

**BUDGET AND FINANCE COMMITTEE**  
Council of the County of Maui

**MINUTES**

**May 30, 2007**

**Council Chamber, 8<sup>th</sup> floor**

**CONVENE:** 1:35 p.m.

**PRESENT:** Councilmember Joseph Pontanilla, Chair  
Councilmember G. Riki Hokama, Vice-Chair  
Councilmember Michelle Anderson, Member  
Councilmember Gladys C. Baisa, Member  
Councilmember Jo Anne Johnson, Member  
Councilmember Danny A. Mateo, Member  
Councilmember Bill Kauakea Medeiros, Member  
Councilmember Michael J. Molina, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Lance Taguchi, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

**ADMIN.:** Frederick Pablo, Budget Director, Office of the Mayor  
Rudy Esquer, Grants Administrator, Department of Housing and Human  
Concerns (BF-38)  
Lynn Gushiken Krieg, Director, Department of Personnel Services  
(BF 33, BF 34, BF-36 and BF-37)  
John D. Kim, Deputy Corporation Counsel, Department of the Corporation  
Counsel (BF-33, BF-34, BF-36 and BF-37)  
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the  
Corporation Counsel (BF-38)

**OTHERS:** **Item 38:** Maude Cumming, Executive Director, Family Life Center  
Randy Rodriguez, Family Life Center  
Others (5)

**PRESS:** Melissa Tanji, *The Maui News*

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CHAIR PONTANILLA: . . .(*gavel*). . .Good afternoon, Members. The Budget and Finance Committee meeting for May 30, 2007, is now called to order. The time is 1:35. Members, we do have five items on the agenda this

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afternoon. Hopefully it goes quickly, and thank you, Members, for being here to take action on these five items. The Chair was intending to call a meeting on June 14<sup>th</sup>, the day after we come back from Molokai and with your support, you know, we're going to handle those items that were scheduled for June 14<sup>th</sup> this afternoon. Thank you.

Members, at this time I'd like to introduce to the public the Members that are here this afternoon. We do have Member Mateo, Member Anderson, Member Baisa, Member Johnson, Member Medeiros, Member Molina, our Council Chair Mr. Hokama, as well as Member Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Mr. Chair.

CHAIR PONTANILLA: Good afternoon. Representing the Administration this afternoon we do have Frederick Pablo, the Budget Director; as well as J.D. Kim from our Corporation Counsel office. Supporting the Committee this afternoon is Lance Taguchi, Legislative Analyst; and Yvette Bouthillier, our Committee Secretary.

Members, the Chair doesn't have any, anyone signed up for, anyone signed up for public testimony. At this time, the Chair would like to call members of the audience if you do want to make public testimony at this time you're welcome to do that. Seeing none coming up the Chair, with no objections, would like to close public testimony.

COUNCIL MEMBERS: No objections.

**ITEM NO. 33: COST ITEMS FOR EMPLOYEES INCLUDED IN BARGAINING UNITS 02, 03, 04, AND 13 (C.C. No. 07-138)**

CHAIR PONTANILLA: Thank you. Members, again, today we have several items on the agenda. The first one is BF-33, Cost Items for Employees (Included) in Bargaining Units 02, 03, 04, and 13. This is a result of County Communication No. 07-138, transmitting the following: A proposed resolution entitled "Approving Cost Items for Unit 2, Supervisory Blue Collar Employees, Unit 3, Non-Supervisory White Collar Employees, Unit 4, Supervisory White Collar Employees, and Unit 13, Professional and Scientific Employees." The purpose of the proposed resolution is to approve the pay adjustments and fringe benefits costs for Bargaining Units 2, 3, 4, and 13, pursuant to April 19, 2007, notice of ratification of the collective bargaining agreements.

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The Committee is also in receipt of documents entitled “County of Maui Unit 2 (Included) Summary of Cost Items Fiscal Year 2007-2008 as well as Fiscal Year 2008-2009”; “County of Maui Unit 3 (Included) Summary of Cost Items Fiscal Year 2007-2008, Fiscal Year 2008-2009”; “County of Maui Unit 4 (Included) Summary of Cost Items Fiscal Year 2007-2008, Fiscal Year 2008-2009”; and “County of Maui Unit 13 (Included) Summary of Cost Items Fiscal Year 2007-2008, and Fiscal Year 2008-2009.”

At this time, the Chair would like to call on Mr. Pablo for comments. Budget Director.

MR. PABLO: Thank you, Mr. Chair. I don’t have any comments. Director of Personnel Services, Lynn Krieg, is available to answer any of your questions. Thank you.

CHAIR PONTANILLA: Thank you. Ms. Krieg, you have any opening comments in regards to this item?

MS. KRIEG: Yes, thank you, Mr. Chairman. Section 89-10 of the Hawaii Revised Statutes, which addresses collective bargaining agreements, requires that all cost items shall be subject to appropriations by the appropriate legislative bodies.

And this afternoon we are asking for your consideration on approving the cost items for Bargaining Unit 1, which is made up of approximately 550 Blue Collar, Non-Supervisory employees and represented by the United Public Workers. We are also asking for approval of cost items for Bargaining Units 2, 3, 4, and 13 all of whom are represented by the Hawaii Government Employees Association.

We have 39 Bargaining Unit 2 Blue Collar Supervisors, approximately 600 Bargaining Unit 3 White Collar Non-Supervisory employees, 26 White Collar Supervisory employees who are members of Bargaining Unit 4, and approximately 230 Bargaining Unit 13 employees in professional and scien...and scientific-related occupations or positions.

And I will begin with the cost items for the Unit 1 agreement. The salary package is comprised of --

VICE-CHAIR HOKAMA: Chairman.

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CHAIR PONTANILLA: Ms., Ms. Krieg, right now we're on the --

MS. KRIEG: --oh, okay.

CHAIR PONTANILLA: --Unit 2, 3, 4, and 13 at this time.

MS. KRIEG: Oh, okay. Excuse me. For Unit 2, the cost items include salary increases effective July 1, 2007, a 4 percent across-the-board increase to the salary schedule, which will include two additional longevity steps, which will give the employees with five years of service or ability to move step. Right now their step movements they would have to wait ten years before they can move. The step movements provided for in the schedule now are at 10, 15, and 20 years. The two additional steps are a five-year movement and a 25-year movement.

So, effective July 1st, 2007, there's a 4 percent across-the-board increase, the two additional step movements, and then effective July 1, 2008, another 4 percent across-the-board movement with another continuation of the step movement plan. The additional cost for each fiscal year is for Fiscal Year 2008, \$142,548; and for Fiscal Year 2009, \$252,496. Shall I just continue?

CHAIR PONTANILLA: Yes, please.

MS. KRIEG: Okay, for Bargaining Unit 3...well, I'll go over the additional items then. For Bargaining Unit 2 for night...there was also an increase in the night differential of five cents from 55 cents to 60 cents per hour. There is also an increase in the meal allowance from \$4.25 to \$6, and the lunch from \$4.75 to \$8.00, and from dinner from \$6 to \$10. And there's an increase in the travel allowance for intra-state per diem from \$80 to \$90 for a 24-hour day. And out-of-state travel there's an increase of \$15 from \$130 for a 24-hour day to \$145. We also negotiated the language for mileage reimbursement rate to be set at the rate as prescribed by the IRS for each mile traveled for business purposes.

So, the increase in cost for night differential is estimated for Fiscal Year 2008 at \$63, and 2009 is the same. For meals, for Fiscal Year 2008, \$1,929; the same increase for 2009; and for travel 2008, \$1,157; for Fiscal Year 2009, \$1,200. The total additional cost per fiscal year is projected for Fiscal Year 2008 at \$145,000...\$145,697; and Fiscal Year 2009 at \$255,688. And that's for Bargaining Unit 2.

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For Bargaining Unit 3 . . .

COUNCILMEMBER MEDEIROS: Chair, excuse me.

CHAIR PONTANILLA: Member Medeiros.

COUNCILMEMBER MEDEIROS: You want to ask questions now or wait until she's completed?

CHAIR PONTANILLA: We'll wait until she's done.

COUNCILMEMBER MEDEIROS: Okay.

CHAIR PONTANILLA: This is all the HGEA settlement. So, we'll provide questions or ask her questions as soon as she's done.

COUNCILMEMBER MEDEIROS: Thank you, Chair.

CHAIR PONTANILLA: Yeah.

MS. KRIEG: For Bargaining Unit 3, for salary increases effective July 1, 2007, there's a 4 percent across-the-board salary increase with a continuation of the step movement plan. Effective July 1, 2008, a 4 percent across-the-board increase to the salary schedule with, again, a continuation of the step movement plan. The additional cost is projected for Fiscal Year 2008, at \$1,215,227; for Fiscal Year 2009, \$2,575,428. A similar increase in night differential from 55 cents to 60 cents per hour for each full hour, and 30 cents for every half hour or less. For Fiscal Year 2008, the additional cost is \$2,836; the same for 2009.

There are similar increases for meals. For Fiscal Year 2008, the additional cost is projected at \$12,511; the same for 2009. The same increases were negotiated for travel. The additional costs are projected for Fiscal Year 2008 at \$5,953; and for Fiscal Year 2009, \$6,669. The total cost estimate for Bargaining Unit 3 is for Fiscal Year 2008, \$1,236,527; Fiscal Year 2009, \$2,597,444.

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For Bargaining Unit 4, salary increases effective July 1, 2007, a 4 percent across-the-board increase with continuation of the step movement plan. July 1, 2008, a 4 percent across-the-board increase with continuation to the step movement plan. For additional costs in Fiscal Year 2008 of \$109,372; and Fiscal Year 2009, \$210,320. Again, night differential increase from 55 cents to 60 cents per hour with 30 cents for each half hour or less. Fiscal Year 2008 increase in cost of \$244; and the same for 2009. Meal increase allowance was the same for additional costs for Fiscal Year 2008, of \$1,590; the same projected cost for 2009. Again the same increase negotiated for travel allowance.

Additional costs projected for Fiscal Year 2008, \$1,585; the same projection for 2009. Total additional costs for Bargaining Unit 4 Fiscal Year 2008, \$112,791; 2009, \$213,739.

For Bargaining Unit 13, effective July 1, 2007, there is a 4 percent across-the-board increase to the salary schedule with a continuation of the step movement plan. Effective July 1, 2008, the salary schedule will be amended to reflect a new maximum step M. And all eligible employees with at least 27 years of service in Bargaining Unit 13 shall move to the new step throughout the year as they attain the required years of service provided...and this is not in this transmittal, but this information was received after we prepared the transmittal, but this will be provided the employee has been on Step L, the current maximum step for at least three years. And there will be a continuation of the step movement plan.

There will not be an increase to the salary schedule until October 1, 2008. On October, effective October 1st, 2008, the salary schedule will increase by 4 percent. The additional cost anticipated for Fiscal Year 2008, because of salary increases, is \$627,365; for Fiscal Year 2009, \$1,215,595. The night differential increase for Bargaining Unit 13 is greater because of a catch-up. They went from 45 cents an hour to 60 cents an hour whereas, the other units went from 55 cents an hour to 60 cents an hour.

So, their cost for Fiscal Year 2008 is \$153; and for 2009 the same. The meal allowance increase is the same. The projected cost for Fiscal Year 2008, is \$520; the same for 2009. They have the same travel allowance increases. And the projected cost for 2008 is \$4,126; for 2009 \$4,426. The total additional cost for Bargaining Unit 13 is \$632,164; for 2009, \$1,220,6...\$1,220,694.

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CHAIR PONTANILLA: Thank you, Ms. Krieg. Members, any questions?  
Mr. Medeiros followed by Mr. Hokama.

COUNCILMEMBER MEDEIROS: Mahalo, Chair. I just wanted to ask...I, I know on every unit it said continued step movement plan. So, if they're in a particular step and they qualify for the next step they just move to the next step; is that correct?

MS. KRIEG: According to the plan, yeah.

COUNCILMEMBER MEDEIROS: The plan or the agreement?

MS. KRIEG: According to whatever the plan is in their agreement.

COUNCILMEMBER MEDEIROS: In their agreement.

MS. KRIEG: Correct.

COUNCILMEMBER MEDEIROS: Okay, and, and you did say under Unit 2 there's two new longevity steps now, L4 and L5.

