

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

June 16, 2008

Council Chamber, 8th floor

CONVENE: 1:37 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair (in 1:38 p.m.)
Councilmember Michelle Anderson, Member
Councilmember Gladys C. Baisa, Member
Councilmember Jo Anne Johnson, Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member (in 1:38 p.m.)

EXCUSED: Councilmember Michael J. Molina, Member
Councilmember Bill Kauakea Medeiros, Member

STAFF: Lance Taguchi, Legislative Analyst
Michael Geers, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Leinaala Kihm, Executive Assistant to Councilmember Medeiros

ADMIN.: Frederick Pablo, Budget Director, Office of the Mayor
Hannah (Chu) Matsumoto, Program Specialist, Community Development Block
Grant Program, Office of the Mayor (BF-106)
Tessa Tanaka, Program Specialist, Community Development Block Grant
Program, Office of the Mayor (BF-106)
Greggory R. Kresge, Deputy Director, Department of Environmental
Management (BF-90 and BF-111)
Kalbert L. Young, Director, Department of Finance (BF-90, BF-111, and BF-107)
Milton M. Arakawa, Director, Department of Public Works (BF-90 and BF-111)
Eric Yamashige, Deputy Director, Department of Water Supply (BF-107)
Holly Perdido, Fiscal Officer, Department of Water Supply (BF-107)
Adrianne N. Heely, Deputy Corporation Counsel, Department of the Corporation
Counsel

PRESS: Akaku: Maui Community Television, Inc.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting for June 16, 2008 is now in session. The time is 1:37. Thank you, Members, for being here this afternoon.

The Chair would like to introduce the Members that are here this afternoon. We do have Members Mateo, Anderson, Baisa, Johnson. Excused at this time is Members Medeiros, Molina, Hokama, and Victorino. Again, Members, thank you. We have bare quorum at this time. I'd like to introduce the Staff that is supporting this Committee. We do have Lance Taguchi, Legislative Analyst, as well as Michael Geers, along with our Secretary, Yvette Bouthillier. Up front is the Administration. We do have Deputy Corporation Counsel, Adrienne Heely, and our Director of Budget, Frederick Pablo.

Committee Secretary, do we have anybody signed up for public testimony at this time? Thank you. Anyone out in the public that would like to provide public testimony? Seeing none coming up, the Chair would like to close public testimony if there's no objections.

COUNCILMEMBER BAISA: No objections.

CHAIR PONTANILLA: Thank you. I'd like to welcome also our Council Chair, Riki Hokama, who just entered the Chambers.

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Good afternoon.

**ITEM NO. 106: MOLOKAI COMMUNITY SERVICE COUNCIL, INC.
PROJECT (C.C. No. 08-104)**

CHAIR PONTANILLA: Okay, Members, we do have a full agenda this afternoon. Our, our first item is BF-106. This concerns the Molokai Community Service Council, Inc. Project. At this time, I'd like to call on members of the CDBG Program, Tessa Tanaka as well as Hannah Chu. And the Chair would like to recognize the presence of Mr. Victorino this afternoon.

COUNCILMEMBER VICTORINO: Good afternoon, Chair. Sorry about a little bit late.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: Thank you for being here. Members, the purpose of the proposed resolution is to amend Resolution No. 07-44 by changing the Na Kamali`i Hoaloha Preschool Pre-development project's scope from the development of an infant, toddler childcare facility on the island of Molokai to the development of a preschool facility on the island of Molokai.

Members, by correspondence dated June 16, 2008, Corporation Counsel has transmitted a revised proposed resolution incorporating nonsubstantive and techni..., technical revisions that I have requested. At this time, the Chair would like to recognize Budget Director Pablo for comments.

MR. PABLO: Thank you, Chair Pontanilla, and good afternoon, Members. I don't have any, any specific comments right now on this particular proposal for a resolution. Carol Gentz is presently out of the island. She's on the mainland, but we do have Hannah and Tessa from the CDBG Program who can answer any questions. Thank you.

CHAIR PONTANILLA: Thank you. Any comments from the CDBG office, Ms. Tanaka or Ms. Chu?

MS. MATSUMOTO: Good afternoon, Budget Chairman Pontanilla and Councilman Hokama, Chair Hokama, and the Members of the Budget and Finance Committee. I'd like to thank you very much for your time and willingness to consider the pro..., proposed resolution before you, before the Committee today.

My name is Hannah Matsumoto. I'm the CDBG Program Specialist and Carol apologizes for not being here today.

The proposed resolution amends the Council Resolution No. 07-44 to clarify the project scope for the Na Kamali`i Hoaloha Preschool Pre-development Project by Molokai Community Service Council, Incorporated. The clarification of the scope from an infant and toddler childcare facility to a preschool facility is based on the cost of construction and complementary programs now available on Molokai. Therefore, I respectfully ask the Members of this Committee for your favorable consideration of our request for the approval of the proposed resolution amending Resolution No. 07-44 to clarify the Molokai Community Service Council, Incorporated Project for the Community Development Block Grant Program. Thank you very much.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: Thank you. Members, any questions for Ms. Chu or Ms. Tanaka at this time regarding the proposed revised resolution? Member Baisa followed by Member Anderson.

COUNCILMEMBER BAISA: Thank you, Chair. If someone could just summarize very briefly for, for us why the change.

CHAIR PONTANILLA: Thank you. Department?

MS. MATSUMOTO: The reason for the change is due to the cost of construction and now currently on Molokai they currently have new complementary programs available there now.

COUNCILMEMBER BAISA: May I continue? So, there is then no need for the infant, toddler segment of this but you see a greater need with the older preschool kids?

MS. MATSUMOTO: Correct.

COUNCILMEMBER BAISA: Thank you very much.

CHAIR PONTANILLA: Thank you. Member Anderson followed by Member Mateo.

COUNCILMEMBER ANDERSON: I probably should let him go first. Okay. So, is the scope of the project expanded?

CHAIR PONTANILLA: Department?

COUNCILMEMBER ANDERSON: In any way?

MS. MATSUMOTO: No, it was currently. . .it was infant and toddler and preschool, and now it's just going to be a preschool.

COUNCILMEMBER ANDERSON: Okay, so the reason I'm asking, Mr. Chairman, is because we're going from a \$52,000 grant to a \$2,082,000 grant. And so I just want to know is that correct? I mean that's what I'm reading here.

