

**COST OF GOVERNMENT COMMISSION
MINUTES**

**Kalana O Maui Building, 9th Floor, Mayor's Conference Room, Waihe'e Side
Thursday, December 13, 2018**

PRESENT: Paul Kailiponi, Chair
Sharron Courter, Vice-Chair
Noemi Barbadillo, Member
Bonnie DeRose, Member
Paula Heiskell, Member
Stanford Lantias, Member

EXCUSED: Barbara Mattson, Member

STAFF: Gary Murai, Deputy Corporation Counsel
Shelley Pellegrino, Technical Writer for the Commission
Lance Taguchi, County Auditor

OTHER: Alan Arakawa, Mayor
Keith Regan, Managing Director
Jock Yamaguchi, Deputy Managing Director

DOCUMENTS RECEIVED:

1. Breakdown of Cost of Government Commission Fiscal Year 2019 Budget (distributed by County Auditor Lance Taguchi)

I. CALL MEETING TO ORDER

Chair Kailiponi called the meeting to order at 10:20 a.m.

II. PUBLIC TESTIMONY

There was no public testimony.

III. REVIEW NOVEMBER 8, 2018 MEETING MINUTES

Commissioner DeRose moved to approve the November 8, 2018 meeting minutes, and Commissioner Heiskell seconded the motion. The minutes were approved unanimously.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

Chair Kailiponi stated that the Commission had received emails from David Goode, Director of Public Works, and Lydia Toda, Risk Manager, acknowledging receipt of the Commission's report on risk management practices in Maui County.

V. DISCUSS POTENTIAL TOPICS FOR FUTURE COMMISSION REVIEW WITH MANAGING DIRECTOR KEITH REGAN

Chair Kailiponi explained that the Commission occasionally invites a representative from the Mayor's Office to offer suggestions on topics that the Commission might consider investigating, and that Managing Director Keith Regan accepted the Commission's invitation.

Mr. Regan thanked the commissioners for the work they have done over the years and noted that the Mayor's Office has instituted some of the recommendations outlined in previous Commission reports. Mr. Regan then offered some ideas he thought the Commission might consider reviewing.

First, Mr. Regan stated that the primary issue he wanted to bring before the Commission was the restriction on the County budget, specifically that funds cannot be transferred between accounts unless approved by the County Council's Budget and Finance Committee. He noted that these are often small dollar amounts. Mr. Regan stated that in the past, the Administration was permitted to move funds between the A (salary and wages), B (operations), and C (capital improvement project or CIP) accounts, which provided flexibility within the departments and provided the department director with the ability to manage his or her funds effectively. Now, however, a department must request a budget amendment from the Budget and Finance Committee, which costs time and money. Mr. Regan asserted that the decision to reallocate funds should be a management decision and not a policy decision. Mr. Regan stated that the counter argument is that there might be more transparency or accountability before the County Council, but countered that everything that is done in government is a public record. Mr. Regan asked the Commission to look into the issue to determine whether there are any costs that could be attributed to this type of inefficiency.

Second, Mr. Regan raised the issue of return rights for appointed staff. Specifically, when a director or deputy moves from a civil service position to an appointed position, that person retains the right to return to his or her previous job. Consequently, the position becomes a "limited term position" that is often difficult to fill because of its temporary nature.

Deputy Corporation Counsel Gary Murai noted that return rights are statutory, and go beyond appointed positions. He added that an employee could take leave for a number of reasons. He noted that Mr. Regan seems to be concerned with the inability to fill the vacated positions; the County cannot promise that individual civil service status because he or she could be bumped by an employee who chooses to return to the job.

Ms. Heiskell inquired whether the Commission could review the issue if it is statutory and cannot be changed. Mr. Murai responded that the Commission is not prevented from looking at the issue and making recommendations.

Mr. Regan also pointed out that the Mayor is not required to grant return rights.

Third, Mr. Regan mentioned travel policies and P-card policies (noting the audit performed by the County Auditor's Office) as topics that should remain at the top of mind for the next Administration, and perhaps the Commission could monitor.

Fourth, Mr. Regan referenced an audit of the Finance Department, which provided a number of recommendations on how to improve the department. He noted that the audit referenced a number of decisions that were made by the County Council, and stated that the Council should

not have been involved in those decisions because the decisions related to personnel. Mr. Regan added that the Council should make policy, and the managers should be allowed to manage their departments and carry out those policies.

Commissioner DeRose asked Mr. Regan how one defines the line between policy and management. Mr. Regan responded that is the “million dollar question.”

