

**COST OF GOVERNMENT COMMISSION
MINUTES**

**Kalana O Maui Building, 9th Floor, Mayor's Conference Room, Waihe'e Side
Thursday, June 14, 2018**

- PRESENT:** Paul Kailiponi, Chair
Sharron Courter, Vice Chair
Bonnie DeRose, Member
Paula Heiskell, Member
Stanford Lantias, Member
- EXCUSED:** Gayla Haliniak-Lloyd, Member
Barbara Mattson, Member
- STAFF:** Ed Kushi, First Deputy Corporation Counsel
Shelley Pellegrino, Technical Writer for the Commission
- OTHER:** Mike Molina, Executive Assistant to the Mayor
Bradley Bunn, former Cost of Government Commissioner

I. CALL MEETING TO ORDER

Chair Kailiponi called the meeting to order at 10:10 a.m.

II. PUBLIC TESTIMONY

There was no public testimony.

III. REVIEW MAY 10, 2018 MINUTES

Commissioner Heiskell moved to approve the May 10, 2018 meeting minutes, and Commissioner DeRose seconded the motion. The minutes were approved unanimously.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

There was no correspondence received.

V. COUNTY AUDITOR'S UPDATE

There was no update by the County Auditor.

VI. REVIEW 2017 – 2018 ANNUAL REPORT DRAFT (POSSIBLE COMMISSION ACTION)

- A. Compliance Losses and Risk Management (Chair Kailiponi)

The Commission reviewed the revised draft recommendations, which read as follows:

1. Incorporate preserving the safety and health of its employees as a core value and as an integral part of its culture and process through a set of “guiding principles” that prioritize preventative actions and accountability.
2. Develop and implement safety and health roles and responsibilities for every level in the organization, including senior leadership, department managers, safety managers, supervisors, and employees.
3. Work with Sedgwick to identify additional resources, including a third-party safety consulting company/consultant, to support the adoption and implementation of a behavior-based safety program as an additional component of the current safety and health program.
4. Implement a dashboard of measurement metrics, which includes metrics such as total incident rate (TIR) and incident severity. These metrics should be updated at least monthly and shared throughout the departments as a performance measure with the Administration and County Council.

Commissioners Heiskell and DeRose suggested that recommendation #4 be more strongly worded to ensure that measurement metrics are actually shared throughout the County. Commissioner DeRose also suggested that performance metrics be tied to management reviews. Commissioner DeRose suggested that “shared” be replaced with “published.” Bradley Bunn, former Commissioner who drafted the report, recommended additional revisions to last sentence of the recommendation.

Commissioner Heiskell moved to revise recommendation #4 as follows:

Implement a dashboard of measurement metrics, which includes metrics such as total incident rate (TIR) and incident severity. These metrics should be updated at least monthly and published throughout the departments and utilized as a performance measure within the departments and by the Administration and County Council.

Commissioner DeRose seconded the motion. The motion was approved unanimously.

B. Compensatory and Overtime Pay (Commissioners Heiskell & Courter)

The Commission reviewed the revised draft recommendations, which read as follows:

1. Reinststate the internal County Auditor position;
2. Appoint an individual to review and revise outdated job descriptions to facilitate ease of hiring practices;
3. Continue monthly meetings between department directors and the Mayor to review overtime data and discuss overtime reduction strategies, including establishing reduction goals for departments;
4. Encourage the Mayor to lead a consortium of county mayors during the collective bargaining process.

Chair Kailiponi recommended replacing the word “continue” in recommendation #3 to “maintain.”

Commissioner Heiskell moved to approved the recommendations, including revised recommendation #3, and Commissioner DeRose seconded the motion. The motion was approved unanimously.

VII. DISCUSS CURRENT TOPICS UNDER REVIEW

A. Energy Usage of County Facilities (Commissioner Lantias)

The Commission reviewed a draft report prepared by Technical Writer Shelley Pellegrino based on information provided by Commissioner Lantias. Chair Kailiponi asked the Commission to review the draft and propose recommendations based on the draft report. Ms. Pellegrino stated that the report relied heavily on a single business that works in the cogeneration field, and that it would be beneficial for the report to include other sources of information. She also indicated that the draft listed the benefits of cogeneration, but she was not provided with information on any potential drawbacks.

Vice-Chair Courter asked whether there was a date by which the State of Hawaii planned to eliminate its reliance on fossil fuels. Commissioner Lantias indicated the goal is year 2045, and recommended that the date be included in the report. Vice-Chair Courter then noted that cogeneration is not 100% renewable because it does not always use renewable sources. As such, the Commission revised the first sentence of the report to replace “achieves” with “move toward.” The sentence now reads: “Reduced energy costs can be a significant cost saver for the County and also move toward State of Hawaii goals to reduce Hawaii’s dependence on fossil fuels.”

Under the “Benefits of Cogeneration” section, there was discussion about whether the Commission should assert that there would be “no operational risk” with a cogeneration system. The Commission agreed to revise the third sentence of the section to add the phrase: “Pending a power purchase agreement (PPA)” before the sentence that reads, “[o]ther benefits include the following: (1) no operational risk to the County; (2) avoid replacing existing equipment; (3) turnkey installation; (4) lower energy cost; and (5) protection from energy cost increases.”

Chair Kailiponi asked the Commission to begin brainstorming proposed recommendations for the report.

Commissioner DeRose stated that she thought the County should not be dependent on a single company or single energy source, and that it should consider other alternative energy sources. She also asked whether the Commission had reached out to the Westin Maui to ask how its cogeneration facility was working.