MS. KRIEG: Correct.

COUNCILMEMBER MEDEIROS: And, and the L4 is when they attain five years of service and the L5 is when attain 25 years of service.

MS. KRIEG: There's two...yeah, there's actually two new steps.

COUNCILMEMBER MEDEIROS: Uh-huh.

MS. KRIEG: They created a new step at the beginning and a new step at the end.

COUNCILMEMBER MEDEIROS: Right.

MS. KRIEG: Right.

COUNCILMEMBER MEDEIROS: So, L4 is when they attain five years of service; is that correct, under Unit 2?

MS. KRIEG: Yeah, the, the new step at the beginning is when they attain five years of service.

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COUNCILMEMBER MEDEIROS: Right.

MS. KRIEG: Correct.

COUNCILMEMBER MEDEIROS: And L5 is for 25 years of service.

MS. KRIEG: 25 years of service.

COUNCILMEMBER MEDEIROS: Okay. Chair, that's all I have for now.  
Thank you.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: Chairman, a few questions for the Director or Corporation Counsel. Just help us understand when, when you mention regardless of what unit the increase including employees not assigned to salary schedule what are we talking about please, so we're, we're very clear on understanding.

MS. KRIEG: We do have some unclassified employees in unclassified positions. And when the positions are not classified that means they are not assigned to a salary schedule.

VICE-CHAIR HOKAMA: But within the bargaining unit?

MS. KRIEG: But they are within the bargaining unit.

VICE-CHAIR HOKAMA: Is that just a small amount, Director?

MS. KRIEG: When you say "small amount" do you mean the number of employees?

VICE-CHAIR HOKAMA: Correct.

MS. KRIEG: Yes.

VICE-CHAIR HOKAMA: Okay, and, and so the Committee is clear longevity steps is, I guess, length of service versus the service step which is your, what, I guess what we call the anniversary date of employment, or is that viewed differently for us to understand? Service step movements versus longevity steps.

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MS. KRIEG: They can mean the same thing except that when you, whenever somebody asks us about service anniversary date we always have to clarify for them what they're asking for the date for, because there's a different date depending on what you're asking for. If you're asking for your service anniversary date or your, your, your anniversary date in terms of your step movement in relation to your contract provision for when you're eligible for a step movement that could be different from your service anniversary date in terms of when you're eligible for retirement benefits. That date may be different.

VICE-CHAIR HOKAMA: Uh-huh.

MS. KRIEG: So, we always have to clarify when people ask us what is my service anniversary date? We have to ask them the purpose for which they're asking.

VICE-CHAIR HOKAMA: Okay. But for this Committee as we review this in consideration of approval what is presented to us is longevity step and service steps. So, I, I just want the Committee to be clear on what is the main difference between the two please?

MS. KRIEG: For this purpose in this...for Unit 2, the longevity step is time in the bargaining unit, Bargaining Unit 2.

VICE-CHAIR HOKAMA: Okay. Okay. Even...so, so we're clear let's say you were in Fire then you moved to...and so you would be under the Fire contract --

MS. KRIEG: Right.

VICE-CHAIR HOKAMA: --then now you, you transfer for whatever reason and you're Bargaining Unit 2, like under HGEA contract. So, once you get the five years you qualify for an L4?

MS. KRIEG: It has to be bargaining unit...

VICE-CHAIR HOKAMA: Two.

MS. KRIEG: Correct.

VICE-CHAIR HOKAMA: Okay, and service steps would it be good for us to generally view this as anniversary date? We heard you about the, the

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retirement portion and what not, but as far as the normal step movements it's based upon the date of hire in the unit or the date of hire to the County?

MS. KRIEG: Again, it depends on the contract, because like Bargaining Unit 13 -  
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VICE-CHAIR HOKAMA: The professionals.

MS. KRIEG: --the professionals, Bargaining Unit 13 is specific in their contract that they will only credit Bargaining Unit 13 time.

VICE-CHAIR HOKAMA: Okay.

MS. KRIEG: Whereas Bargaining Unit 3 has a provision that will count both Bargaining Unit 3 and 4 time. So, it depends on the contract. You need to, we have read the contract.

VICE-CHAIR HOKAMA: No, I, I understand what you're saying. I just want us to have a reasonable understanding, yeah, as, as we move toward consideration of approval. My, my next one is just in general regarding all of the units and what is before. This is a negotiated settlement; correct?

MR. KIM: That's correct.

MS. KRIEG: Correct.

VICE-CHAIR HOKAMA: So, this did not go to arbitration. This--

MR. KIM: Contract...

VICE-CHAIR HOKAMA: --this particular proposal before us is a negotiated proposal?

MS. KRIEG: Right.

MR. KIM: This, this, this was negotiated prior to the decision and award for the arbitration.

VICE-CHAIR HOKAMA: For SHOPO.

MR. KIM: Oh no, for HGEA.

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VICE-CHAIR HOKAMA: For HGEA.

MR. KIM: That's correct. What happened was we went into interest arbitration that lasted a week. We had 30 days before, thereafter, I believe, before the decision and award was to come out. And at the filing of the post hearing briefs, about a week later, the parties got together and decided to settle it before the arbitrator issued a decision and award.

VICE-CHAIR HOKAMA: Okay. I understand what you're, you're saying, Corporation Counsel. Chairman, I want just one more question. So that we can be all clear on this Committee tell us what you can without divulging contract confidentiality, how did the County approach this negotiations? And you can compare it to the other counties, because I really don't care how the State approach it. You know, I'm not concerned about the State's portion, yeah. I just concerned about the County's portion.

MR. KIM: Well, with respect to this, the arbitration because the State had six votes...

VICE-CHAIR HOKAMA: How did they get six votes?

MR. KIM: The Governor had six votes. On the Units 2, 3, 4, 13 also includes Units 8 and 9 I believe, and therefore that includes the health systems and the judiciary. So, under the statute the Governor has six votes. Each of the counties have one vote, the judiciary has one vote, health system has one vote. So, it's six and six. And so, the Governor, at this point, for these bargaining units takes the lead. And so, the interest arbitration and the impasse dealt with six Units actually. And the, the counties are involved, I believe, in four of the six.

VICE-CHAIR HOKAMA: So, what was Maui County's as an employer's approach to these contracts philosophically? We're willing to agree to anything? Was that our basic position -- we'll agree to anything?

MR. KIM: Our, our basic position was a reasonable raise for our employees.

VICE-CHAIR HOKAMA: And did we go in with parameters, like, nothing more than "X" percent, nothing lower than "X" percent?

MR. KIM: That's correct.

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VICE-CHAIR HOKAMA: Can you tell us in open meeting what was those parameters?

MR. KIM: At this point, I can't recall. I believe we had two different positions, because this went through the prior Administration.

VICE-CHAIR HOKAMA: Did you represent us with the prior Administration --

MR. KIM: Not in nego...

VICE-CHAIR HOKAMA: --so there was consistency in negotiation?

MR. KIM: Not in the negotiations. I was just informed of the numbers.

VICE-CHAIR HOKAMA: So, who represented us in the last Administration?

MR. KIM: Oh, I mean I represented the Department of Personnel Service and, and the Administration, but not in negotiations. It's a separate issue. The attorneys come in to do the, the legal work and the paperwork, and the negotiations usually is led by a negotiating team with members from each of the jurisdictions.

VICE-CHAIR HOKAMA: And who was Maui's negotiator...Ms. Krieg?

MR. KIM: Ms. Krieg.

VICE-CHAIR HOKAMA: Okay. So, at least we had consistency regardless of Administration then?

MS. KRIEG: Correct.

VICE-CHAIR HOKAMA: Okay. Chairman, thank you very much for my opportunity.

CHAIR PONTANILLA: Thank you. Members, any more questions for Administration? Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Mr. Chairman. Not so much questions for Administration, but just for the record, were union representatives invited to attend the meeting to be available as a resource

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in case members have questions for them with regards to the negotiated figures?

MR. KIM: No.

COUNCILMEMBER MOLINA. They weren't invited. Okay. I'm sure they would have been made aware of this meeting as well. So, I'm just somewhat surprised that they're not here for something as significant as this. So, thank you, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Johnson --

MS. KRIEG: Mr. Chair.

CHAIR PONTANILLA: --followed by Member Anderson, but before Member Johnson asks you a question, Ms. Krieg.

MS. KRIEG: Oh, I just wanted to share something with the Council Members that's not a cost item, but I think something that the Council would be interested in because of the concern regarding our unfunded liability, that we were able to, in this round of negotiations with HGEA, get a cap on the CTO balances, which we have not been able to get in the past three rounds of negotiations with HGEA.

VICE-CHAIR HOKAMA: Chairman, point of clarification please?

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: So, the Committee is clear, we know you deal with this entity, but CTO for our understanding is comp time?

MS. KRIEG: Yes.

VICE-CHAIR HOKAMA: Okay, and, and just one more for clarification, Chairman. When . . . we've been informed by this presentation that the additional EUTF numbers will be negotiated separately. Is, is that a good understanding on this Committee's part, Ms. Krieg?

MS. KRIEG: They have been.

VICE-CHAIR HOKAMA: Yeah, negotiate separately. When does the County re-enter talks on just this portion of the employees' benefits, next year,

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two years from now...(end of tape 1A - 2:05 p.m.)...Okay. Because we, I'm wondering from, from a Committee's standpoint that would recommend to Council how this Number 5 component of a total agreement package can be improved so that as we move forward in dealing with the County of Maui's liabilities to fund we can have a better grip and understanding to project the fiscal needs of this County.

So, is there anything you can inform us today on whether we've made improvements under...well, is the County planning to improve how we calculate as well as fund, from your point of view, the fulfillment of contract obligations?

MS. KRIEG: Um. Do you...

VICE-CHAIR HOKAMA: If you can speak now, because we know that you're going to negotiate. So, you know, whatever you can share with us at this time in an open meeting.

MS. KRIEG: Are you asking regarding specific to EUTF or...

VICE-CHAIR HOKAMA: Specific to EUTF, because that's Number 5, the Point 5 in, in the summary handouts, yeah, Hawaii Employment Union Health Benefit Trust Fund.

MS. KRIEG: Specific to EUTF the only thing that, you know, we negotiate is the, how much we're going to contribute.

VICE-CHAIR HOKAMA: The percentage of the --

MS. KRIEG: The percentage --

VICE-CHAIR HOKAMA: --employer's contribution.

MS. KRIEG: --the percentage of employer's contribution. EUTF negotiates the coverage plans and the, the different plans, and the vendors.

VICE-CHAIR HOKAMA: Okay. When you say that, that's the trustees of the trust fund?

MS. KRIEG: Correct.

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VICE-CHAIR HOKAMA: Okay. But as far as timing of when the employer will pay the fund is that a negotiable point, or, or how is that addressed?

MS. KRIEG: I'm not...

VICE-CHAIR HOKAMA: That hasn't been an issue yet in, on the . . .  
(inaudible) . . .?

MS. KRIEG: That hasn't been an issue, yeah.

VICE-CHAIR HOKAMA: Okay. Chairman, thank you so much.

CHAIR PONTANILLA: Thank you. Member Anderson, Johnson, I'm sorry, followed by Member Anderson.

COUNCILMEMBER JOHNSON: Mr. Chair, because we haven't, or I haven't been through this that often because this doesn't occur, you know, every year, I just want to be clear, because ordinarily when we look at an appropriation or any modification, because we just adopted the new Fiscal Year Budget today, we're looking at effective dates of July 1, 2007, July 1, 2008, and in some cases...well, I guess they're identifying Fiscal Year '09 and Fiscal Year '08, because we've just concluded that my assumption is that these figures were included within the projection for this Budget that we just concluded; is that correct?

CHAIR PONTANILLA: Budget Director.

MR. PABLO: Yes, that is, that is correct. In the, for the Fiscal Year '07 Budget the Finance Department projected a salary adjustment of 6 percent. So, that would have covered this, this increase here. And for the Fiscal Year '08 Budget which we just concluded, we also projected a 6 percent increase.