Fifth, Mr. Regan provided an example where the Administration proposed to move the Budget staff into the Department of Management. He noted that the Charter states that budget oversight is part of the Department of Management’s responsibility. Mr. Regan explained that the budget staff would be better served if they had civil service positions rather than as being appointees. He argued that the Budget staff does the “nuts and bolts” of putting the budget together and could provide continuity when Administrations change. The Budget Director would remain an appointed position. Mr. Regan explained that the County Council did not entertain the Administration’s proposal.

Sixth, Mr. Regan suggested that rather than having an appointed Budget Director, that the Budget Director responsibilities be undertaken by the Deputy Managing Director. Mr. Regan added that the Budget Director is not a Charter-mandated position, but a Mayoral choice.

Seventh, Mr. Regan raised the issue of campus parking for employees, noting that inefficiencies are created by employees who have to move their cars every two hours. He explained that the Department of Management conducted a trial at the parking lot where the Old Wailuku Post Office used to sit. Prior to the trial, the Department analyzed County parking, and found that on any given day, between 25 to 30 percent of parking stalls were vacant. Approximately 70 parking passes were issued to County employees for about 50 parking stalls at the Old Wailuku Post Office parking lot. Parking was on a first come, first serve basis and there were no problems with employee parking in that location. Mr. Regan suggested that this first come, first serve concept could be expanded to other County parking lots to open up more public parking on the streets (where many employees now park). Mr. Regan added that this type of proposal would not be well received by County employees, but that it is worth considering.

Vice-Chair Courter and Commissioner DeRose noted that County employees who need to interrupt their work to move their car every two hours raise issues not only of lost time, but of lost focus on the tasks at hand.

Eighth, Mr. Regan mentioned the CIP Team that is housed in the Department of Management could benefit from more support. These experts are loaned out to departments that do not have the expertise to evaluate projects, which saves money because the work is done in house. For example, the CIP Team assisted with the fire station, which allowed firefighters to focus on their core mission. Mr. Regan also mentioned the Kulamalu affordable housing project, which was assisted by the CIP Team. Mr. Regan stated that requests for additional civil engineers on the team have not been supported by the Council.

Mayor Alan Arakawa appeared before the Commission to add to Mr. Regan’s comments. He referred to Mr. Regan’s discussion of the CIP Team, and pointed out that the County benefits from a team that understands construction and the importance of overseeing a project to ensure that it is done correctly.

Mayor Arakawa also suggested the creation of a Management Team to analyze the policies and procedures of each department. Mayor Arakawa referenced the “Policies and Decision Memos”

binders for each department, stating that someone should review these binders to determine whether any of the policies should be modified.

Mr. Regan added that the Department of Management is comprised of himself, his deputy, and one executive assistant. He is responsible for managing 15 County departments and requests for information coming from the public, so his department is stretched thin.

Mayor Arakawa stated that funding is always an issue in the County, but that Council budget hearings should be year round rather than compressed into a short timespan without a lot of thought going into what is or is not approved. Mayor Arakawa asserted that councilmembers do not have time to listen to what the departments really need. Site inspections can be done during other times of year as well.

Chair Kailiponi asked whether the issue is a communication issue or a policy issue. Mayor Arakawa responded that the issue is purely political. Mr. Regan provided an example from a few years prior when the Budget and Finance Committee Chair presented his proposed budget, which eliminated funding for the Managing Director, Housing and Human Concerns Director, Budget Director. Mr. Regan noted that the motivation behind such a proposal was political, especially when two of the positions are mandated by County Charter.

Mayor Arakawa also expressed his concern about department directors being requested to attend Council committee meetings, oftentimes for hours, with no questions being asked of them. He asserted that such a practice is a waste of time and money. He added that Council staff should do more research to avoid this problem. Mr. Regan added that directors have been told in the past that if they want their item heard on the agenda, then their presence is required for the entire meeting.

Chair Kailiponi expressed his appreciation to Mr. Regan and Mayor Arakawa for their years of public service and appearing before the Commission.

The Commission recessed at 11:27 a.m. and reconvened at 11:36 a.m.

VI. COUNTY AUDITOR'S UPDATE

County Auditor Lance Taguchi stated that the peer review for his office had been completed and transmitted to the County Council. Chair Kailiponi requested a copy of the report and Mr. Taguchi responded that he would provide a link to the Commission.