Vice-Chair Courter raised her concern about the language used in the last paragraph under the “Evaluation of County Facilities for a Cogeneration Project.” She stated that she thought the language used such as “will provide” and “no outlying cost” and “only solution” was too strong. Commissioner Lantias responded that there is no outlying cost.

The Commission considered amending this paragraph by softening its language and moving it to the “Recommendations” section of the report. Chair Kailiponi stated that he would prefer not to use absolutes in the report. Technical Writer Pellegrino reiterated that the challenge in writing the report was the fact that it relied on a single source of information. The Commission proposed the following language to be used in the recommendation section: “The County consider the installation of a cogeneration system

in the County Building, which may provide the County with the opportunity to replace aging equipment while minimizing initial financial outlay. Cogeneration can be a solution that can help modernize and increase the longevity of the aging equipment in the County Building.”

Chair Kailiponi referred to Ms. Pellegrino’s comment about relying on a single source for information, and proposed a recommendation that similar analyses should be done for other alternative energy sources as a point of comparison to cogeneration. In other words, the Commission’s decision to recommend cogeneration does not exclude all other alternative energy sources. Commissioner Heiskell noted that some alternative energy options — such as solar and wind — will not work with a facility such as the County Building. Commissioner Lantias added that he would hope the County Building would serve as a pilot project for cogeneration.

The Commission recessed at 11:23 a.m. and reconvened at 11:27 a.m.

Chair Kailiponi noted that the draft report will need to be reviewed to ensure that its recommendations are specific to the County Building.

The following recommendations were proposed:

1. The County Council explore the viability of alternative energy sources through Power Purchase Agreements (PPA), pursuant to the specific characteristics of any County facility and terms/conditions of the PPA.
2. The County consider the installation of a cogeneration system in the County Building, which may provide the County with the opportunity to replace aging equipment while minimizing initial financial outlay. Cogeneration can be a solution that can help modernize and increase the longevity of the aging equipment in the County Building.
3. The County should consult with private organizations that utilize alternative energy sources for their facilities (i.e., cogeneration facilities at large hotels).

Commissioner DeRose recommended that the proposed recommendations be approved, and Commissioner Heiskell seconded the motion.

During discussion of the motion, Chair Kailiponi stated that he wished the Commission had done more work on the issue. He added that softening the recommendations went a long way toward his being comfortable with voting on the report. He stated that he is “okay” with the three proposed recommendations, but “less okay” with the fact that the Commission did not look at other things such as power purchase agreements, and did not speak with hotel representatives (as opposed to asking the County to do so). He stated that there are time constraints to completing the report and expressed his appreciation to Commissioner Lantias for his patience, but nonetheless felt that the Commission did not explore certain avenues that it should have. He noted that the recommendations are fine.

Commissioner DeRose pointed out that the County could ask the Commission to follow up.

The motion to adopt the proposed recommendations was approved unanimously.

B. Office of Economic Development — Maui Visitors Bureau Grant (Commissioner Mattson)

The Commission deferred discussion of this item.

VIII. DISCUSS POTENTIAL TOPICS TO REVIEW

The Commission deferred discussion of this item.

IX. DISCUSS PROPOSED CHARTER AMENDMENT TO CREATE AN OFFICE OF THE MANAGING DIRECTOR (POSSIBLE COMMISSION ACTION)

Chair Kailiponi stated that he testified at the Policy, Economic Development, and Ag Committee (PEA) meeting and summarized the findings and recommendations that the Commission had made when it reviewed the issue in 2016. The PEA Chair disseminated the report to the Committee. Chair Kailiponi stated that he did not think any further action by the Commission was necessary unless the commissioners thought otherwise.

Chair Kailiponi stated that he also testified that a proposed Charter amendment this large should be properly vetted through the Charter Commission rather than placed on the ballot.

Chair Kailiponi proposed three options: (1) send a letter to the PEA Chair and offer the Commission as a resource to the Committee; (2) testify before the PEA; and (3) do nothing.

Commissioner Heiskell stated that she preferred option 1 or 2.

Mr. Kushi stated that the Council will need to act quickly, so for the Commission to be involved, it will need to decide how to proceed.

The Commission decided to write a letter to PEA Chair Yuki Lei Sugimura offering the Commission as a resource to the Committee. Chair Kailiponi also offered to testify before the Committee specific to the report it issued in 2016.

X. UPDATE ON FISCAL YEAR 2019 BUDGET PROPOSAL FOR COST OF GOVERNMENT COMMISSION

Chair Kailiponi stated that the County Council approved the Commission's request to increase its the Fiscal Year 2019 Budget by \$4,000 to support travel expenses for the Molokai and Lanai commissioners.

XI. DISCUSS EXTENSION OF CONTRACT FOR TECHNICAL WRITER FOR FISCAL YEAR 2019

Commissioner Lantias moved to extend the Technical Writer's contract through Fiscal Year 2019, and Vice-Chair Courter seconded the motion. There was no discussion. The motion was approved unanimously.

XII. DETERMINE NEXT MEETING DATE AND AGENDA

The next meeting is scheduled for Thursday, July 12, 2018, at 10:00 a.m. Chair Kailiponi stated that he wanted to include a Sunshine Law primer, Commission rules, and a discussion of new topics on the agenda.

XIII. ADJOURNMENT

The meeting adjourned at 11:55 a.m.