MS. MATSUMOTO: No. This is for the pre-development, which is going to remain at \$52,000.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

COUNCILMEMBER ANDERSON: So, you're just changing the scope from infant, toddler care to, to the preschool?

MS. MATSUMOTO: Correct.

COUNCILMEMBER ANDERSON: And so when I'm reading this two million eight hundred or 2,085,000 that has to do with the greater grant? I'm looking at the first resolution attached to the June 16th letter. The greater grant meaning other including other projects not just this one project.

MS. MATSUMOTO: You, you're, you're speaking about the 2,085,716?

COUNCILMEMBER ANDERSON: Yep.

MS. MATSUMOTO: That's the total combination for that year of 2007, our grant appropriation.

COUNCILMEMBER ANDERSON: Right. Okay, I just wanted to make sure construction costs hadn't gone up that much.

COUNCIL MEMBERS: (laughter)

COUNCILMEMBER ANDERSON: Thank you.

CHAIR PONTANILLA: Thank you, Member Anderson. Member Mateo.

COUNCILMEMBER MATEO: But it soon will.

COUNCILMEMBER ANDERSON: You never know.

COUNCILMEMBER BAISA: Yes. Yeah.

COUNCILMEMBER MATEO: If the Department in your communications with the, the preschool, are, are they just giving up on the infant, toddler all together or are there plans to down the road incorporate that in this facility as time passes?

CHAIR PONTANILLA: Department?

MS. TANAKA: I believe in the correspondence from Molokai Community Service Council they do indicate that there is a sentence in there that says

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

that planning is for an easy-to-expand design. So, we could accommodate infants and toddlers later on.

COUNCILMEMBER MATEO: Okay, so, thank you. But, Chairman, thank you very much for allowing me that. . .the opportunity for me to ask that question.

Chairman, I'm going to be supporting the, the resolution for couple of reasons, and I believe the most prominent position at this point is the need for preschool for the older bracket. The, the. . .what is it? . . .four-to-five or three-to-five or whatever that group is--the older kids. That is, that comes with a greater urgency at this point because the existing services that takes care of the preschool or aged kids are so minimal in the number of slots available in our community. So, I can strongly support the, the change in scope at this particular time with the inclusion of those programs that do provide services for the younger groups like Tutu and Me and the other programs that exist on Molokai as well. I can also see at a later time the need for this organization to expand as well and to alleviate some of the stresses that we'll, we'll be experiencing as time progresses for our community. So, I think, you know, in essence at this point this is a good move for us to focus in on the need that is so prevalent right now and that is to take care of our preschoolers. Thank you, Chairman.

CHAIR PONTANILLA: Thank you, Member Mateo. Member Johnson.

COUNCILMEMBER JOHNSON: Yes, and I know that we've had this issue before with regard to the time, you know, allotted for expending the funds that are secured underneath CDBG. What period of time will this then give the project in order to complete the project or has money already been awarded and you're just amending the language so that the monies can, I guess, be, be spent?

MS. TANAKA: Yes, we are just amending the language. They have been awarded the grant.

COUNCILMEMBER JOHNSON: So, they already received the money, but they could not spend it for what it was intended for?

MS. TANAKA: Um. . .

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

COUNCILMEMBER JOHNSON: Oh, okay, let me explain. In the past what we've done is when we amend a grant usually it's because the scope of the services or the scope of the project changed, but the money had not necessarily been awarded at that point in time because the scope of the project had changed. So, under CDBG we got in a little bit of a problem before because these projects were languishing and the money wasn't getting spent down and we had to reprogram. So, the money I'm trying to determine if you have already awarded it to the applicant, and they're just coming in saying that look we've changed the scope of the project, we need to be in sync with the proceeds that we received. Is that the case?

MS. TANAKA: Yes.

COUNCILMEMBER JOHNSON: Okay, thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions? Member Hokama.

VICE-CHAIR HOKAMA: Our preschool program like under MEO has income guidelines or restrictions. This program does not have that condition or requirement? This would be for any preschooler regardless of family income levels?

CHAIR PONTANILLA: Department?

(Note: silence)

VICE-CHAIR HOKAMA: Mr. Mateo, would you know if, if this...

CHAIR PONTANILLA: Yeah, maybe Mr. Mateo can help you out. Member Mateo.

COUNCILMEMBER MATEO: I'll just add because we were just talking about this a couple of days ago, and it is predominantly for low or very low income groups. And there is no exclusion whether or not other income brackets could or could not participate, but the focus or the priority is in the low to very low income groups.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: Okay. So, has the grant recipient showed you the potential amount of children currently not being served and how this

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

project addresses that, that component since, you know, you, you are trained to, I believe, take care of what 32, 32 preschool openings or positions? Are you aware of how many children currently need service?

MS. TANAKA: In their application they indicated that. . .at that time when they prepared the application they indicated that there were approximately 200 children in that preschool age group and there were only approximately 118 licensed childcare spaces.

VICE-CHAIR HOKAMA: Okay. And, and help, help remind the Committee, please. Is this at the site where we have the County swimming pool and the County gym area or can you just tell us exactly where this project will be constructed, please?

MS. MATSUMOTO: It is my understanding that currently it's. . .I don't know if it's Mango Lane or Manako Lane, Manako.

COUNCILMEMBER MATEO: Mango.

MS. MATSUMOTO: Oh, Mango, Mango Lane behind the Kanemitsu Bakery.

VICE-CHAIR HOKAMA: The old Kaunakakai Hotel area, Mr. Mateo?

COUNCILMEMBER MATEO: No, it's, it's in the, the little back road in the back of Kanemitsu's, the bakery.

VICE-CHAIR HOKAMA: That side lane, that side lane where you, you enter to, to the night?

COUNCILMEMBER MATEO: Yes.

VICE-CHAIR HOKAMA: With receipt of hot bread.

COUNCILMEMBER MATEO: Farther, yeah, farther in.

VICE-CHAIR HOKAMA: Okay. And currently that's a vacant, vacant lot, Mr. Mateo?

COUNCILMEMBER MATEO: Yes.

VICE-CHAIR HOKAMA: Thank you very much, Chairman. Thank you, Mr. Mateo.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MATEO: Chairman?

CHAIR PONTANILLA: Mr. Mateo.