VII. DISCUSS YEAR 2020 PROPOSED OPERATING BUDGET FOR COST OF GOVERNMENT COMMISSION

Mr. Taguchi distributed a document summarizing the Commission's Fiscal Year 2019 budget. He explained that the Commission was appropriated \$24,000 and is a "B Account," which means that there is no restriction transferring money between line items. Line item expenses include the following: technical writer; per diem; transportation for neighbor island commissioners; and annual report costs, supplies, mileage, and other board expenses. Mr. Taguchi added that the Technical Writer's contract ends in June 2019 and the procurement process would need to begin soon so that a new contract could be executed.

Mr. Taguchi informed the Commission that it would need to notify him at the meeting whether it wanted to increase or decrease its Fiscal Year 2020 proposed budget so that the Auditor could transmit the request to the Administration for inclusion in the Mayor's proposed budget.

Mr. Taguchi noted that the Council increased the Commission's Fiscal Year 2019 budget by \$4,000 to account for the anticipated travel expenses for a new Molokai commissioner.

Commissioner DeRose inquired about the technical writer position and the possibility that a new contract figure might be higher than the budgeted amount. Mr. Taguchi responded that the scope of the technical writer's duties might need to be reduced or money might need to be moved from other line item categories. Commissioner DeRose followed up by inquiring whether there would be incentive for individuals to bid on a technical writer position based on the amount currently budgeted for the position. Mr. Taguchi responded that the individual would likely not bid or bid and restrict the scope of his or her services.

Vice-Chair Courter stated that the Commission should not consider the Fiscal Year 2019 budget increase for the Molokai commissioner, but focus on the budget for the technical writer and that there should be an increase in the budget. Commissioner Lantias recommended that the Commission's total budget be increased to \$30,000, and that the additional \$6,000 be budgeted to compensate the technical writer for his or her services. Deputy Corporation Counsel Gary Murai stated that the scope of services in the RFP could likely be increased to account for the increased budget figure. Chair Kailiponi added that the Commission has, more often than not, needed additional services from the technical writer, so the proposal seems within reason.

Commissioner Lantias moved that the Technical Writer's portion of the budget be increased from \$17,600 to \$23,600. Vice-Chair Courter seconded the motion. The motion was approved unanimously.

VIII. DISCUSS COMMUNICATIONS PLAN FOR SHARING THE COMMISSION'S RECENTLY COMPLETED REPORTS

- A. 2017 – 2018 Annual Report
- B. Compliance Losses and Risk Management Practices Report

The Commission authorized the Chair to transmit both the 2017 – 2018 Annual Report and the Compliance Losses and Risk Management Practices Report to the incoming Administration in February 2019.

IX. DISCUSS CURRENT TOPICS UNDER REVIEW

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

Ms. Pellegrino stated that Commissioner Mattson asked her to transmit a request to the Office of Economic Development for additional information, but that she was unsure whether OED would be able to respond because of the transition to the newly appointed OED director on January 2, 2019. Mr. Murai stated that regardless of who the director is, the Commission's request is for documents that are public records, and the Commission should not be inhibited from making the request.

X. CONSIDER POTENTIAL NEW TOPICS TO REVIEW

Chair Kailiponi stated that some of the issues raised by Mr. Regan seemed to be sufficiently narrow to be evaluated. For example, the loss of efficiency by having to go before the Council's Budget and Finance Committee to transfer funds between the A and B accounts could be investigated.

Vice-Chair Courter thought that the issue of return rights would be difficult to analyze.

Commissioner Heiskell noted that her experience with campus parking was that most County employees are creative when it comes to finding parking spaces and do not need to move their car every two hours. Mr. Murai commented that it takes approximately nine years for a County employee to get a parking stall. He added that parking rates might be artificially low, which discourages people from finding alternative modes of transportation. Chair Kailiponi noted that he lives close to the County Building and that employee parking has gotten closer and closer to his residence, which creates safety issues as well.

Chair Kailiponi stated that the Commission could benefit from inviting the Mayor, Managing Director, and Budget Director to speak at a future meeting after the January 2019 transition to the new administration.

Commissioner DeRose noted the issue of requiring department directors to attend Council meetings. Ex Officio member Mike Molina added that he thought this was an area that could be explored. Mr. Murai added that an impartial recommendation from the Commission might carry more weight than a request by the administration that is viewed as partisan.

XI. DETERMINE NEXT MEETING DATE AND AGENDA

The next meeting is scheduled for Thursday, January 10, 2019, at 10:15 a.m.

XII. ADJOURNMENT

The meeting adjourned at 12:15 p.m.