COUNCILMEMBER JOHNSON: Okay, and ordinarily what we also see because this is a little unusual, I can understand the resolution affirming the negotiated settlement. I can understand that, but because this is in a different format from how we usually see it where we'll have an amount that is needed in order to do a budget amendment or a dollar figure, and then we'll also see where that is being, I guess, taken from. So, you have a budget amendment where there's your items that you're presented which you've done the cost analysis on, and then you identify it from specific sources within the budget. That is not the way this is being portrayed.

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So, I just was curious because this is following a little bit different format than what I would be used to. So, is, is there a reason for it being done in this particular manner? I can understand the practical part, but if Mr. Pablo could address that.

CHAIR PONTANILLA: Budget Director.

MR. PABLO: Okay. I'm not certain whether I have your question perhaps I could, I could try to explain how it's done. The, this County Administration has always used a projection shown as salary adjustment. So, when you go to your Budget Details, if you could review those items, there will be for the "A" Account which is salaries and compensations, there will be all, each of the positions and those salaries are projected at the current collective bargaining agreement, that agreement which is in effect. Then when you get down to the total you'll see total salaries, and then premium pay, and there will be a line called salary adjustment. This is the line that the Budget Office puts in, and we use a 6 percent figure. It's actually split up 3 percent in the Department and 3 percent in Finance countywide to cover, cover any differences. But that's where you would find it on the, on the budget proposal itself.

COUNCILMEMBER JOHNSON: Yeah, and, and that's where I wanted for my own purposes to understand, because ordinarily you'll look, and you'll give us an amount, and then you will identify where are we taking that amount from so that the money is actually appropriated. But because you don't know who's going to do stepping up --

MR. PABLO: That's correct.

COUNCILMEMBER JOHNSON: --you, you have no, I guess, a firm dollar amount that you can really adjust to, because some of these people may even take retirement or may quit, so...

MR. PABLO: Ab..., absolutely, and you also have different bargaining. You, you have the SHOPO, you have the firemen's, Fire Fighters Association, you have UPW, and the HGEA. And so, this is why the Administration has used a six, 6 percent to cover those different bargaining units.

COUNCILMEMBER JOHNSON: Okay, and that would be the area then, the salary adjustment line --

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MR. PABLO: Salary adjustments.

COUNCILMEMBER JOHNSON: --that it's taken from. I just wanted to be clear about that. Thank you very much.

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

COUNCILMEMBER ANDERSON: Thank you, Chair. Member Johnson pretty much covered my concern. I do have one other question or a couple questions. First, Ms. Krieg, when you said this year you finally got a cap on CTO. Could you explain that for me what that means?

MS. KRIEG: According to the bargaining unit contracts for HGEA there...up until now the employer, it was up to the employee to decide whether or not whenever they earned overtime whether or not to take the overtime in cash payment or in compensatory time credit. And when they took the time in compensatory time credit, it was the, the hours that they accrued or they accumulated increased in value as they, as they kept it. You know, because they could earn it today at \$6 an hour, and over the years if they kept it, it would increase. Every time they got a pay increase --

COUNCILMEMBER ANDERSON: Okay. I got you.

MS. KRIEG: --that those hours would increase in value. And over the years we had certain pockets of employees who had substantial numbers of hours accumulated. Granted it was not an un..., unyielding number of employees but, you know, it's, especially because of the growing concern with this, you know, with our un..., unfunded liability we have been growing concerned especially the larger jurisdictions, they have a larger problem of course.

So, over the past several rounds of negotiations we've been trying to put a cap on the CTO balance accumulation. And this year we were able to get HGEA to agree to a cap. And so, we have capped...they agreed for all the units to cap the CTO accumulation at 240 hours which is in line with the FLSA cap. And for those employees who are at 240 hours or more they will need to work with their employers to spend that down.

So, we are working with the Administration now to identify who these employees are and Administration will be working on coming up with a plan on, you know, how soon they will want to see these balances brought down and whether or not they will be leaving it up to the departments to

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work out a plan and submit it to the Administration on how they're going to have the employees work it down, either by paying out, you know, paying the employees out, cashing them out, or having the employees take the time off. But giving them a certain period by when they're, they're going to do this, because the longer the employees hold the balances --

COUNCILMEMBER ANDERSON: The bigger they get.

MS. KRIEG: --the bigger they get and the more value and more expensive it gets.

COUNCILMEMBER ANDERSON: So, if I understand this correct, it was my understanding that you could not cash out your comp time off until you left employment? Either you take the time off or you wait until you leave employment to get, to get those hours in dollars; is that correct?

MS. KRIEG: No.

COUNCILMEMBER ANDERSON: You could, you could cash it out at any time?

MS. KRIEG: Well, you can if they have the funds.

COUNCILMEMBER ANDERSON: If who has the funds?

MS. KRIEG: If the Department has the funds, and if you can, if you work it out especially now that we have this con....contractual language that says that they need to work it out with the department to bring it down.

COUNCILMEMBER ANDERSON: So, now that you have a cap.

MS. KRIEG: Right.

COUNCILMEMBER ANDERSON: Once they get 240 hours they either have to work down the hours --

MS. KRIEG: Right.

COUNCILMEMBER ANDERSON: --by taking that time off --

MS. KRIEG: Right.

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COUNCILMEMBER ANDERSON: --or if the department has sufficient funds they can cash out --

MS. KRIEG: Right.

COUNCILMEMBER ANDERSON: --at that point, and then start building their hours again.

MS. KRIEG: Right.

COUNCILMEMBER ANDERSON: Okay. Thank you. Then the other question I had, Ms. Krieg, probably is for you too. On the per diem, or rather the mileage the rate will be set at the rate as prescribed by the I..., IRS. When was the last time the IRS adjusted their rate seeing as how our gas is now almost \$4 a gallon.

MS. KRIEG: I think it was...

MR. KIM: The last time was in 2005. I believe at one point it was at 75 cents at the end of the year. And then when we're in negotiate...when we were in arbitration it was lowered. 2004-2005. At one point it was that high, and then it came down.

COUNCILMEMBER ANDERSON: 75 cents?

MR. KIM: I, I believe so.

COUNCILMEMBER ANDERSON: Per mile?

MR. KIM: Per mile. I, I believe that...

MS. KRIEG: No, but this is a specific...wait, I think Ty Yoshimi sent us an adjusted rate.

MR. KIM: Yeah, but it, it was really high at one point. And then, and it was capped under the contract prior negotiations at 34 cents or so, but then the IRS just...I mean they dropped it. So, they come out, I think...

COUNCILMEMBER ANDERSON: The IRS had it set at 75 cents per mile at one point, and then dropped it down to 34 cents?

MR. KIM: It was at 34, then it went up, and then it went back down.

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COUNCILMEMBER ANDERSON: How long was it up?

MR. KIM: Maybe a quarter, three months.

COUNCILMEMBER ANDERSON: That's why we never saw it. So, are you saying that in 2005, they then set the rate at 48 cents a mile?

MR. KIM: Well, I'm not too sure of the numbers. I know it was just a drastic drop. When we were doing the arbitration those numbers were revealed. We were shocked that it was that high. That's how I remember it being high.

COUNCILMEMBER ANDERSON: And so, what is it now?

MR. KIM: I can't tell.

MS. KRIEG: We'd have to check with Ty Yoshimi, because he usually sends us the notices.

COUNCILMEMBER ANDERSON: Well, I'm just curious that, you know, that the escalating cost of gas has that prompted them to readjust, or are we just, you know, reimbursing at a rate prior to the increase of, of gas cost? I mean it seems to me as the gallon, as the rate per gallon goes up there should be some adjustment, and we aren't seeing it going, go down. So, none of you know when, when or how they readjust?

MS. KRIEG: No.

COUNCILMEMBER ANDERSON: Do they, do they send you a notice? I mean how do you know?

MR. TAGUCHI: Chair Pontanilla.

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: I have an IRS announcement for the 2007 standard mileage rates. Beginning January 1, 2007, the standard mileage rates for the use of a car is 48.5 cents per mile for business miles driven, 20 cents per mile for medical or moving purposes, 14 cents per mile for charitable organization. The new rate compares to a 44.5 cents per mile for 2006.

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COUNCILMEMBER ANDERSON: Okay.

MR. TAGUCHI: So, once again it's, according to the IRS announcement, it's 48.5 cents per mile, business mile.

COUNCILMEMBER ANDERSON: Okay. Thank you. Thank you.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: I'm happy to hear that you are going to work with IRS, because then it avoids tax problems. Nothing is more frustrating at the end of the year to get a 1099 and have to reconcile what you received in mileage reimbursements with reporting to IRS any excess money. So, I think it make sense to use their guidelines, and then you'll avoid that. The other thing I was interested in is the CTO problem. Is this widespread, or is it just pockets of it, or a few people?

MS. KRIEG: Yeah, we have pockets of employees. It's not that widespread, but there are, you know, like I said pockets of employees.

COUNCILMEMBER BAISA: I think it's a really good idea that we do have a max, and then we should pay because, you know, 240 hours is like 30 working days. And if a person decided to take all that time off we'd be in big trouble. Also, the, the contingent liability that's sitting there, the potential liability of people needing to be paid off is, is really dangerous. So, I'm happy to hear about a max.

MS. KRIEG: Right.

CHAIR PONTANILLA: Thank you, Member Baisa. Member Hokama?

VICE-CHAIR HOKAMA: Just one question regarding this specific topic, again, Chairman. When we, we calculate benefits, we calculate it at the day of the employee earning it or we calculate at the day the employee is compensated or given the comp time? Because for me it makes a difference on how much we're going to have to pay as an employer. You know what I mean, Chairman, if I earn it today and my benefit is then calculated even if I don't take that comp time, but I wait five years from now, and then I take it, and then it's calculated then, I've skewed among the same level of employees who taking it at the day they earn it, I get the big..., bigger differential. So, I want to know how the County is viewing

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this so that we can understand it better when we asked to pay the contract amounts.

CHAIR PONTANILLA: Ms. Krieg.

VICE-CHAIR HOKAMA: You have a response for us, Ms. Krieg?

MS. KRIEG: It's when they take it.

VICE-CHAIR HOKAMA: It's when they take it.

MS. KRIEG: Yes.

VICE-CHAIR HOKAMA: It's like a savings account.

MS. KRIEG: Exactly.

VICE-CHAIR HOKAMA: With interest, big interest.

COUNCILMEMBER MEDEIROS: Chair, point of information.

VICE-CHAIR HOKAMA: I, I'm done, Chairman. I'm happy to...

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MEDEIROS: No, I just wanted to add some information to what Chairman Hokama was asking.

CHAIR PONTANILLA: Mr. Medeiros.

COUNCILMEMBER MEDEIROS: You know, in doing the timesheets at the department level, when an employee earns overtime that employee selects to get paid or to take comp time off. If he selects to get paid it be..., it's part of his pay in the next pay period. If he selects to take compensatory time-off, it's calculated at time and a half, and it's accumulated until he takes it. So, it adds up very quickly.

The departments that you'll find employees with a lot of CTO accumulated are such as Wastewater. The reason they have a lot of accumulation of comp time off is because they work a lot of overtime, and the way the agreements are is comp time off is taken at the mutual consent of both employer and employee. So, if the employer says I can't let you

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have time off now, I need you for the operations, he can't take the time off. And that's why in those departments it increases to a point where they have so much time off it, it gets to be very expensive for the County when he does take time off or gets paid for it. And that's my understanding of how we did the timesheets in our department.

CHAIR PONTANILLA: Thank you, Member Medeiros. Yeah, and I think comp time is part of our problem when we try to fulfill manpower requirements. You know, hit us both ways. You know, we hire more people, because we got a lot of people on comp time. So, hopefully, Ms. Krieg, that as we move forward, I, I don't know if future negotiations to bring down the comp time hours, you know, is something that is, you know, going be considered in the future. Members, any more questions for Administration? Member Medeiros?

COUNCILMEMBER MEDEIROS: Yeah, a question for myself now. On the mileage reimbursement, which Member Anderson was talking about, and it's set by, it's the rate set by the IRS. Is this a national-wide rate or is it regional? Is it State? Do they take consideration about gas prices in Hawaii compared to 2.69 in Alaska, or is it a national rate?

MS. KRIEG: I'm not sure, but...

COUNCILMEMBER MEDEIROS: Would, Chair, would the Staff know?

MS. KRIEG: Mr. Taguchi, do you know from your website?