COUNCILMEMBER MATEO: And just for a point of clarification, Mr. Hokama's question. This is from the project description from MCSC that was submitted to, to . . .it's in our binders anyhow. In terms of providing services to other than low and very low income groups there is...they also reference the fact that they, they are preparing for self-sust..., self-sustenance through tuition and fundraisers. So, they do. . .I, I, I'm anti..., I guess, I am going to assume at this point because they are referencing tuition and, and the ability of self-sustaining abilities that they, there is an existing sliding scale to, to allow for those that are not in the very low or low income brackets.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MATEO: And that, that information is available in the application that was provided to the Department. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions? If not, for Corporation Counsel. Members, I'd, I'd just like to point out that Appendix A of the Fiscal Year 2008 Budget includes an appropriation for this project with the original scope. The general budget provisions in Sections 11 and 12 of the Fiscal Year 2008 Budget authorizes the Mayor to execute any documents to receive and expend the funds for the programs identified in the grant award. At this time, I would like to request that Deputy Corporation Counsel comment on whether a budget amendment to the Fiscal Year 2008 Budget is also required to ensure the appropriation of this project with its revised scope remains valid. Ms. Heely.

MS. HEELY: Mahalo and good afternoon, Mr. Chairman and Committee Members. We don't think an amendment is needed. We believe it's too late for an amendment. As listed, we think it's broad enough to include the infant and toddler. The name of the program didn't change. It's still the Na Kamali`i Hoaloha Preschool Pre-development. And the purpose in Subsection I states for architectural, engineering, planning, and design, and environmental review requirements for the development of an infant

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

and toddler childcare facility on the island of Molokai. So, we think that's broad enough. And we don't, we don't see any problem with Section 11 of the general budget provisions, which describe that grant revenues are appropriated in amounts set forth in Appendix A to the programs and uses identified therein. So, the general intent didn't change given the Department's description 'cause it's to assist the children of nonschool age.

CHAIR PONTANILLA: Thank you. Members, questions? If not, the Chair would like to make his recommendations.

COUNCILMEMBER VICTORINO: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair's recommendation is to adopt the revised proposed resolution and filing of the County communication.

COUNCILMEMBER ANDERSON: So move.

COUNCILMEMBER MATEO: Second.

CHAIR PONTANILLA: Moved by Member Anderson, second by Member Mateo. Members, any more discussion? Seeing none, all in favor please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none, the motion carried...is carried. We have seven ayes. Two excused, Members Medeiros and Molina.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Medeiros and Molina.**

MOTION CARRIED.

ACTION: ADOPTION of revised proposed resolution; and FILING of communication.

ITEM NO. 90: OTHER DEPARTMENTAL SUPPORT REPORT (DEPARTMENT OF PUBLIC WORKS AND DEPARTMENT OF ENVIRONMENTAL MANAGEMENT) (C.C. Nos. 08-16 & 08-103)

CHAIR PONTANILLA: Members, the next item on the agenda is BF-90, Other Departmental Support Report (Department of Public Works and Department of Environmental Management).

At this time, the Chair would like to excuse the personnel from CDBG. Thank you for being here. You guys did well, you know, knowing that it's your first time. Thank you.

Continuing on. The Committee is in receipt of the first and second quarter report for Fiscal Year 2008, entitled "Other Department, Departmental Support", for monthly services provided to the Department of Environmental Management and other departments. As required by Section 7(a) of the General Provisions of the Fiscal Year Budget, the report summarize the monthly services provided by the Department of Public Works to the various programs of other departments. Members, if you remember this report was required because the Department of Public Works and Environmental Management was split into two separate departments.

Since the Highway Division and the Department of Public Works often assign some of its workers to the Department of Environmental Management, a reporting requirement was established. At this time, I would like to welcome Gregg Kresge from. . .Deputy Director. I'm sorry

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

not Deputy Director. Mr. Gregg Kresge of the . . .yeah, he is the Deputy Director for Environmental Management.

COUNCIL MEMBERS: (laughter)

COUNCILMEMBER VICTORINO: That's okay, Chair.

CHAIR PONTANILLA: Sorry about that. I, I, I was expecting Mr. Miyamoto but I guess not. And we do also have Mr. Arakawa if you could join us up front. Thank you. Mr. Pablo, you got any opening comments?

MR. PABLO: I'll just make a general comment. We, in the Administration, encourage departments to first look within the organization for, for resources and, and to try to use the resources as best as possible. We also encourage trying to centralize services where we can, such as the garage services that Public Works has, and then to provide that service to the other departments. Here, as Chair Pontanilla said, Milton Arakawa, our Director from Public Works, who could explain further. And then, we also have Gregg Kresge, Deputy Director, Environmental Management. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Arakawa, you first.

MR. ARAKAWA: Okay, thank you, Mr. Chair. Generally, you know, in accord with Section 7(a) of the General Budget Provisions of the Fiscal Year '08 Budget, the appropriations may be disbursed by the Department of Environmental Management to reimburse the Department of Public Works and vice versa for the temporary assignment of employees provided that a report is transmitted to the Council within 45 days after the end of each quarter of each position temporarily assigned, and the program for which the position was assigned, a description of the work performed, and the amounts reimbursed. The Department of Public Works has provided the Committee two reports for the first and the second quarters of Fiscal Year '08. We have not yet collected all the necessary data for the third quarter report. Once we receive all that data, the report will be sent to the Council.

Nevertheless, I can discuss the first two quarters of Fiscal Year '08. For the first quarter of Fiscal Year '08, the dollar amount of services provided by the Department of Public Works to the Department of Environmental Management totaled \$201,774.28. For the second quarter of Fiscal Year

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

'08, the dollar amount of services provided by DPW to DEM totaled \$161,401.71.

I can speak generally as to the type of assistance that has been rendered. If you look in the, the Wailuku District, which covers Central Maui and also South Maui, most of the other departmental support involves repair to refuse trucks for the Solid Waste Division. When refuse trucks break down, repair is usually a, a priority in order to get the trucks back in service. Central and South Maui have automated refuse collection so borrowing of Highway's laborers, which was prevalent a few years ago, does not occur on a regular basis at the present time.

In the Makawao District, DEM still employs the three person manual refuse pick up. So, borrowing of Highway's laborers still occurs on a routine basis. We understand that the Upcountry District is the next phase of automated pick up. And when that happens, we would anticipate that borrowing of Highway's laborers would be, would be reduced or eliminated like it is in Wailuku. Repairs of refuse vehicles are also a component of other departmental support in the Upcountry District as well.

