed and answered as best we could. And during that conference, we made it clear that this was the first step in a process of implementing a completely new phone system Countywide. So I'm at a loss to explain why people would not have recognized that from the start. And the bidders all clearly gave evidence that they understood that and the finalists --

CHAIR HOKAMA: Uh-huh.

MR. VERKERKE: --were very on point in their presentations.

CHAIR HOKAMA: And I appreciate your response, Mr. Verkerke. Mr. White, any questions for Mr. Verkerke at this time?

VICE-CHAIR WHITE: None that come right to mind. I'm, I was looking to see if we had a copy of the RFP.

UNIDENTIFIED SPEAKER: Yes. Black tabs.

CHAIR HOKAMA: Yeah, just so you know, Members, the Chair will be working with Committee Staff through the documentations. We are going to make a timeline, from the time this started --

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VICE-CHAIR WHITE: The black tabs are not the...

CHAIR HOKAMA: --to where we are today.

VICE-CHAIR WHITE: The black tabs are the response or the proposal. It's not the original RFP. Do we have a copy of the original RFP?

COUNCILMEMBER COUCH: That is.

CHAIR HOKAMA: Mr. Molina, do we have it in the documentation we handed out?

COUNCILMEMBER COUCH: That is.

CHAIR HOKAMA: You had a reference point, Mr. Couch?

COUNCILMEMBER COUCH: The one I have says it's the RFP. It's the actual RFP. But maybe I've got the wrong one. Page ...

VICE-CHAIR WHITE: I guess ...

CHAIR HOKAMA: That's on, after tab one?

COUNCILMEMBER COUCH: Yeah.

VICE-CHAIR WHITE: Yeah, I was, because it follows the proposal sheet for, or from the Pacific Data Systems, I assumed that that was their response to the RFP. So, you may be right, Mr. Couch. Well, we gotta, we got a lot of stuff to look through, so.

CHAIR HOKAMA: Yeah. 'Cause I see the part where, Mr. Verkerke, so if you look at the 1.1 on that page, it says telephone solution to MPD and Maui County, RFP provides vendors with relevant operation performance, application, architectural requirements of the system. It is expected that the new system will offer advance, adaptable, flexible, scalable telephone capabilities to serve the many County departments--okay, so that's where, you know, I can see the point--many County departments and facilitate the introduction of new telecommunications capability. But if you look at the following sentence, it is only specific about the Police Department.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR HOKAMA: For two police stations.

COUNCILMEMBER VICTORINO: Right.

COUNCILMEMBER COUCH: Yeah. But if you look on Page 8 of 61 of the same document, number 2.3, the last paragraph, it says, depending on how successful it was, it's gonna go Countywide.

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CHAIR HOKAMA: Okay, very good.

VICE-CHAIR WHITE: Yeah, so I don't have questions. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No questions.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: No questions.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And I guess my one question is, are Kihei and Wailuku Police Stations having similar issues as we are in this building with the phone system?

CHAIR HOKAMA: Mr. Verkerke?

MR. VERKERKE: Mr. Chair, the problems this morning were quickly resolved by rebooting a switch in the overall architecture of the system. We're dealing with technology and technology is fallible at times. I think we will all recall situations where the traditional phone system would always, would also fail us at times by, you know, circuits not operating correctly and what have you. I think, Mr. Chair, on Lanai we've seen a lot of evidence of --

CHAIR HOKAMA: Uh-huh.

MR. VERKERKE: --the traditional phone system being less than as reliable as we'd like it to be. In general we believe that the system is going to be quite robust. Now that we have largely completed the implementation, we will go back to examine how effective the redundancy aspects of the design service, and my question to my staff this morning was, let's sit down and figure out why the telephone system didn't failover to another switch 'cause we have redundant switches. There's always a period of stabilization, if you will, after something is implemented to make sure that everything functions as intended, so, and that's the phase that we're entering now, the stabilization phase to make sure that all the I's are dotted and the T's are crossed. So the, an occasional hiccup is likely to happen but this was very limited, and so I have no information that would suggest that areas in Kihei and the police station in Wailuku were affected this morning.

COUNCILMEMBER COCHRAN: Okay, thank you. Yeah, I'm not aware of what the bug is this morning. I wasn't, I'm not, I don't know what that entails but I guess my point is, there's been simple, just everyday, I guess, disruptions, I'd say in our phone system with the new turnover, and as Chair mentioned, that we were hoping, I mean it would make sense that we had something of an improvement in the new system. But as far as just on a personal level through my office, I've seen just, for me, very basic

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functions that aren't functioning like it used, which, you know, for example, one thing, obviously, the incoming calls thing. My office was not receiving any messages. Obviously, there's times we're not in office and usually we get numerous and there were zero, which was like, whoa, that's nice, we must be doing something right, but actually the calls weren't coming through. And number two, when I get a call on my phone and it state's my office is calling, one of my EA's number, you know, it's programmed in my phone, it's actually any of the Councilmembers' office calling. So I'm like, hey, Sarah; oh, no, it's Don Couch; oh, hey, Don. So that's kind of a weird set up there, to me, that each individual office has its own main number, but yet when it shows up on my phone coming from any office, it's, it looks like it's my personal office calling but it's not. So I don't know how that, if that's one of those bugs or, you know, dotted I and crossed T's that can be adjusted in this system. Do you know?

MR. VERKERKE: The later issue of which identity displays when a call is made is a configuration item and we have received a number of instructions from Council staff, Council Services staff that don't always make a lot of sense and we're trying to work through another set of instructions right now where we dealing with unintended consequences. So my staff is trying to figure out exactly what the intent is, 'cause we're getting new instructions fairly regularly. And that is typical, perhaps not to the degree that we're going through that right now, but it's typical of a new system as people start understanding how it works and what they really want to accomplish. So that, yes, to me, is all part of the stabilization phase, making sure that it works how you want it to work and that it's configured properly.