CHAIR PONTANILLA: Mr. Taguchi.

MR. TAGUCHI: I believe it's a national rate.

COUNCILMEMBER MEDEIROS: Okay. So, it, it goes to the point that Member Anderson asked about that is it fair to people in Hawaii to get the same reimbursement rate as somebody in Atlanta or somebody in New Jersey where gas and everything else is so much cheaper? So, if it's a national rate, then I guess we don't have a choice.

And then my other question is we were talking about, you know, step movements. Now, if an agreement is negotiated and the members of that bargaining unit are going to receive a pay raise, if their pay raise and step movement fall at the same time, so they get like a double raise?

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MS. KRIEG: Correct.

COUNCILMEMBER MEDEIROS: Correct. So, it's on the good fortune of the employee if their step movement occurs at the same time as the pay raise.

MS. KRIEG: Correct.

COUNCILMEMBER MEDEIROS: And do we make allowances for this, or can we predict this, because it'll it's going to cost more money if they get a pay raise and a step movement at the same time. So, is that figured in to what we're looking as projecting of what we need to fund?

MS. KRIEG: There's, it's just estimates, because even when we do projections on how much it's going to cost, when we do our projections, and we, and we incorporate the cost of step movements we're already projecting the fact that not everybody is going to move in a certain year, because for step movements you have to, say, be on a step for "X" number of years. So, we know, for example, as you move along the, the range for HGEA there's certain steps that people are only required...in the beginning part of the range you're only required to be on the step for one year before you can move, then two years, and then other steps you have to be on it for three. So, you just, you know, you just projecting how many people are actually going to move when you're doing your costing.

So, it's not an exact science, but we try to factor in approximately how much, who, you know, how many people will be moving and how much it's going to cost. So...

COUNCILMEMBER MEDEIROS: Okay. And my final question is, with the HGEA negotiated CTO cap for 240 hours of accumulated CTO hours, is it in the contract that the employer has to provide the time off for the employees with these hours? And when it falls to a department like Wastewater that require their employees to work, because they're either short staffed or they have a lot of overtime work to accomplish, is that taken into consideration whether the employer can give them the time off in order for them to keep their hours below 240 hours?

MS. KRIEG: I believe the language is, it just states that the, for employees who are at max or, or exceed max the departments will work with the employees to bring them below the 240, which is why I've already met with the Mayor and the Managing Director to, and given her a report to identify where these employees are, who these employees are, and what

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department, because the Administration would like to develop a proposal to, to come up with a directive for the departments to have them present a plan to Administration on how they're going to have the departments approach this problem. Because depending on where the problems are they may have to come up with different plans on how they're going to approach the problem, but there's no specific language on, on, you know, you shall allow the employees to do this or that, because each department is going to have to approach the problem how best it will fit their operation.

COUNCILMEMBER MEDEIROS: I see. And part of the agreement is that the employee will not lose any of their times --

MS. KRIEG: No.

COUNCILMEMBER MEDEIROS: --that were accumulated; right?

MS. KRIEG: No.

COUNCILMEMBER MEDEIROS: It has to be negotiated between...

MS. KRIEG: Right. They're either, they're either going to get cashed out, or they're going to have to come up with a plan that will allow the employee to take the time off.

COUNCILMEMBER MEDEIROS: Okay, and the cash-out would be at, at the choice of the employer?

MS. KRIEG: They're going to have to work it out together.

COUNCILMEMBER MEDEIROS: Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions for Administration? Seeing none, the Chair recommendation is to adopt the proposed resolution and the filing of the County Communication.

VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER MOLINA: Second.

CHAIR PONTANILLA: Moved by Member Hokama, second by Member Molina. Any more discussions, Members?

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VICE-CHAIR HOKAMA: Chairman, just one quick question.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: Thank you, and prior to the question of the motion, Chairman, these movements whether it's the longevity or the service movements, it happens whether or not the employee receives a satisfactory evaluation?

MS. KRIEG: It does not happen if the employee receives an unsatisfactory.

VICE-CHAIR HOKAMA: Okay, and so we are required to provide and so we are required then to, to be fair and have a, what, annual evaluation of them, of the employee?

MS. KRIEG: Correct.

VICE-CHAIR HOKAMA: And have you found, as an employer, we have pretty much fulfilled our obligations to the employees to give them timely and fair evaluations?

MS. KRIEG: If the employee does not get a timely evaluation they get their...and, and it's, and they have fulfilled their, the number of years required, they get their movement by default.

VICE-CHAIR HOKAMA: Is this, should this be a concern to this Council, this Committee about...because, you know, I, I was hoping you would say we evaluate every employee every year. Because I think that's only fair to the employee to know --

MS. KRIEG: It is.

VICE-CHAIR HOKAMA: --where they stand and what areas they need to improve to continue to have satisfactory evaluations so they can achieve their movements. I think that, that is only fair from an employer's standpoint to our employees.

MS. KRIEG: Correct.

VICE-CHAIR HOKAMA: But you cannot confirm today that we...

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MS. KRIEG: I cannot confirm today that everybody gets an evaluation if that is your question.

VICE-CHAIR HOKAMA: Yeah, that's my question. Chairman, thank you, and, but I'm still, I'm willing to support the motion and your recommendation, Chairman. Thank you.

CHAIR PONTANILLA: Thank you, Mr. Hokama, and thank you for that brief discussion in regards to evaluations and appraisals. I think it's very important that, you know, we give the opportunity for every department to evaluate their employees. That way we can identify deficiencies, and provide training, and so forth. Members, any more discussion? Member Medeiros.

COUNCILMEMBER MEDEIROS: Just, just one short question just to follow up on Chairman Hokama's questioning. Isn't the personnel, I mean, you know, the evaluation isn't that generated by the Department of Personnel Services?

MS. KRIEG: No, it's not.

COUNCILMEMBER MEDEIROS: Is it generated by the department?

MS. KRIEG: Yes.

COUNCILMEMBER MEDEIROS: And then it goes to the employee, and then back to the department, or, or to the Department of Personnel Services?

MS. KRIEG: That goes back to the department and a copy to DPS.

COUNCILMEMBER MEDEIROS: So, who tracks whether the employee is getting its annual evaluation?

MS. KRIEG: The department.

COUNCILMEMBER MEDEIROS: The department. Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Mr. Medeiros. Members, any more questions? If not all in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any opposed? Seeing none. Motion is carried.

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

**NOES:**         **None.**

**ABSTAIN:**      **None.**

**ABSENT:**      **None.**

**EXC.:**         **None.**

**MOTION CARRIED.**

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

**ITEM NO. 34:   COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNITS 03, 04, AND 13 (C.C. No. 07-139)**

CHAIR PONTANILLA: Members, the next item on the agenda is BF-34, Cost Items for Employees Excluded from Bargaining Units 03, 04, and 13. Again, this is a result of County Communication No. 07-139, transmitting the following: “A proposed resolution entitled “Approving Cost Items for Non-Supervisory White Collar Employees Excluded from Bargaining Unit 3, Supervisory White Collar Employees Excluded from Bargaining Unit 4, and Professional and Scientific Employees Excluded from Bargaining Unit 13.” The purpose of the proposed resolution is to approve the pay adjustments and fringe benefits cost for employees excluded from Bargaining Unit 03, 04, and 13, pursuant to Section 89C-5, Hawaii Revised Statutes.

And the Committee is also in receipt of documents entitled “County of Maui Unit 03 (Excluded) Summary of Cost Items Fiscal Year 2007-2008... *(end of tape 1B - 2:36 p.m.)*...2008 and 2009; “County of Maui Unit 4 (Excluded) Summary of Cost Items Fiscal Year 2007-2008 and Fiscal Year 2008 and 2009; and the “County of Maui Unit 13 (Excluded) Summary of Cost Items for Fiscal Year 2007-2008 and Fiscal Year 2008 and 2009.” Mr. Pablo, you have any comments?

MR. PABLO: No, Mr. Chairman. Thank you.

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CHAIR PONTANILLA: Thank you. Ms. Krieg, comments?

MS. KRIEG: The actual changes or the actual negotiated items are the same for the excluded employees as for the included employees. I'd just like to explain that excluded employees would be those employees such as the employees in my office who aren't covered by a bargaining unit, employees in the Office of the Mayor. Other employees excluded would be employees in the various departments that handle confidential information such as private secretaries, division head secretaries that may handle confidential items, et cetera.

As far as the salary increases that were negotiated they are the same as well as the other cost items like night differential, meal allowance changes, travel allowance changes. I guess those were all the changes. Let's see. So, for Bargaining Unit 3 (Excluded) the total additional costs for Fiscal Year 2008 is \$180,858; for Fiscal Year 2009, \$366,192. For Bargaining Unit 4 (Excluded) the total additional costs for Fiscal Year 2008 is \$19,785, \$19,785; Fiscal Year 2009, \$41,765. And Bargaining Unit 13 (Excluded) is \$314,849; \$638,699.

CHAIR PONTANILLA: Thank you. Members, any questions. Mr. Hokama followed by...oh, Member Molina first. Go ahead.

COUNCILMEMBER MOLINA: Okay. Thank you, Chairman. Just a question on the, I guess the new step that would be created for individuals, eligible employees with at least 27 years of service in Bargaining Unit 13. Can you elaborate a little bit more on that, and about how many people are we looking at that would be eligible for this new step?

MS. KRIEG: I tried to get a count for you before I came downstairs. I wasn't able to. The problem in getting a count for you is because that it would also include time from other jurisdictions, which right now we, we're, we don't have. So, we would actually...I think at this point in time we would need to look at those long-time Unit 13 employees that have substantial amount of Unit 13 service within Maui County, and then inquire from them specifically if they also have Unit 13 service from other jurisdictions.

COUNCILMEMBER MOLINA: Okay.

MS. KRIEG: Because we, we didn't capture that information when they came in if they had service from outside. Or sometimes, you know, employees go back and forth, so, and we don't have that information.

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COUNCILMEMBER MOLINA: Okay. Thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Hokama?

VICE-CHAIR HOKAMA: What class would the EMs be normally please?  
Would that be 13?

MS. KRIEG: Most of them....well, not...I was, I was going to say that most of them are Unit 13, but no, because we have EM-11 which is firefighters. We also have EM-12 which is police, and then we have another large bulk which is EM-13, and then we have maybe a couple of EM-4, which is like the superintending type classes --

VICE-CHAIR HOKAMA: Uh-huh.

MS. KRIEG: --from Bargaining Unit 4.

VICE-CHAIR HOKAMA: But would they be in this component the excluded category, or we have, we have them both in the bargaining as well as excluded bargaining unit EMs?

MS. KRIEG: We have related -- EMs that would be related to Unit 13.

VICE-CHAIR HOKAMA: Okay. In the excluded class?

MS. KRIEG: Unit 13E you mean?

VICE-CHAIR HOKAMA: Yes.

MS. KRIEG: We wouldn't consider them EM though.

VICE-CHAIR HOKAMA: Oh, okay. But in general though most of our EMs are in the excluded bracket, category? Would that be a good understanding on our, on the Committee's part?

MS. KRIEG: Most of the...okay, if they're in excluded...if they're in EM that's excluded managerial.

VICE-CHAIR HOKAMA: Right. Right.

MS. KRIEG: So, they're not in the bargaining unit.

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VICE-CHAIR HOKAMA: Okay, and it would come, come under this component of pay increase considerations?

MS. KRIEG: No.

VICE-CHAIR HOKAMA: No. They would be...

MS. KRIEG: No, you have something else coming later.

VICE-CHAIR HOKAMA: Oh, okay. So, this is whether they be in the Mayor's office or in the departments, and EM whether it be an EM-5, EM-7, EM-9 that is in a separate bargaining agreement?

MS. KRIEG: That would be in an executive order.

MR. KIM: Mr. Chair.

CHAIR PONTANILLA: Corporation Counsel.

MR. KIM: Under 89C, Chapter 89C, appointing authority as the, I guess the power to adjust salaries. And so, through that chapter the excluded management people see their adjustments. If they are tied to or do the similar work in a specific class, for example, if they're with the fire or with police, Bargaining Unit 11 or Bargaining Unit 12, I believe Chapter 89C-5 provides that they would see no less than what their counter...counterparts get. And so, that would be provided for in an executive order.