The other cost component is cesspool pumping, which is done for the Wastewater Reclamation Division of DEM.

The Lahaina District involves fairly minimal assistance and the assistance here is primarily vehicle repair work.

In the Hana District, this has involved fairly substantial assistance and here the Department of Public Works has provided attendance and equipment operators for the Hana landfill. Also, the Highway's crews provide the manpower for manual refuse collection in this district since DEM does not have a dedicated crew for solid waste pick up.

On the island of Lanai, there's very minimal assistance that's, that's rendered, and here it involves primarily vehicle repair and service work.

Assistance, assistance on the island of Molokai involves vehicle repair as well as solid waste collection. Like the Hana District, DEM does not have a dedicated crew to perform manual refuse collection. So, the Highway's crews provide the manpower on a routine basis to do collection. And that concludes my comments.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: Thank you, Director Arakawa. Deputy Director Kresge, comments?

MR. KRESGE: We, we don't really have any comments at this time, but we're available for future questions. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any questions for either the Deputy or the Director? Member Johnson followed by Member Anderson followed by Member Mateo.

COUNCILMEMBER JOHNSON: Yes, and, and this is just in regard to the materials that are in our binder. You didn't specifically address this but when we're looking at like months of October and November and December where it says other departmental support. Now, is this money that's being requested or reimbursed or what do these amounts...like let's say for example, month of November, other departmental support. For example, in Lahaina, Solid Waste, \$519.11; Wastewater, \$242.25; and then Parks and Rec, \$2,214.88. So, is that the amount that...who is it going to be reimbursed to? I guess that's what I need to know. Which way does it go? Is that money that, that department owes or is that money that is the amount of services that are, I guess, being given to those departments?

CHAIR PONTANILLA: Mr. Arakawa.

MR. ARAKAWA: Councilmember Johnson, other County departments request services from us, Department of Public Works. We keep a record of the time and labor that's required to provide those services and this report is basically a dollar amount of the services that are actually reimbursed. So, we ask for reimbursement for these services and the reimbursement goes to the Highway Fund.

COUNCILMEMBER JOHNSON: Okay, so, for example, if Parks Department maybe they need bleachers moved or they need assistance during a particular event and they don't have the equipment necessary to do that. Then what you'll do is your, your department would provide the service, and then send them a billing for the appropriate amount if it's a combination of labor or equipment or whatever. Is that correct?

MR. ARAKAWA: Well, well this report primarily deals with the other depart..., departmental support as it pertains between the Department of Public Works and Department of Environmental Management. So, we're pretty

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

much dealing with, with that at this point. As far as other agencies, maybe can, I can check with the, the Budget Director, but there is a general fund amount, which is a basically a reimbursable amount for the work that other agencies ask for as far as from our department itself. Like these are the general funded agencies, agencies like the Parks Department or Housing and Human Concerns when they ask for their vehicle repairs or planning and so forth and so on.

COUNCILMEMBER JOHNSON: I, I guess where I'm getting confused, Milton, is that, you know, are these amounts for. . .are they owed by that specific department to Environmental Manage..., Environmental Management or are those services that were rendered to Environmental Management by that particular department? I'm trying to find...because it really doesn't identify which way it's going if you understand what I'm saying. . . .*(end of tape, start 1B)*. . .

MR. ARAKAWA: The report that we prepared is basically services that we, Public Works, have provided to other agencies.

COUNCILMEMBER JOHNSON: Okay, so, if, if you. . .do you have the page that I'm looking at or one of them? It's one, two, three, four. It's fourth, let's say from the back. Fourth page in from the back. And I'm, I'm just picking month of November, and I'm looking at the Lahaina side, and the amounts were 519.11, 242.25, and 2,214.88. Did you find where I'm looking at? That is the amount that the department owes for the services that you provided or that is the amount that is owed to those departments for the services they provided?

MR. ARAKAWA: No, these are dollar amounts for work that we provided to that department.

COUNCILMEMBER JOHNSON: So, Department of Public Works provided to Parks Department in the month of November 2,214.88 for some purpose, and then you keep a report on what that was. And from my understanding if it was, I guess, rendered from your department and that is...is it physically billed?

MR. PABLO: On the actual billing between, between departments this is han..., handled by the Finance Department under Accounting. And what I understand is one department that provides its services will prepare a voucher that goes to the Finance Department. They will review it. And based on that, they will issue it to the receiving department for, for rights

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

of reverification and confirmation. Then from what I understand, there's a journal entry made on the books.

COUNCILMEMBER JOHNSON: Yeah, I mean it's, it's not physically a check, but there's --

MR. PABLO: Yeah, just a journal entry.

COUNCILMEMBER JOHNSON: --a transaction so that the accounting at the end of the year when we get it if it fell into let's say Parks Department Budget for a particular event, and it ended up going instead of to an outside agency to Department of Public Works, then they would have that shown on their credit.

MR. PABLO: That's correct and, and this is, this would primary, there is, there's no money exchange.

COUNCILMEMBER JOHNSON: Right, it's. . .

MR. PABLO: It's just a journal entry to transfer receipts from one special revenue fund to another special revenue fund. The, the Parks and Recreation, for example, is under the General Fund. So, they'll be making a journal entry to transfer that amount to the Highway Fund.

COUNCILMEMBER JOHNSON: Right. And so, it goes to the Highway Fund because of the entity that's providing the service?

MR. PABLO: That's correct.

COUNCILMEMBER JOHNSON: Okay. As, as long as I'm clear with how you're generally doing it. I just was curious as to how it took place. Thank you very much.

MR. PABLO: No, you got it down very well. Thank you.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR PONTANILLA: Thank you, Member Johnson. Members, we do have also, you know, if you do have any questions from the Water Department or to the Water Department, we do have personnel from the Water Department here this afternoon. Member Anderson.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

COUNCILMEMBER ANDERSON: Thank you, Mr. Chair. I just wanted to ask a question maybe, whoever, if Mr. Arakawa can explain to us what is the cesspool pumping for in the Makawao District. Is the County. . .do we have cesspools that we pump that are County owned or are they owned by a private entity that we're pumping? What, what's the story?