COUNCILMEMBER COCHRAN: Okay.

MR. VERKERKE: A challenge in that aspect is that while we're finishing the transition from the old system, there are still a number of circuits and there's still a number of numbers that have to pass through the old PBX system in the basement of this building. So some of the functionality that will be available when that process is completely finished is not available because there's a pass through through all the technology. And so that's just, you know, we have to take one step at a time and put one foot in front of the next and then the next. And so all of that will improve. We're not quite completed with retiring the entire system. There's some fax numbers hanging off of the old system and what have you. So if you'll report, you know, the challenges that you have to our staff, we'll work with the vendor, we'll work with the capabilities of the system, make sure that you get what you need.

COUNCILMEMBER COCHRAN: Okay. Thank you, Mr. Verkerke. And I know it's a process and you're working through, which, you know, as diligently as you can. So I kind of look at it as it seems like if you call a hotel, KBH, Marriott, for example, and you get the main line and you ask for an extension or they send you to that particular office or what department or what have you, 'cause that's what it seems like our main numbers are in each office, but then there's no menu. When I call and it goes to the recording, it's like, please enter the extension number. It's like, well what, whose extension, give me menu so I can if I need to, but just to get to my own office, I have to do that. So it's odd and it's kind of cumbersome in a sense. So that's just my comments, Chair, and hopefully we can address that. Thank you.

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CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. I guess I've been blessed because we don't seem to have a lot of problems in our office with the telephone. And so, really, I have no questions. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any comments or questions?

COUNCILMEMBER CARROLL: No.

CHAIR HOKAMA: Okay, thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: No, I heard Ms. Cochran's concerns. I know when my office calls now, I have a central number that appears. There's not my office number that appears, it's a central number, and so I think that's the way it works. Then you gotta listen to the message or realize who's calling you to call back. And then there is no real menu in that central number. You call that central number, there's not a menu to work off. So maybe that's what we need to look for, is a menu so that when people return calls, especially the public, that they can be directed to whomever, just like what your KBH and my insurance office has the same thing, you call the central number and then it'll tell you if you want so and so, dial this extension, you want so and so. That's what you're referring to, a menu of options. And I guess, Mr. Verkerke, you may be working on that right now but I think that would be the suggestion. That's the only suggestion I have. Thank you, Mr. Chair.

CHAIR HOKAMA: Okay, thank you. Mr. White, any further comments or questions?

VICE-CHAIR WHITE: No, I know that our office has requested some adjustments that were made. Mr. Verkerke was very, or his staff were very responsive in turning off the ability for anyone to go on their computer and look at all the calls made by any other phone. But other than, I'm not aware of adjustments to how a phone setup would normally work. So I'd be happy to look into it because it sounds like we've got some quirks. And if they were generated by our --

CHAIR HOKAMA: Uh-huh.

VICE-CHAIR WHITE: --staff then --

CHAIR HOKAMA: Uh-huh.

VICE-CHAIR WHITE: --then we'll have to fix that. Thank you, Chair.

CHAIR HOKAMA: Members, other questions, comments you wish to share at this time? Again, the Chair will make a timeline back to this Committee and I appreciate Mr. Verkerke and his staff doing a yeomen's job but I'll be blunt, I am unhappy with the performance of the vendor. I expected more in the transitioning of the system, less headaches, less problems; I miss the old system now. The old system looked pretty

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good. But that's not where we wanted to go. So we'll allow Mr. Verkerke to see if the vendors can perform because if they're not, I don't have a problem making sure certain vendors don't do business with this County. With that, Members, the Chair's intent is to defer this, get some documents prepared for your review at the next posting of this item. Any objections to deferring?

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Thank you very much. Thank you for being part of a long day. Mr. Verkerke, any final comments you wish to share?

MR. VERKERKE: No, Chair. I appreciate the opportunity to answer questions and I look forward to continued conversation, hopefully with reports that everything is A--Okay.

CHAIR HOKAMA: We do too, Mr. Verkerke, but we appreciate your division's hard work in doing a very difficult job. But one thing I did want to ask before we, I pound the gavel. Is this system supposed to provide more security as far as through the communication system, the ability of securing information within this telecommunications upgrade?

MR. VERKERKE: Mr. Chair, I would like to have a chance to perhaps answer this when we discuss security in general.

CHAIR HOKAMA: Okay.

MR. VERKERKE: Perhaps...but in general, I want to make the comment that the technology used in computer networks and now by extension, the phone system, allows for much greater security than the old traditional analog line. So I'm confident in saying, yes, but I do not have specifics to share with you now and --

CHAIR HOKAMA: Okay.

MR. VERKERKE: --hopefully we can do that in PIA.

CHAIR HOKAMA: Okay, great.

MR. VERKERKE: Thank you.

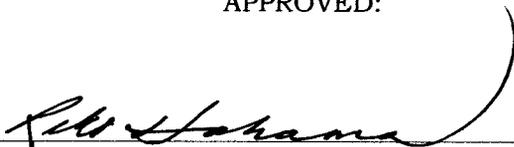
CHAIR HOKAMA: Thank you, Mr. Verkerke. That's a promising area for all of us. Okay, Members, with no further discussion, this meeting is adjourned. . . . (*gavel*). . .

ADJOURN: 11:23 a.m.

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APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:151013:alp

Transcribed by: Annette L. Perkett

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CERTIFICATE

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

DATED the 4th day of November, 2015, in Haiku, Hawaii.


Annette L. Perkett
Annette L. Perkett