VICE-CHAIR HOKAMA: Okay. They could get more potentially, but they cannot get any less than what the collective bargaining agreement provides a equal --

MR. KIM: I believe that's what it's, it's...

VICE-CHAIR HOKAMA: --requirement of a job performance.

MR. KIM: So, for example, Hawaii Fire Fighters Association got a 4 percent increase. The EMs that work in the Fire Department would get a 4 percent increase.

VICE-CHAIR HOKAMA: Okay. But SHOPO got, let's see, six?

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MR. KIM: That's correct.

VICE-CHAIR HOKAMA: So, that EM that is, does let's say excluded personnel things versus the EM that does the personnel for Fire we wouldn't do a comparison. They would be treated separately?

MR. KIM: Depends on the, the class of work. For example, if an EM in the Police Department did similar, white collar work --

VICE-CHAIR HOKAMA: Right.

MR. KIM: --and not police work, they would be tied to the HGEA 4 percent.

VICE-CHAIR HOKAMA: Okay. We do things a little bit different in the private sector. Easier, Chairman. Okay. Thank you for that clarification.

CHAIR PONTANILLA: Thank you.

VICE-CHAIR HOKAMA: Thank you, Chairman.

CHAIR PONTANILLA: Members, any more questions for the Department? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Chair. So, under Chapter 89C-5 the excluded managerial, the appointing authority for us in the County is the Mayor? Because adjustments and salaries for excluded management can be made beyond what the negotiated agreement is. So, is the appointing...he...the Corp. Counsel said the appointing authority. I'm trying to just determine who is that.

MR. KIM: I'm sorry, Mr. Chair.

CHAIR PONTANILLA: Corporation Counsel.

MR. KIM: The statute actually says appropriate authority.

COUNCILMEMBER MEDEIROS: Oh, appropriate authority.

MR. KIM: And in this case, this means the Governor, respective Mayors, the Chief Justice of the Supreme Court, the Board of Education, Board of

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Regents, the Hawaii Health Systems Corporation Board, the Auditor, the Ombudsman, Director of Legislative Reference Bureau.

COUNCILMEMBER MEDEIROS: Okay. Thank you. And so, throughout the fiscal year if an employee that's an EM employee receives their negotiated agreement increase, and then during the fiscal year the appropriate authority decides to raise the pay, how does that fit into what was budgeted? Where does the money come from?

MS. KRIEG: I'm not sure I understand your question.

COUNCILMEMBER MEDEIROS: Okay. EM, right, excluded managerial, their pay can be adjusted by the appropriate authority.

MS. KRIEG: Right.

COUNCILMEMBER MEDEIROS: In our case as was said by Corporation Counsel the Mayor is the appropriate authority. So, can the Mayor increase an EM's pay during the fiscal year at any point?

MS. KRIEG: Normally what happens is the Conference of Personnel Directors get together to discuss the adjustments for excluded managerial employees.

COUNCILMEMBER MEDEIROS: Okay, and does that occur at a certain time of the year --

MS. KRIEG: Yes.

COUNCILMEMBER MEDEIROS: --or does that occur during the fiscal year at anytime?

MS. KRIEG: No, that normally occurs at a certain time during the year normally at the conclusion of the negotiated pay increases.

COUNCILMEMBER MEDEIROS: I see. And so, when that is done and there is an increase on pay for certain EMs beyond the contract raises does that become part of the budget? Where does the...I'm trying to figure out where does the money come from?

MS. KRIEG: Well, it's normally...if it's going to exceed what has already been budgeted --

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COUNCILMEMBER MEDEIROS: Right.

MS. KRIEG: --of course, and Administration agrees with it, they would need to come in for a budget amendment.

COUNCILMEMBER MEDEIROS: I see.

MS. KRIEG: Right.

COUNCILMEMBER MEDEIROS: Okay, and my last question, Mr. Chair, is when you did the first group of HGEA Units you were giving...how many members were in the group? Do, do you know what, on the excluded ones how many are in Unit 3, 4, and 13? I just want to get an idea of the significance of how many people are part of this excluded employees for 3, 4, and 13.

MS. KRIEG: I can get you that information. I...that's the one piece of paper I didn't bring with me.

COUNCILMEMBER MEDEIROS: Okay. Thank you.

MS. KRIEG: But I have, I have that. I can e-mail that to you.

COUNCILMEMBER MEDEIROS: Okay. Thank you. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Member Medeiros. Members, any more questions for Administration at this time? If not, the Chair's recommendation is to adopt the proposed resolution and the filing of the County Communication.

VICE-CHAIR HOKAMA: So move.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Moved by Hokama, second by Member Victorino. Members, any discussion? All in favor of the motion please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Opposed. Motion is carried.

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

**NOES:**        **None.**

**ABSTAIN:**   **None.**

**ABSENT:**   **None.**

**EXC.:**       **None.**

**MOTION CARRIED.**

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

**ITEM NO. 36:   COST ITEMS FOR EMPLOYEES INCLUDED IN BARGAINING UNIT 01 (C.C. No. 07-159)**

**CHAIR PONTANILLA:** Members, our next Item BF-36, Cost Items for Employees Included in Bargaining Unit 01. This is a result of County Communication No. 07-159, transmitting the following: A proposed resolution entitled "Approving Cost Items for Unit 1, Non-Supervisory Blue Collar Employees." And the purpose of this proposed resolution is to approve the pay adjustments and fringe benefit costs for employees included in Bargaining Unit 1, pursuant to the Agreement ratified by letter dated April 27, 2007. And second, the Committee is in receipt of documents entitled "County of Maui, Unit 1 (Included) Summary of Cost Items Fiscal Year 2007-2008, and Fiscal Year 2008-2009." Mr. Pablo, comments?

**MR. PABLO:** No, Mr. Chairman.

**CHAIR PONTANILLA:** Thank you. Ms. Krieg.

**MS. KRIEG:** Okay. Now, we can start with Unit 1. When I came down I assumed...you know, I figured we'd starting counting from one. Okay. First of all, I'd like to point out a typographical error in my transmittal. Effective July 1, 2007, there is a 4 percent across-the-board salary increase including employees not assigned to the salary schedule except for the BC-1 rate. And the rate for BC-1 will reflect an increase of 2.5 percent. There should be a period there, and the per month should be deleted. So,

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it should be a 4 percent across-the-board increase except for the BC-1 rate, and the rate for BC-1 will reflect an increase of 2.5 percent.

The employees currently compensated at BC-1 will receive a temporary differential which will be equal to the difference between BC-1 and BC-2. Okay. So, this means that the employees compensated at BC-1 on June 30, 2007, shall receive a temporary differential equivalent to the difference between BC-1 and BC-2.

Now, currently, the wage rates for BC-1 and BC-2 are identical. And the intent is to establish a difference between the two rates beginning with new employees hired as of July 1, 2007, and this was a desire of the union. For a long while now, the rates of BC-1 and BC-2 have been the same, and the union desired to establish a difference between the two rates without affecting the employees that are currently on BC-1.

Then effective March 1, '08, employees will receive a 1.16 percent across-the-board increase, and this is in lieu of a step movement, because Bargaining Unit 1 is a single salary . . . there's no steps. Excuse me, I went blank for a minute. There are no steps, so they don't have step movements. So, in lieu of a step movement they will receive a 1.16 percent across-the-board increase. In addition, there will be a one percent technical adjustment to the rate for WS-1 and a .5 percent technical adjustment to the rates for BC-9 and above and the rates for WS-2 and above.

Now, one of the union's priorities early on in the negotiations was to establish a wider wage spread between the working supervisor pay scale, which is the WS, and the subordinates, the BCs, and to provide more pay for the trade's classes which were identified as those classes priced from BC-9 and up. And that is why we have what we call the technical adjustments of one percent and .5 percent. Effective 7/1/08, another 4 percent across-the-board increase for all employees, and on March 1, '09, 1.14 percent across-the-board increase for all employees again in lieu of a step movement, and then in addition a one percent technical adjustment to the WS-1 rate, and another .5 percent technical adjustment to the rates for BC-9 and above and the rates for WS-02 and above.

The additional cost for Fiscal Year 2008 for salaries is anticipated to be \$1,088,943; and for Fiscal Year 2009, \$2,481,159. Other changes in cost items include an increase of 15 cents in night differential premium pay from 55 cents to 70 cents per hour for each full hour or portion thereof, or

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35 cents for half an hour or less. So, the increase for Fiscal Year 2008 is \$3,734; and the same for Fiscal Year 2009. We have the same negotiated increases in meal allowance, for increase in Fiscal Year 2008 to \$121,112; the same amount for Fiscal Year 2009. And the same increases for travel allowance effective July 1, 2007, for additional costs in Fiscal Year 2008 of \$3,723; and 2009 of \$4,049.

For stand-by pay effective July 1, 2007, they have an increase of 70 cents from \$1.30 to \$2.00 per hour for each full hour or portion thereof in excess of a half an hour of actual work, and \$1.00 for half an hour or less. The additional cost for Fiscal Year 2008 is \$141,764; and the same for Fiscal Year 2009. So, the total additional cost for Fiscal Year 2008 is \$1,359,276; and for Fiscal Year 2009, \$2,751,818.

CHAIR PONTANILLA: Thank you, Ms. Krieg. Members...

MS. KRIEG: Excuse me --

CHAIR PONTANILLA: Oh, sorry.

MS. KRIEG: --but I regret to say that for Bargaining Unit 1 we were not able to get the cap for CTO.

CHAIR PONTANILLA: Thank you. Members, any questions for Administration at this time? Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Chair. I don't know if you have this one, but if you don't you can e-mail it to me. How many members are in Unit 1?

MS. KRIEG: Approximately 550.

COUNCILMEMBER MEDEIROS: Thank you, Director. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions in regards to Unit 1 Bargaining Unit agreement? If not, before the Chair makes his recommendation, the Chair would like to call for a 15-minute break. We'll report back here at 3:15. So, this meeting is in recess.

**RECESS: 2:59 p.m.**  
**RECONVENE: 3:18 p.m.**

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CHAIR PONTANILLA: Thank you, Members, for that recess. At this time, the Chair would like to call on Corporation Counsel, Mr. Kim, to...before the Chair makes its, its recommendation to this particular item, BF-36. Mr. Kim.

MR. KIM: Mr. Chair, I was reminded by Staff that the County Communication although the numbers are technically correct, the per month, the 2.5 percent per month would come out to a 30 percent raise and throw off the figures. And so, since that was a typo I suggested that we submit the County Communication as dated May 4th, 2007, with an amended summary. And so, the amendment would read County of Maui Unit 1 (Included) Summary of Cost Items as amended, paragraph on salaries A-1 would delete the 2 point...would delete the words "per month" in paragraph one. And, therefore, the County resolution would read, Whereas the Mayor, through County Communication 07-159, as amended, which is hereby incorporated herein by reference, has submitted the cost items pursuant to agreement ratified by letter dated April 27, 2007, so forth and so on.

The reason being is the Statutes require that within ten days of the ratification the communication be sent. And so, if we change the date of this communication we would be outside of the Statute.

CHAIR PONTANILLA: Thank you. Members, any discussion in regards to what you just heard from Corporation Counsel? Thank you. At this time, the Chair recommends to adopt the proposed resolution, as amended, by Corporation, Corporation Counsel and the filing of the County Communication. And the request is to correct the copy of the Summary of Cost that he had indicated. Members, any discussion? Sorry.

COUNCILMEMBER VICTORINO: So moved.

CHAIR PONTANILLA: So moved by Member Victorino.

COUNCILMEMBER VICTORINO: ...[chuckled]...

VICE-CHAIR HOKAMA: Chairman, point of information.

CHAIR PONTANILLA: Mr. Hokama.

VICE-CHAIR HOKAMA: Are we going to amend the resolution first before the adoption?

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CHAIR PONTANILLA: Yes.

MR. KIM: I would submit an amended resolution.

VICE-CHAIR HOKAMA: Oh, you're gonna send a Draft 1?

MR. KIM: I could do it.