MR. ARAKAWA: Councilmember Anderson, cesspool pumping has been a service that the County has historically provided. We have in past years debated whether or not we really should be involved in doing it, but it's basically going onto private property to pump cesspools, basically to remove the, the liquids from the cesspools. There are private entities that are available to provide that service. Over the years, we have decreased the frequency. . .allowable frequencies of the pumping by Code. And we've also increased the cost that the County charges in order that it's fairly equal to what any person could hire a private entity to do. So, the amount of service that we are called to do is. . .it has been, has gradually decreased over the years. But there are still a number of cesspools that need servicing and it has been historically provided. So when they do call, we go out and we charge them whatever the Code requires.

COUNCILMEMBER ANDERSON: Okay, thank you for that. And so, you think it's still competitive with the private pumpers?

MR. ARAKAWA: Yes, it is.

COUNCILMEMBER ANDERSON: Okay, thank you. So, we have the equipment that does that kind of pumping and, you know, right now we're, we're using private pumpers for the Maalaea Harbor. Is it conceivable, sorry I'm just going a little off track, Chair is it conceivable that should we run out of funding that it would be possible for the County's pumpers to step in until there was additional funding for a private pumper to take care of that problem? I just don't want to see us lose the pumping at Maalaea Harbor because of lack of funding. Conceivable is only the question, not that you would do it.

MR. ARAKAWA: Councilmember Anderson, well first of all, first of all the equipment that we have, the cesspool trucks are basically, you know, tailored for residential cesspools. I mean that's basically what we do. The pump out stations that you have say at Maalaea Harbor, you know, I'm not real clear on the, you know, the type of facility they have whether or not we would even be able to handle that service with the equipment we do

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

have. So, I suppose, you know, we could get back to you and answer your question in more detail. But --

COUNCILMEMBER ANDERSON: Well don't bother now but because hopefully it won't be a need but, you know, I envision this long flexible pipe that is put into some place and pumped. And there isn't pump out stations that's why we have to use the pumping truck. They actually pump from the boats. So, I just thought I would try to get some information on that while we have the subject up. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Mateo.

COUNCILMEMBER MATEO: Chairman, thank you. Director Arakawa, I, I thought there was a directive. . .I'm going to follow up Ms., Ms. Anderson's question. I thought there was a directive from the Department regarding cesspool pumping and a time table given by the County to cease pumping cesspools.

MR. ARAKAWA: Councilmember Mateo, I know that was certainly discussed. But over the years the, the frequency, the allowable frequency for pumping has decreased to the point where, I believe, it's twice a year maximum now that I think you can call the Department. But anyway that, that frequency is in the Code. If the Council desires to eliminate that certainly that's something that could be discussed. But at the present time, it's just been limited.

COUNCILMEMBER MATEO: Okay, well I, I, I remember it because when that directive came out some years ago Molokai went into a frenzy because at the time we had no private operator. And it was essentially just the County of Maui and you, you know, we went through a period of difficulty trying to find individuals interested in venturing into that business. So, I was kind of surprised that we're still seeing, you know, cesspool pumping as an item that we're still doing.

However, I wanted to ask you Wailuku District. They're automated, yeah? So, in one month, we have to provide repair services to 22 trucks. These are old trucks? These are new trucks? What are we repairing if Wailuku is automated 'cause we haven't been automated that long?

CHAIR PONTANILLA: Department?

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

MR. KRESGE: I'll try to. . . I don't know if I can answer your question directly because I, I, I don't keep real close contact. Sorry, Councilmember Mateo. But on the refuse trucks themselves, the automated trucks just in general, they are very hydraulically intensive. And so, and they're very. . . it's very important that those mechanisms are kept in very strong and stable working order. And there's a lot of replacement that's needed just or maintenance that's needed on those so that they don't get out of control and hit mailboxes and things like that. So.

COUNCILMEMBER MATEO: So, this would be a norm like out of, for example, Wailuku. I don't know how many total trucks you have, but in one month 22 of those trucks are in need of repair?

MR. KRESGE: Well, I think the majority of that that you're going to find is going to be maintenance and so it's not going to be overall a huge repair.

COUNCILMEMBER MATEO: We, we talking preventative versus --

MR. KRESGE: Preventative maintenance.

COUNCILMEMBER MATEO: --maintenance based on, on stuff got broken.

MR. KRESGE: And we also know if you miss your trash, you know, and the rubbish route is not picked up, we know how loudly everybody gets concerned. So, so we would rather do preventative maintenance than, than having to repair something that's broken and actually takes the truck out of order.

COUNCILMEMBER MATEO: Okay, it's just that when I read the report and I see the word just repair with no preventative et cetera, you know, I'm looking at it as just it, it got broken, and it had to be repaired for some reason or other, other than preventative in nature.

MR. KRESGE: Yeah, I think that, I don't think there's a breakdown between the repair and maintenance categories. So, but Mr. Arakawa might be able to answer that better but--

COUNCILMEMBER MATEO: No, I understand it's preventative at this point. So, thank you very much.

MR. KRESGE: Yes.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

COUNCILMEMBER MATEO: Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions? Seeing none, a fast question from the Chair regarding cess..., cesspools. Are all the cesspools supposed to be replaced with septic tanks? And by when?

MR. ARAKAWA: The cesspools that we service are basically all grandfathered in at this point. There was an EPA directive a while. . .several years ago to do, to replace large capacity cesspools. But it didn't mandate the replacement of the smaller residential cesspools.

CHAIR PONTANILLA: Thank you. Members, any more questions? Member Anderson.

COUNCILMEMBER ANDERSON: Yeah, if I could follow up on that, Chairman?

CHAIR PONTANILLA: Sure.

COUNCILMEMBER ANDERSON: Large capacity cesspools meaning people that or systems that service over 25 people, 'cause I recall that's what it was.

MR. ARAKAWA: Something like that.

COUNCILMEMBER ANDERSON: And then, so what I'm asking you, Mr. Arakawa, because several years ago when the EPA sent letters to everybody in Maui Meadows. They were using the criteria that if you have a house and an ohana, then you fit in to that category whether there's 25 people or not. So, are you going to give us some good news that that's no longer the case?

MR. ARAKAWA: I, I, I don't have any news on it to tell you the truth. I do know that that issue came up several years ago. But that was basically an EPA directive, and they were basically informing the homeowners in Maui Meadows that, that was the case, and I haven't heard anything to the contrary since then.

COUNCILMEMBER ANDERSON: Oh, I guess, I should call the Homeowner's Association to see what they know about it because I know there was a deadline and we're pass the deadline and I know people. I think I've seen two replacements down there that I know of. So, then just one last

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

question on it since the cesspool system seems to be the interest here. Why is it only in Makawao that you guys are pumping and none of the other districts?

MR. ARAKAWA: Well, that's basically where we get our requests from. The Upcountry District, there's just, I believe, one private system in Pukalani. But otherwise, pretty much it's all individual septic systems or cesspools.

And same with Molokai. Molokai, we have a County plant in Kaunakakai, but in rural areas of Molokai, there may be some private systems, but there are a lot of cesspools as well. So, we service on primarily Molokai and Upcountry.

COUNCILMEMBER ANDERSON: Okay, so, I didn't see any provision under Molokai for cesspool pumping. Is that. . .is there a reason for that? And wouldn't it be the same department and Environmental Management handling it?

MR. ARAKAWA: Yes. (pause) I can get you the data on. . .I know we still do cesspool pumping on Molokai. So, maybe we just didn't get the data but we just submitted it, but I, I can try to follow up on that and get some data to the Council.

COUNCILMEMBER ANDERSON: Okay, 'cause, I mean, the whole idea here, I guess, is to find out how much needs to be reimbursed to your department. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department at this time? If not, the Chair would like to recommend.

COUNCILMEMBER VICTORINO: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair recommends that we file this County Communication.

COUNCILMEMBER VICTORINO: So move.

COUNCILMEMBER MATEO: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Mateo. Any more discussion. . .discussions, Members? If not, all in favor of the motion please say aye.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any oppose? Seeing none, motion is carried, seven ayes. Two excused, Member Medeiros and Member Molina. Don't run away yet. Thank you.

VOTE: **AYES:** **Councilmember Anderson, Baisa, Johnson, Mateo, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Medeiros and Molina.**

MOTION CARRIED.

ACTION: FILING of communication by C.R.

ITEM NO. 111: GENERAL BUDGET PROVISIONS, FISCAL YEAR 2009
(C.C. No. 08-125)

CHAIR PONTANILLA: The next item is BF-111, General Budget Provisions, Fiscal Year 2009. The Committee is in receipt of County Communication 08-125 from the Budget Director relating to the General Budget Provisions in the proposed Fiscal Year 2009 Budget. The Budget Director transmitted this correspondence during Council's deliberations on the Fiscal Year 2009 Budget. The correspondence is, is in regards to Section 7 and Section 17 of the General Budget Provisions. The Budget Director informed the Council that the Administration is reviewing the proposed language changes to Section 7 of the General Provisions relating to the temporary assignment of employees.

Members, during the first reading of Fiscal Year 2009 Budget ordinance, I proposed a floor amendment to insert Section 7A, which read as follows:

A. Effective July 1, 2007, the Department of Public Works and Environmental Management split into Department of Public Works and a Department of Environmental Management. Notwithstanding the provisions contained in Section 7, appropriations may be disbursed by the Department of Environmental Man..., Management to reimburse the

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

Department of Public Works, and vice versa, for the temporary assignment of employees, provided that a report is transmitted to the County Council, within 45 days after the end of each quarter, of each position temporarily assigned and the program from which the position was assigned, a description of the work performed, and the amounts reimbursed.

Since, we have just reviewed the Fiscal Year 2008 reports, the two quarters, from the Director of Public Works as well as the Deputy Director of Environmental Management, I guess, we all have a better understanding of the services provided between the departments. I wanted to provide you this opportunity, for the Administration and the Committee Members here, to discuss possible revisions, if you do have any, regarding Section 7 that the, the Committee may consider at this time. Mr. Pablo, your comments?

MR. PABLO: Thank you, Chair, Chair Pontanilla. As you indicated, both Section 7 and Section 17, as proposed by the Budget Office were considered during the first reading on, on May 16, 2008.

Regarding Section 7, we decided it might be best to hold off until we have a whole year's experience, which would be at the end of this fiscal year. Then we could review those reports and what had transpired and perhaps for the next budget Fiscal Year '10 we could recommend any proposals.

Regarding Section 17, that was covered by a floor amendment on Jan..., on May 16th. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the Budget Director or the Deputy as well as the Director of Public Works at this time regarding the proposal that the Budget Director and the Administration will be forthcoming to this Committee? Member Hokama.

VICE-CHAIR HOKAMA: Chairman, we are on Item 111, right?

CHAIR PONTANILLA: Yes, we are.

VICE-CHAIR HOKAMA: 'Cause I was trying to, kind of trying to understand the. . .you know, Chairman, I'm not convinced we need to move the ceiling right now. With the adjustments in interest rates that the, the bond market, the financial professionals at the Fed's level, I'm not too sure of how things are going to move down the road in the next six months.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

You know, Mr. Young has done a good job in refinancing our bonds for better interest rates. The Council has kept certain projects alive, but we've maintained discipline in the level that we authorize to fund under bond, and that has placed this County in the position it is in compared to the State of Hawaii and our sister counties. I do not see a need to move from the discipline that has put us in a very enviable place with our peers.

I think if there is a project that is worthy I would prefer to see the Administration prioritize and move those projects forward than just ask us to lift the ceiling so that they can add more projects. I need the confidence that what you ask, you can do, and you can perform, and you can construct. 'Cause I think one of the things that we have done over the last ten years is we have tried to show our tax base the true cost of running the people's government. You know, we went through a period in another decade of showing a lot of cash but borrowing the hell out of our credit. And what did that do? Put us in a very bad financial situation. We've corrected it by holding discipline. And until we can see the ability to move the projects to a level that I have, I have the confidence, I would not be open to this at this time, Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions? Seeing none, based on some of the concerns that the . . . concern of the Chairman here, at this time the Chair would like to make a quick recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR PONTANILLA: Thank you. The Chair recommends that we defer this item and we'll bring it forth again some time in the future, if there's no objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

CHAIR PONTANILLA: Thank you.

ACTION: DEFER pending further discussion.

CHAIR PONTANILLA: At this time, the Chair would like to call a ten minute recess and we will reconvene at 2:40. This meeting is in recess. . .
(gavel). . .