VICE-CHAIR HOKAMA: Because it's hard for us to adopt something that we, you know, if it's an amendment we need to make a motion to amend, or if you want us to adopt a new draft, but yet that has not been submitted, Chairman. You know, it's...I know time is a factor, but I think we need to do this procedurally correct so that it does not get challenged later, and we can send it to Council in a clean format. So, I, I'm looking for you to give us guidance which is your preferred procedure that you wish us to follow this afternoon.

CHAIR PONTANILLA: Mr. Hokama, if we...the Chair would like to amend the resolution on this floor at this time.

COUNCILMEMBER VICTORINO: So moved.

VICE-CHAIR HOKAMA: Second.

CHAIR PONTANILLA: Okay. Any discussion, Members? Seeing none, all in favor of the motion to amend the resolution please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Okay, motion carried.

<b>VOTE:</b>	<b>AYES:</b>	<b>Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.</b>
	<b>NOES:</b>	<b>None.</b>
	<b>ABSTAIN:</b>	<b>None.</b>
	<b>ABSENT:</b>	<b>None.</b>
	<b>EXC.:</b>	<b>None.</b>

**MOTION CARRIED.**

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**ACTION: APPROVE.**

VICE-CHAIR HOKAMA: Chairman, back to the motion as amended.

CHAIR PONTANILLA: Thank you. At this time, the Chair would like to call for the motion of the...call for the question on the amended motion.

VICE-CHAIR HOKAMA: Chairman, short recess.

CHAIR PONTANILLA: Thank you. Recess. . . .(*gavel*). . .

**RECESS: 3:23 p.m.**  
**RECONVENE: 3:25 p.m.**

CHAIR PONTANILLA: . . .(*gavel*). . . Thank you for that short recess. Okay, the Chair, the Chair's ruling at this time is that in regards to the first motion we...in approving this resolution is invalid. We also took a vote on amended resolution, and at this time, the Chair is recommending that we approve...the approving of the cost items for Unit 01, Non-Supervisory Blue, Blue Collar employees, as amended.

COUNCILMEMBER VICTORINO: So moved.

VICE-CHAIR HOKAMA: Second.

CHAIR PONTANILLA: Moved by Member Victorino, second by Member Hokama. Members, any more discussion? And this also calls for the filing of the communication. Thank you. All in favor of the motion, please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Motion carried. Thank you very much. It's been a long day.

**VOTE: AYES: Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**  
**NOES: None.**

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**ABSTAIN:**       None.  
**ABSENT:**       None.  
**EXC.:**         None.

**MOTION CARRIED.**

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

**ITEM NO. 37:   COST ITEMS FOR EMPLOYEES EXCLUDED FROM  
                  BARGAINING UNIT 01 (C.C. No. 07-160)**

CHAIR PONTANILLA: Okay, the last item that we have this afternoon is BF-37.

COUNCILMEMBER JOHNSON: Second to the last.

CHAIR PONTANILLA: Oh, second to the last. I'm sorry. Oh, so many Bargaining Unit approvals here. BF-37, Cost Items for Employees Excluded from Bargaining Unit 01. This is a result of County Communication No. 07-160, transmitting the following: A proposed resolution entitled "Approving Cost Items for Non-Supervisory Blue Collar Employees Excluded from Bargaining Unit 1." The purpose of the proposed resolution is to approve the pay adjustments and fringe benefit costs by employees excluded from Bargaining Unit 1, pursuant to Section 89C-5, Hawaii Revised Statutes. And the Committee is in receipt of documents entitled "County of Maui, Unit 1 (Excluded) Summary of Cost Items Fiscal Year 2007-2008, and Fiscal Year 2008-2009. At this time, Mr. Pablo, you have any comments?

MR. PABLO: No, Mr. Chair, I don't have, no comments.

CHAIR PONTANILLA: Thank you. Ms. Krieg.

MS. KRIEG: The summary of cost items for Unit 1 excluded employees is the, the salary adjustments are the same including the same correction for salary adjustments effective July 1, and my apologies for the rate for BC-1 which will reflect an increase of 2.5 percent. Again, that should be a period with the "per month" deleted...*(end of tape 2A - 3:28 p.m.)*...the adjustments, again, are the same effective July 1, 2007, 4 percent across-the-board increase with the same adjustments for the BC-1 rate, 2.5

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percent with the temporary differential. Effective March 1, 2008, 1.16 percent across-the-board increase with the technical adjustments one percent for WS-1 and .5 percent technical adjustments for BC-9 and WS-2 and above. Again 4 percent on July 1, 2008.

Effective March 1, 2009, 1.14 percent across-the-board increase with a technical adjustment of 1 percent for WS-1 and .5 percent technical adjustment for BC-9 and above, and rates for WS-2 and above. With the...and the other adjustments are all the same for a total increase in additional costs for Bargaining Unit 1 excluded for Fiscal Year 2008 of \$5,761; and Fiscal Year 2009 of \$12,867.

CHAIR PONTANILLA: Thank you. Members, any questions for the Administration at this time? Seeing none, thank you very much. Again...

MS. KRIEG: Oh, Mr. Chairman.

CHAIR PONTANILLA: Ms. Krieg.

MS. KRIEG: I have the information for Bargaining Unit 1. We have six excluded employees.

CHAIR PONTANILLA: Thank you. Members, any questions for Administration? Again, Members, similar to the last one we just did, the Chair would like to recommend amending the resolution.

VICE-CHAIR HOKAMA: Move to amend the resolution, Chairman.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Moved by Member Hokama, second by Member Victorino to amend the resolution. Discussion?

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: For the record, we, this motion would be the corrections that will be made to the Summary of Cost Items for Unit 1 (Excluded) and then become an attachment to the resolution. Thank you.

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CHAIR PONTANILLA: Thank you. Any more discussion, Members? Thank you very much. All in favor of the amendment please say aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Thank you. Motion is carried.

**VOTE:           AYES:           Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.**  
**NOES:           None.**  
**ABSTAIN:       None.**  
**ABSENT:       None.**  
**EXC.:           None.**

**MOTION CARRIED.**

**ACTION:           APPROVE.**

CHAIR PONTANILLA: At this time, the Chair would like to recommend the approving cost items for Non-Supervisory Blue Collar employees excluded from Bargaining Unit 1, as amended.

VICE-CHAIR HOKAMA: So move, Chairman.

COUNCILMEMBER MOLINA: Second.

COUNCILMEMBER VICTORINO: Second.

CHAIR PONTANILLA: Okay, moved by Member Hokama, second by Member Victorino. Members, any discussion? All in...

VICE-CHAIR HOKAMA: Chairman.

CHAIR PONTANILLA: Member Hokama.

VICE-CHAIR HOKAMA: With no objections I would ask that the filing of the communication be included.

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CHAIR PONTANILLA: Thank you very much. All in favor of the motion please by signifying by saying aye.

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Opposed? Motion is carried.

**VOTE:**

<b>AYES:</b>	<b>Councilmember Anderson, Baisa, Johnson, Mateo, Medeiros, Molina, Victorino, Vice-Chair Hokama, and Chair Pontanilla.</b>
<b>NOES:</b>	<b>None.</b>
<b>ABSTAIN:</b>	<b>None.</b>
<b>ABSENT:</b>	<b>None.</b>
<b>EXC.:</b>	<b>None.</b>

**MOTION CARRIED.**

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

**ITEM NO. 38: GRANT FUNDS FROM DEPARTMENT OF BUDGET AND FINANCE AND THE HAWAII PUBLIC HOUSING AUTHORITY; AND AMENDING FY 2007 BUDGET, DEPARTMENT OF HOUSING AND HUMAN CONCERNS (C.C. No. 07-164)**

CHAIR PONTANILLA: Okay, Members, the last item on our agenda this afternoon is BF-38. This is grant funds from Department of Budget and Finance and the Hawaii Public Housing Authority; and amending Fiscal Year 2007 Budget, Department of Housing and Human Concerns. This is a result of County Communication No. 07-164, transmitting the following: (1) A proposed resolution to authorize the acceptance of grant funds totaling \$400,000 to the County of Maui, Department of Housing and Human Concerns for the Temporary Emergency Housing and Supportive Services Program; and (2) a proposed bill entitled "A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2007 Budget for the County of Maui, as it Pertains to the Department of Housing and Human Concerns". The purpose of the proposed bill is to add the grant to Appendix A of the Fiscal Year 2007 Budget.

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Through further correspondence dated May 23, 2007, the Committee is in receipt of a revised proposed resolution entitled "Authorizing the Application and Acceptance of a Grant Fund, Funds from the State of Hawaii, Department of Budget and Finance and the Hawaii Public Housing Authority, Relating to the Temporary Emergency House...Emergency Housing." At this time, the Chair would like to call on Mr. Pablo. Comments?

MR. PABLO: Thank you, Mr. Chair. Just, just a few comments. We regret the, the short notification to the Budget and Finance Committee on this particular grant. We were informed during the second week of May. Deputy Director for the Housing and Human Concerns, Lori Tsuhako, was here earlier. Unfortunately, she had to leave because of an appointment. So, I would like to call on Mr. Rudy Esquer who will be representing the Department of Housing and Human Concerns. He will be available to answer any of your specific questions regarding this grant. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Esquer, do you want to make opening comments also?

MR. ESQUER: Good afternoon, Council Chair and Council Members. I'm here to answer any questions you might have on...from the Administration on the proposed resolution to accept the funds from the Public Housing Authority.

CHAIR PONTANILLA: Thank you. Members, any discussion? Member Hokama followed by Member Anderson followed by Member Baisa.

VICE-CHAIR HOKAMA: Chairman, thank you very much. Mr. Esquer, just quickly. One, why are we involved with this? Why isn't the State and the Hawaii Public Housing Authority doing just a direct grant to this non-profit agency?

MR. ESQUER: I believe the, the way that they're handling this is they're making the appropriation available to the counties, and then asking the counties...

VICE-CHAIR HOKAMA: So then, we're going to do the State's job again?

MR. ESQUER: Well, the counties are, are, are able to accept the money, and then subcontract the money out to the agencies. We weren't, we weren't

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notified or instructed that we, that the grants would go directly to any agencies.

VICE-CHAIR HOKAMA: Is this what your Department recommended to the State since what we are being told in this Memorandum of Agreement is that the State consulted the County. So, was that the County's position in consultation with the State that we wanted to be the middle man?

MR. ESQUER: I believe so. We were notified at the end of 2000...the Fiscal Year 2005 or 2006, I'm sorry, that the money would be available in Fiscal Year 2007. We provided them with a plan for that, for those funds in October or November of 2006, and we were just notified a few weeks ago that the money was available through MOA agreement with the State.

VICE-CHAIR HOKAMA: You know, but this is a grant to a, already determined grant to a specific agency. There's no competitive proposal so that anyone that wishes to do the project could enter a proposal.

MR. ESQUER: Uh-huh.

VICE-CHAIR HOKAMA: So, I still cannot understand why the County needs to be involved in this project.

MR. ESQUER: We've been...

VICE-CHAIR HOKAMA: The State has determined who it's going to go to, and yet you're going to provide the oversight, and we're going to be responsible in case this doesn't go well?

MR. ESQUER: We've been working with the Family Life Center to help them re..., remodel or to reconstruct their facility for homeless services for the last year and a half, and we felt that the inclusion of these funds and the money that we make available to them would be beneficial in getting the project finished.

VICE-CHAIR HOKAMA: And then on Page 2 of this agreement under the County's responsibilities it says, (a) we shall use the funds to renovate one building for a shelter by June 30, 2009.

MR. ESQUER: Uh-huh.

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VICE-CHAIR HOKAMA: Okay. So, we as Members we all know the environment out there. One, you believe you can hit the date, and what happens if the project costs more than \$400,000?

MR. ESQUER: Well, we have here, we have funds that are earmarked, County funds earmarked to go along with this. The actual, the actual cost for the project is about 700,000. There's \$300,000 of County money that's earmarked for the project as well. So, the combination of the two is what we're expecting to, the project to cost.

VICE-CHAIR HOKAMA: And the County money is through a specific direct grant --

MR. ESQUER: Right.

VICE-CHAIR HOKAMA: --or is that a competitive grant?

MR. ESQUER: That was for this specific project.

VICE-CHAIR HOKAMA: And that's in the current year budget or in the upcoming year's budget?

MR. ESQUER: It's in the current budget, 2007 Budget.