RECESS: 2:30 p.m.
RECONVENE: 2:45 p.m.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

**ITEM NO. 107: CONTRACTING FOR THE INDEPENDENT ANNUAL
FINANCIAL AUDIT OF THE COUNTY (C.C. No. 08-105)**

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Members, I know you guys had that awful look on your face regarding the letter that was sent to each of you. In the last item, you know, we took care of Section 7. I understand that Section 17 already had been agreed that \$50 million was the appropriate amount. Thank you.

Members, our last item this afternoon is BF-107. This is a contracting for the Independent Annual Financial Audit of the County. Members, by correspondence dated June 10, 2008 from the Council Chair, transmitted a copy of the request for proposals for financial audits of the County of Maui for Fiscal Year 2008, 2009, and 2010, and a draft resolution to designate a certified public accountant or a firm of certified public accountants to perform an independent financial audit of the County of Maui for each fiscal year noted.

In order to encumber the funds appropriated in the Fiscal Year 2008 Budget for the financial audit, the proposed resolution must be adopted before the end of the fiscal year. Due to these time constraints, the Budget and Finance Committee will be unable to formally transmit any recommendation to the Council for consideration at the Council meeting of June 20, 2008, which is the last Council meeting of this fiscal year. Therefore, I will be deferring any action after our discussion on this item so the draft resolution can be placed on the agenda for the Council meeting of June 20, 2008.

At this time, the Chair would like to call on the Council Chair, Mr. Hokama, for comments at this time?

VICE-CHAIR HOKAMA: Thank you, Chairman. Chairman, Committee Members, you have in your binder a communication from me to all of you dated June 10. In it, with the assistance of Mr. Taguchi from Council Services, we have stated that we did provide a RFP proposal for public procurement pur..., purposes. And at the end of the deadline, which I believe was June 9th, we were. . .we received no proposals for consideration by the Council.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

As the Chief Procurement Officer of the Legislative Branch, it is therefore my responsibility to look at other options in satisfying the requirements of the Charter, which is to provide an independent audit of the County of Maui's financial and, and fiscal operations. At this time, with the assistance again of Mr. Taguchi, we have made contact with various firms.

There have been changes in the reporting requirements. And again, all of us know what happened after the big fall out of the . . . what shall we call it? The, the big private sector auditing mess that we all understood the, the Arthur Anderson fall out and the other types of firms with private sector concerns. Nonetheless, it has impacted us on the public sector. 'Cause now of the more stringent and our requirements as well as the peer pressure of peer reviews we have had less willingness of CPA firms to provide the County with services for our, our, our Charter responsibility. Therefore, this afternoon again because one of the options as your procurement officer is the ability or option of now negotiating with a firm to provide the required services for the Council regarding the County's financial operations, I can tell you that we are in contact with, one, a national firm. And again, because we are . . . have not reached an agreement I will prefer not to name the entity, Mr. Chairman and Members, that has the capability to provide the service to the County, as well as an established Honolulu firm that has experience in, in and expertise of local issues as well as the ability to tap as being part of a consortium regarding expertise also from the mainland, Mr. Chairman. And I'm happy to answer any questions that the Committee may have. But we do still have some options to secure an appropriate licensed CPA firm to do the Council's requirement of providing an independent audit of the County of Maui for the fiscal years as stated in the communication.

CHAIR PONTANILLA: Thank you, Chairman. I just have one quick question in regards to, you know, is there a critical date that we must meet in order to complete this financial audit for the County of Maui?

VICE-CHAIR HOKAMA: As far as a decision, Members, if you would look at your copy of the advance posting of our Council agenda. You will see that we have positioned communications then to allow the Council, one, to consider discharging this Committee of its current responsibility of recommendation, as well as to provide the Council with an opportunity to consider a recommendation that I could possibly be able to make at the, at the forthcoming Council meeting for a selection of a certified firm to do our requirements, Chairman.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CHAIR PONTANILLA: Thank you. Members or Member Johnson.

COUNCILMEMBER JOHNSON: Yes. And this is a question for Chair Hokama. I know that as a Member of NACo, and of course, you being extremely active with their board, are there other entities in . . . on a national level that are experiencing similar problems? And with purchasing power that NACo has, are we able to look at solutions through NACo as to some possible firms or, I guess, entities that may be able to handle not only our problem but others?

CHAIR PONTANILLA: Chairman.

VICE-CHAIR HOKAMA: Thank you, Mr. Pontanilla. Ms. Johnson, I can only tell you as, as the Chairman of the Audit Committee for the national organization, we have not had any difficulty in securing a firm to do NACo's audit requirements. And again, we are very stringent and very rigid in our review because a lot of NACo's money comes from municipality funds, which is public funding, including the County of Maui's. But being situated in Washington D.C., the proximity to firms whether it be in New York, Baltimore, the Washington D.C. area. It has not been a issue for our national organization. I can share with you though that as far as . . . *(end of tape, start 2A)*. . . Hawaii it's been a challenge. You know we've been in contact. Mr. Taguchi has again, you know, touched base with our sister county. Kauai has had some difficulty in procuring a CPA firm for their requirements, but I am confident that we will be able to secure a, again a certified licensed firm within the deadline, which is the end of this month.

COUNCILMEMBER JOHNSON: Okay, and what I was more . . . instead of looking at an actual auditor for NACo itself, what I was looking at because they deal with issues that impact all of their member jurisdictions, you know, such as our County as well as counties all over the nation. So, I wondered just out of curiosity if they had received complaints from other jurisdictions that they were having problems similar to what we're having here in Hawaii. And then trying to find a solution that a firm or firms in different regions may be able to offer assistance to those, you know, areas that are having difficulty finding auditors. That's kind of more what I'm --

VICE-CHAIR HOKAMA: Right.

COUNCILMEMBER JOHNSON: --you know referencing.

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

VICE-CHAIR HOKAMA: I can quickly respond, Mr. Chairman?

CHAIR PONTANILLA: Go ahead.

VICE-CHAIR HOKAMA: Thank you very much. We, the national entity, hasn't really received any comments that, that you've asked about. I can tell you though, Mr. Chairman, that as a member of the national organization and our ability to provide suggestions, comments, we have asked, through our U.S. Community's Program, to see whether or not NACo would consider putting out a procurement regarding auditing services on a national procurement contract that we would be able to participate in as part of the original procurement efforts. And that that would be another way for us to at least have one more choice in the selection of a certified public accounting agency. It has not happened yet. But, you know, the big counties, like L.A. County, Fairfax County, Virginia, because of their size and, and financial power, we have been the beneficiary of other types of national. . . nationwide procurement contracts. And this is something that has been talked about, and we've, we've put the request for it. . . for the organization to at least do the due diligence to consider it.