VICE-CHAIR HOKAMA: And you've already executed that agreement?

MR. ESQUER: No, the agreements are prepared but not executed.

VICE-CHAIR HOKAMA: I don't know. I'm tired of doing the State's job, Mr. Esquer. Chairman, thank you.

CHAIR PONTANILLA: Thank you. Member Anderson?

COUNCILMEMBER ANDERSON: Thank you, Chair. So, we're basically...the way this reads is we're, we're the program administrator and the fiscal agent for this funding.

MR. ESQUER: Right.

COUNCILMEMBER ANDERSON: Do we get any kind of administrative fee out of this \$400,000 for doing that?

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MR. ESQUER: No. The funds are earmarked to go directly to the project.

COUNCILMEMBER ANDERSON: And so, I'm with Mr. Hokama here. It seems to me we're doing the job of the Hawaii Public Housing Authority, and you're shaking your head yes.

MR. ESQUER: Uh-huh.

COUNCILMEMBER ANDERSON: I mean we all want to see this happen, but can't they...you know, I'm just wondering if, if, if we weren't divided from Oahu by water would they even be wanting us to do this? In other words, it's to their convenience that we're administering this, and I'm just wondering if there's any other option. Has this always worked this way?

MR. ESQUER: This is the first time we are accepting funds like this, or these, these specific funds.

COUNCILMEMBER ANDERSON: Uh-huh. And how many units are in the Family Life Center?

MR. ESQUER: I actually...Ms. Maude Cumming is here if you...she...if you want to ask her specific questions about the project, she's here, and she can testify to that, give you information about...*(inaudible)*...

COUNCILMEMBER ANDERSON: And she's from the Family Life Center?

MR. ESQUER: She's the Executive Director of the Family Life Center. She's here.

CHAIR PONTANILLA: Member Anderson, you want her to come up?

COUNCILMEMBER ANDERSON: Well, you just told us there's \$700,000 towards this overall; 300 from the County, 400,000 from the State.

MR. ESQUER: Right.

COUNCILMEMBER ANDERSON: And I'd like to know how much of that is actually going to renovating the shelter, and how many units that will provide, and then what the rest of the money is being used for?

MR. ESQUER: Okay. Can I call up Ms. Cumming to answer that question?

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CHAIR PONTANILLA: Members, if there's no objections the Chair is...

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

MS. CUMMING: I just wanted to add that...

CHAIR PONTANILLA: Please state your name, please.

MS. CUMMING: I'm sorry, Maude Cumming, Director for Family Life Center. That I participate in...I'm the chairperson for the Maui Homeless Alliance Continuum of Care, and because of that I participate in a statewide, in statewide meetings where all the Islands get together and discuss projects for their Islands as well as part of that includes participating in an inter-agency council on homelessness which includes departments...State Departments as well as private sector.

Anyway, the, as I understand it this money was appropriated by the Legislature to every single county, and the process was that the money had to go to the counties first, and then each county determine how it's to be spent. And every county had to submit a...because it was very specific in...when the Legislature appropriated it that it had to go for emergency shelters, then every county had to submit their plan for, for how they would use this money. Anyway, that's that. We have had...

COUNCILMEMBER ANDERSON: Let me ask you something, excuse me, before you go on, because it sounds like the purpose of the, the use of the funds was included in the Act not after the legislation was passed; is that wrong? Because that's what, that's the way this MOA reads.

MS. CUMMING: Yes --

COUNCILMEMBER ANDERSON: The Coun...

MS. CUMMING: --as I understand it.

COUNCILMEMBER ANDERSON: So, the County made a commitment to use these funds prior to the Act being adopted?

MS. CUMMING: No, that was done in the legislative session that ended in 2006, May or June, and then HPHA informed the counties around August or

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September, I believe, and asked for a plan for how, how they could spend it.

COUNCILMEMBER ANDERSON: Okay. Before I reiterate my question to you I just want to put on the record that the purpose in the Memorandum of Agreement is to provide additional renovations to the Family Life Center building to increase its capacity to shelter the homeless and provide the homeless with needed services for transition into a more stable living situation in partnership with the Family Life Center, a non-profit agency. So, my question is of, of the 400 plus the 300--

MS. CUMMING: Yes.

COUNCILMEMBER ANDERSON: --of the 700,000 how much of it is going to be used for renovations that will increase the capacity and what is the increased capacity?

MS. CUMMING: Okay.

COUNCILMEMBER ANDERSON: And then what's the rest of the money being used for?

MS. CUMMING: All of it is right now allocated to do things...two things. One, is to...there are...is an additional shower facility, and also the other is to renovate the second floor.

Our current shelter accommodates 15 women and children. The...and it's just one open area, and then upstairs is the area that we want to renovate. It's about 3,600 square feet with another 400 patio area. So, about 4,000 square feet, and that can accommodate up to 35, and then there are two additional overhang areas for eating and gathering.

COUNCILMEMBER ANDERSON: So, does that mean you currently have room for 15, and --

MS. CUMMING: Right.

COUNCILMEMBER ANDERSON: --you're going to be expanding it another 35.

MS. CUMMING: For a total of 50, yes.

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COUNCILMEMBER ANDERSON: And so, how much money is that going to take?

MS. CUMMING: \$700,000.

COUNCILMEMBER ANDERSON: And then what money is used to provide the transitional services?

MS. CUMMING: Operations?

COUNCILMEMBER ANDERSON: Transitional services?

MS. CUMMING: These, this is, it's an emergency shelter and during the time when they are there we provide case management and other support services so that they can transition on to...either, either we can help them...place them into permanent housing or possibly move them into a transitional shelter like Hale A Ke Ola.

COUNCILMEMBER ANDERSON: And so, how long...I know this is emergency. So, how long are they permitted to stay there?

MS. CUMMING: We anticipate that the longest length of time anybody, anybody would be there would be 120 days. Now, this could be seven days this week, and maybe they choose not to come in for various reasons, then another 14 days. But a total accumulated length of time for 120 days. Right now what we're experiencing is for the last seven months we have served 94 unduplicated individuals. About 50 percent of those stay an average of 45 days, and another 50 percent an average of 120 days.

COUNCILMEMBER ANDERSON: And then are, are you able to help them all transition into a more stable living situation, or do they just do it on their own, or, you know, I'm not sure...

MS. CUMMING: Some of them do it on their own. Some of them already have case managers, because we are, we are dealing with people with mental illness, physical illness, drug addiction, all kinds of things. Some of them already have case managers, and so we try to work in concert with them to see what the best situation is. We also...we see this as part of a continuum so that we give food, different things, but we also have a housing placement program where we can...that is also State funds that we can help with deposit and first month's rent.

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So, we try to...our, our hope is that by giving them a stable place they'll at least be able to rest, get a job if they're not working, and then we can assist them. We've helped eight families to date get into permanent housing. Sometimes it's just a room, but we can help support in that way by providing deposit, first month's rent, and then case management through those other programs to ensure that they retain the housing.

COUNCILMEMBER ANDERSON: And so, do you only service women and children?

MS. CUMMING: At the present time, its only women and children, because our space is small, and it's one big open room. So, we cannot accommodate men. Now, when we do the upstairs it, it will still be one room, but we're modeling it after the Next Step Project in Kakaako. And where they put up cubicles, four by eight cubicles that come up so high, and each family had one cubicle. So, it's still one open room that is separated by these little cubicles.

COUNCILMEMBER ANDERSON: So then that means a husband, and wife, and their children could be served by you?

MS. CUMMING: Yes, and because that is a problem now because some of the families do not want to come in if they, if there is -

COUNCILMEMBER ANDERSON: Have to separate.

MS. CUMMING: --if they have to separate and, you know, they don't feel right the husband has to stay out, or they need the husband's help with the children. So, we've, we've found that quite often they choose not to come in.

COUNCILMEMBER ANDERSON: Right. Okay. Thank you very much.

MS. CUMMING: You're welcome.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Good afternoon, Ms. Cumming.

MS. CUMMING: Good afternoon.

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COUNCILMEMBER BAISA: Just a couple of questions. Who owns this Family Life Center? Whose building is it?

MS. CUMMING: We have a lease. The, the property is owned by King's Cathedral.

COUNCILMEMBER BAISA: And what kind of a lease do you have? I mean I'm particularly interested in the length of it?

MS. CUMMING: We have a ten-year lease, and we are currently negotiating...and it, it was written originally in 2004. So, we are extending...asking them to extend it for another ten years, because part of the commitment is that we, we want to be sure that anything that is done that the services will continue, and it doesn't get stopped because of the change in status.

COUNCILMEMBER BAISA: Well, that was where I was going, because we're making a substantial investment in renovation --

MS. CUMMING: Absolutely.

COUNCILMEMBER BAISA: --and we want to make sure that we get the return.

MS. CUMMING: Uh-huh. Uh-huh. Absolutely.

COUNCILMEMBER BAISA: Thank you very much.

CHAIR PONTANILLA: Thank you. Member Mateo?

COUNCILMEMBER MATEO: Chairman, thank you very much. Ms. Cumming, thank, thank you very much for being here.

MS. CUMMING: Thank you.

COUNCILMEMBER MATEO: I think I find it really interesting that the Hawaii Public Housing Authority can make \$400,000 available to the County of Maui when they can't even take care of Kahekili Terrace.

MS. CUMMING: Yes.

COUNCILMEMBER MATEO: There are vacancies available and there are damaged units that's unoccupied, and they can come forward and give us

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pittance in taking care of our, of our needs. So, it's a little irritating to see that the division of monies, you know, from 2007 to 2009 for the majority of the counties is only \$400,000. I don't know what the hell one can do with \$400,000 in trying to address the needs of the homeless. So, this is just, you know, some demonstration of kindness, I guess --

MS. CUMMING: Yeah.

COUNCILMEMBER MATEO: --but it's not effective.

MS. CUMMING: I have asked...

COUNCILMEMBER MATEO: I feel, I feel sorry for you, the recipient of the funds, because now the challenge rests with you. Do you have an idea of what the timetable for completion of the renovation of your facility will be?

MS. CUMMING: We are anticipating that it will take us 18 months. We originally were trying to see what we could get done with in-kind services. You know, people have asked us what can they donate? So, we're trying to do painting, different things, but we don't want that to hold up the project, you know, while the contractor waits for that. So, if we can, if we can save money by getting some in-kind donations we will do that, but if it holds up the project we, we don't want to do that. So, we anticipate 18 months.

COUNCILMEMBER MATEO: I know the, the requirement indicates, you know, the, the funds would be used to renovate one building. There was also additional talk of a tent city kind of a facility that would be made available perhaps close to your facility. Has, has this been part of the consideration in, in the use of any of these funds?

MS. CUMMING: You know, originally when I asked what these funds could be used for that was one of the suggestions that it could be used for that. And as part of the homeowner's alliance we've discussed this, and what the ramifications would be, and what we would need to go along with it, case management, other kinds of support services. And really there has not...and there's been a lot of investigation in, into different possible sites, and we have not been able to identify any sites. And so I don't believe that a tent city is imminent.

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COUNCILMEMBER MATEO: Okay. So, at, at this particular point, I guess for the Department, since this funding will cover a period from '07 to '09, after '09 there is no assurances of any additional funds to continue the work that had already been in place?

MS. CUMMING: You know, right now we do have a contract with HPHA, a shelter stipend contract that they reimburse...well, they allot us \$13.00 per person per day. And right now that amounts to about \$70,000, and all that covers is personnel to cover...personnel to be there from four in the afternoon to eight in the morning. And so, we do have, that is available to us in the future. Because, because we have had plans for five or six years, I asked them if, if an when it comes on board if we could qualify for those monies, and they said, yes, we would need to, of course, submit a proposal.

COUNCILMEMBER MATEO: Okay. So, all of the funds then will go direct or specifically to renovations?

MS. CUMMING: Yes.

COUNCILMEMBER MATEO: So, because the renovation includes the additional bodies now to your facility, you're prepared, or is there a need for manpower that you now have to increase because of this particular program?

MS. CUMMING: Yes.

COUNCILMEMBER MATEO: If it does where are you going to get the money?

MS. CUMMING: That's what I was saying we could apply to HPHA to increase our shelter stipend.

COUNCILMEMBER MATEO: So, while this work is ongoing you will request funds so you can...