COUNCILMEMBER JOHNSON: Thank you very much, Chair Pontanilla. I really appreciate Chair Hokama's response because I think that sometimes here in the middle of the Pacific we wonder if we're alone in these kinds of problems. And I think that it's reassuring to at least know that other services at a national level are trying to be procured so that the membership through NACo may provide this additional service. Thank you very much.

CHAIR PONTANILLA: Thank you, Member Johnson. Member Anderson.

COUNCILMEMBER ANDERSON: Thank you, Chair. I guess Chair Hokama might be the person to answer this but I'll direct it to you. And do we typically in the past go out for three years? Get a contract for three years of auditing services or do we do it on a yearly basis? And I'm just wondering if, you know, the, the RFP was good for a month from May something to June.

CHAIR PONTANILLA: May 9th to June 9th.

COUNCILMEMBER ANDERSON: Yeah, to June 9th. And so, you know, is a month really enough time for someone to put together a proposal for a

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

three-year audit? And I'm just wondering if that has anything to do with it.

CHAIR PONTANILLA: I wish we could secure a three-year audit so we don't have to worry, but I want to defer to Council Chair Hokama.

VICE-CHAIR HOKAMA: Chairman Pontanilla, it is my experience and understanding what we have put forth in our RFP has been consistent with what we have done in past, including the years of extending the contract by the, by the Chief Procurement Officer or Council Chair finding that the audit firm has served satisfactorily for the Council's requirements.

In the past, it hasn't been as difficult because the local Maui firm that provided the service in the past, again with, with their experience, their knowledge of how the County operates, their relationships with department heads that are required to participate, such as the Finance Department personnel, they, they were always able to give the Council extremely good bid proposals. And, and normally no other entity could come close to that proposal. But since again, the national situation that has changed how reporting and the scrutiny that it goes under now, our local firm has decided not to put in a proposal. And I believe with this. . .the last year of the current contract, our current auditor also again because of some internal concerns, if I can state it that way, Mr. Chairman, also solicited some support from a Honolulu sister firm.

I can tell you, Members, that part of the, the details that I share with you this afternoon that I ask you to. . .that to appreciate from the CPA firm side is that with Finance Department being able to hit certain scheduling marks, we will like to get them the information by the end of September. And hopefully by end of November, if things work perfectly, can, can be able to conclude their, their audit requirements including their narrative and recommendation.

After a certain point in the end of this calendar year, we all know that CPA firms prepare and get ready for the big April 15th filing tax deadlines, where they have a lot of business whether it be corporate business, individual tax returns. But one of the concerns is how our need to provide the information and their need to move on to the next level of clients has come to a situation where we will be working with Director Young to try and reserve some of the internal areas of concern that the firms have expressed to us. I can tell you that Director Young has been more than cooperative and willing to make whatever adjustments he has under his

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

authority to provide the information, required information, in a timely manner so that whoever we choose as an auditor can do the Council's requirements and, and be able to file 'cause we also have a deadline to file our, our audit, Members. That we can file it timely without needs of extensions 'cause I would hope we will not jeopardize the GFOA Award that the County has been able to receive every year. But then again, it also depends on timely reporting and filing of the audit itself. So, that's what's happening, Ms., Ms. Anderson. Thank you.

COUNCILMEMBER ANDERSON: Okay, thank you Chair Hokama. Thank you, Chair Pontanilla.

CHAIR PONTANILLA: Thank you. Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair. I just wanted to add my comment to this discussion because this business of trying to find an auditor is, you know, not just with the County. When I was at MEO, we had the same issue. And one of the issues is trying to get an auditor that understands what needs to be done because this is not just a simple financial audit of adding up what came in and what went out. There are many, many, many regulations that have to be learned and they change all the time. And so, the idea of having an auditor that would stick with you for three years is really good because you're also training the auditor and it takes an inordinate amount of time for the County's staff too, to familiarize the people that come in with the procedures, and how things are done, and where things are kept. And once you get pass that if you can keep 'em at least for two more years it's worth the investment. Otherwise, you're constantly in this training mode. And while they may bid and say we're going to charge you this much, they reserve the right to charge you extra when they have to do extra work and go into overtime. So, I think, it's very prudent that if we can find somebody who has national expertise and can volunteer to do this for us, and stay with us for a while, I think, that's a really good solution. So, thank you, Chair Hokama. I think that's a wonderful contact.

CHAIR PONTANILLA: Thank you. Members, any more questions for Mr. Hokama regarding the annual audit? Member Hokama.

VICE-CHAIR HOKAMA: Chairman, one last thing I wish to share with the Members so we can all appreciate the significance of procuring an appropriate firm. One of the, the keys with the deadline, my fellow Members, especially in there of the single audits, is the ability of whether

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

or not the County will continue to receive Federal dollars. The Feds are very, very tight on their deadlines and we receive a lot of grant funding from the Federal government. We would not want to be in a position that by our, our auditor being unable to provide us with the appropriate completion. And that is why we are working very closely with Director Young 'cause he appreciates and understands the situation thoroughly is the. . .we do not want to even consider the potential loss of these grant funding at all. And it is critical for us to be also able to review, to go through and complete, not only the County's audit, but the single audits required by the Federal government, Chairman. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions in regards to the annual audit? Seeing none, the Chair recommends that we defer this item.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR PONTANILLA: Thank you. Members, any more discussion that you want to bring forward before we adjourn? Seeing none, the meeting of June 16, 2008 Budget and Finance Committee meeting is now adjourned. . . .(gavel) . . .

ADJOURN: 3:09 p.m.

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:080616:daf

Transcribed by: Delfey Fernandez

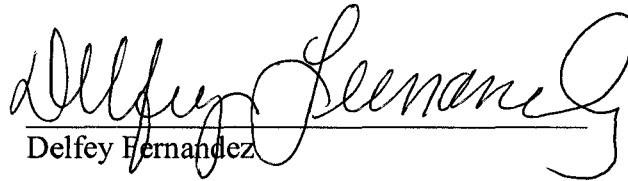
BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

June 16, 2008

CERTIFICATE

I, Delfey Fernandez, 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 this 9th day of July 2008, in Wailuku, Hawaii


Delfey Fernandez