MS. CUMMING: Yes, we have to let them know when we anticipate that the shelter would be open so that they can do their advance planning and include it.

COUNCILMEMBER MATEO: Thank you. Maybe perhaps when you get your, your group together again statewide to discuss, a real good recommendation would be to take care of Kahekili Terrace. This is your

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responsibility. And for them to ignore that that exists there with vacancies and to, to start work on a whole new project is kind of depressing, you know, because, like, you know, you cannot talk two sides of your mouth. Thank you.

MS. CUMMING: I've been asking that question for the last two years. And in fact I was at a meeting on Friday, and I asked again, and we're still going round and round asking why it takes 24 months to rehabilitate a facility. And I talked to one of the board members to see what we could do as, as an organization, an alliance, and I still haven't gotten a clear answer.

COUNCILMEMBER MATEO: Thank you. Thank you very much. I would like to, outside of this, have the opportunity to talk story with you.

MS. CUMMING: That would be great.

COUNCILMEMBER MATEO: Thank you, Mr. Chair.

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

COUNCILMEMBER ANDERSON: Thank you, Chair. So, your lease...you, you signed a ten-year lease in 2004?

MS. CUMMING: Yes.

COUNCILMEMBER ANDERSON: So, you're about seven years left on it?

MS. CUMMING: Yes.

MS. CUMMING: And so, you're going to request another ten years on top of that, so you'll have a total of 17 years?

MS. CUMMING: We're going to request at least until 2017. So, ten years from...or 2018, ten years from 2008.

COUNCILMEMBER ANDERSON: And is there any assurance that you'll get that lease approved prior to --

MS. CUMMING: Yes.

COUNCILMEMBER ANDERSON: --utilization of this, these funds?

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MS. CUMMING: Yes.

COUNCILMEMBER ANDERSON: Okay. So, I would like guarantee of that through the County to make sure that we're not, you know, upgrading somebody else's property, and then have you guys out of there in five years.

MS. CUMMING: I, I might add that we have had plans for, for a long time as well to be able to purchase the entire property. So, we've been pursuing that route as well.

COUNCILMEMBER ANDERSON: How much?

MS. CUMMING: Because...right now they're willing to sell it to Family Life Center for \$25.00 a square foot which would be about 1,000,030. If it were to an outside party it would be at whatever the fair market value is.

COUNCILMEMBER ANDERSON: \$25 a square foot, \$700,000 to renovate approximately 3,000 square feet upstairs, that's \$233 a square foot. That's quite an investment. So...

MS. CUMMING: It's, it's more than just the upstairs. I'm sorry if I didn't make that clear. There is also a separate structure that has not been construct..., it will be new construction that are stand alone showers and toilets. That's about 1,000 square feet. And then attached to the building are two open patio areas that would serve as dining areas or waiting, and we would include laundry facilities, lockers. So, altogether there is probably with those areas another 1,500 or 2,000 square feet.

COUNCILMEMBER ANDERSON: Okay. So, how much is your lease right now? How much do you pay?

MS. CUMMING: A dollar a year.

COUNCILMEMBER ANDERSON: A dollar a year?

MS. CUMMING: Uh-huh.

COUNCILMEMBER ANDERSON: Thank you very much. I'm happy to hear that. That changes everything. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Molina?

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COUNCILMEMBER MOLINA: Thank you, Chairman. Chairman, I have a question for Mr. Esquer.

CHAIR PONTANILLA: Sure.

COUNCILMEMBER MOLINA: Okay. Good afternoon, Mr. Esquer. Looking at the, the terms of the Memorandum of Agreement, the County will have to provide fiscal and program oversight, quarterly progress reports, and other intermittent reports as well as quarterly financial reports. From your perspective, do we have the...I know your Department is very busy. Do we have the personnel that can spend the time to monitor this program?

MR. ESQUER: This will fall under one of the program...*(end of tape 2B - 3:57 p.m.)*...Grants Management Division. So, it would be myself and the people that I have working for me. And we, we could add this to our workload. It would be one more thing to take care of.

COUNCILMEMBER MOLINA: Okay. I just wanted to make sure that you guys can handle it, because if we're to accept, you know, the MOA under these terms it doesn't mention anything here of the, the State providing some financial assistance should we need another position for something like this. And the MOA, I guess is good until June 30th, of 2009, with the option to terminate before that --

MR. ESQUER: Or to extend for it.

COUNCILMEMBER MOLINA: --or, or to extend, right, one or the other. And I am concerned that it states here under the binding effect of the MOA that the parties are not legally partners to the extent that it, it encompasses joint and sev..., several liability, and each party is responsible for its own employees and representatives.

So, I'm somewhat perplexed that the State, even though they want us to take this on, but they don't want to share, you know, liability on it. So, that's just, you know, my, my opinion. But I guess in concept I believe all of us support that we need to provide resources to address this problem. So, I'm just being a little cautious with accepting things that the State wants us to take over, because we've been given the short end of the stick with other, you know, mandates in the past. So, anyway thank you.

MR. ESQUER: Okay.

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CHAIR PONTANILLA: Thank you, Member Molina. Member Hokama followed by Member Johnson and Member Medeiros.

VICE-CHAIR HOKAMA: First, Ms. Cumming, I want to say thank you for what you do for the community. Do you already have a contractor designated to do the project should this move forward?

MS. CUMMINGS: We had a contractor for the, the first part of the project, and we would...

VICE-CHAIR HOKAMA: Ms. Cumming, I'm sorry to interrupt. Can you help us out, what do you mean by the first part --

MS. CUMMING: I, I'm sorry.

VICE-CHAIR HOKAMA: --of the project?

MS. CUMMING: I'm thinking in the phases. We, what we did was we did a strategic plan. We, we had a structural engineer come in, because we didn't know whether it was worth renovating, the structure was worth renovating, or we should just tear it down. Based on that information, and we were told that it was still a viable building, we proceeded with dividing up the development of it into four or five phases, and then breaking off parts that we could do. And so, we started, the first phase was to just renovate a small portion to be able to do that shelter.

VICE-CHAIR HOKAMA: Okay.

MS. CUMMING: Now...

VICE-CHAIR HOKAMA: For this 700,000 portion have you gone out and already secured a contractor to build with the grant amounts?

MS. CUMMING: No, we did ask the contractor that worked on the first part to give us what they felt it might cost. And that, that's basically where most of these cost figures came from, what they estimated, but we have not contracted with them. I, I believe that we still have to do that procurement process of getting three bids. So, we, we haven't contracted with anyone.

VICE-CHAIR HOKAMA: Okay. Couple questions please, Chairman. So, Mr. Esquer, does the County go out and do the RFP for a contractor or

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does Family Life Center and Ms. Cumming go out and do the RFP? Because if we agree to this very one-sided agreement, it's the County's butt on the line.

MR. ESQUER: Uh-huh. The way we have it planned or set up is for the Family Life Center to secure the bids for the contracting work to be done.

VICE-CHAIR HOKAMA: And that is because they have a benefit instead of the County going for procurement?

MR. ESQUER: Well...

VICE-CHAIR HOKAMA: Even if it's public funds being used?

MR. ESQUER: Right. Plus they also have been working with contractors already. And so, they have that connection with existing contractors for work that's been done already. So, we're, we're, we're allowing them to, to go ahead and do the procurement process.

VICE-CHAIR HOKAMA: Should there be an issue down the road with procurement, as I understand this agreement the County is responsible and liable. You, you and your Division agree, agrees to this type of conditions?

MR. ESQUER: Well, as long as they adhere to the, to the procurement process that we normally implement through the Department, yes.

VICE-CHAIR HOKAMA: Well, Chairman...Corporation Counsel, have you had an opportunity to review the terms of this MOA?

MS. VILLAROSA: Briefly.

VICE-CHAIR HOKAMA: This afternoon you can recommend to this Committee to support this type of one-sided agreement?

MS. VILLAROSA: Legally, yeah, but what you're asking is a policy decision, and I haven't reviewed it as to, you know, whether it's good policy for the County to enter into the agreement. The procurement issue that you raised in my mind is not really an issue, because the procurement law is only triggered when the County does a project. So, if the County were to make the improvements to the, for the project, then the procurement law would be triggered. But the procurement law isn't, isn't triggered when the

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County grants funds to a non-profit entity, and the non-profit entity completes a project. The County can impose similar procurement requirements pursuant to the grant agreement that's between the County and the non-profit, and I believe in most cases they do that. We, we don't have a copy of that agreement, but that is how the County would ensure compliance with, you know, if the County wanted to impose similar procurement procedures.

VICE-CHAIR HOKAMA: Irregardless of public funds or not?

MS. VILLAROSA: Right.

VICE-CHAIR HOKAMA: Okay. I had thought that under the old system under County attorney Higa, Mr. Higa, Kase, who became Circuit Court judge, I thought the County's general premise was that nothing less than 15 years on leases for expense of improvements of projects or facilities.

MS. VILLAROSA: You're talking about...

VICE-CHAIR HOKAMA: The use of County funds, because we mingling State and County funds now.

MS. VILLAROSA: Yeah, that would be a policy again.

VICE-CHAIR HOKAMA: Wasn't that an advice or opinion from, at that point in time, the County attorney which eventually became Corporation Counsel?

MS. VILLAROSA: I, I'm not familiar with that policy. But, again, if it was a policy, again, it might have only applied to County projects and not necessarily, you know, grantee projects.

VICE-CHAIR HOKAMA: Okay. Chairman, I would say before I relinquish the floor I think there's great merit in the project, and I appreciate what Ms. Cumming and her organization does, but as I read this agreement from the County's perspective this is a bad deal for us. Time and performance it's on our butt. Option to extend, sole discretion of the State agency, we don't even get involved in the options. Period of retention, again, is driven by HPHA. Modification. You know, I, I'm hoping we can find a way to accept the money so it doesn't lapse, and down the road allow Ms. Cumming and her agency to perform, but I don't want to agree to this agreement.

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This is very one-sided and unfair to the County. State program, State project, and yet the County is the sole responsible one to perform, to comply, and the State won't even cover us under their sovereign immunity regarding liability? Where's the fairness to the County doing the State's responsibility? Because I'm like Mr. Mateo. I wish they had their act together, because I wish that director was in front of us now. Ms. Koller would get a piece of my mind with Kahekili Terrace and a lot of other State projects.

So, where's the fairness, Chair? We've been asked to assist, and yet we're going to hold the bag? I would say we need to rewrite this agreement and be fair to the County doing the State's job. And I think there's a way for us to get the money, . . . (*inaudible*) . . . it so it doesn't lapse, but I would rewrite this agreement, Chairman. That would be my recommendation.

CHAIR PONTANILLA: Thank you, Mr. Hokama. Member Johnson followed by Member Medeiros followed by Member Molina.

COUNCILMEMBER JOHNSON: Yes, and this is for Rudy. Because you have an existing grant of 300,000; is that correct for this project?

MR. ESQUER: We're preparing it now, yeah.

COUNCILMEMBER JOHNSON: Okay. In the grant agreement that you would be administering most of the things contained within the MOA here would be requirements that would be similar to what you would be placing within our ordinary grant agreement?

MR. ESQUER: Right. Real similar to what we do under Grants Management, all of that, yeah.

COUNCILMEMBER JOHNSON: Okay. So, you're already going to be doing this work; is that correct?

MR. ESQUER: Uh-huh. Uh-huh.

COUNCILMEMBER JOHNSON: Yeah, and, and that for me, Mr. Chair, is where I look at the logic and the reason of the County is probably best equipped to do the monitoring of this, and if we're already doing it for the monies that we've allocated I don't think it's going to be that onerous to do the additional 400,000. And most of the reports that are contained within here would be things that the Department of Human Concerns

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would be requiring anyway. So, it's just forwarding on that information to the State.

And even though this is a one-sided agreement, Mr. Chair, I really believe that we can't, we, we may disagree, we may not like it, but you know what, if this doesn't work out in a way that is agreeable to produce the housing for those individuals that are in need, then I think the State is going to have to accept the responsibility for doing what they've done and doing it in the manner that they've done it, because as Council Chair Hokama points out, so many times we're made to look like the bad guys. If we accept the money, if we accept the terms of their agreement, and if things do not go as planned, I think it's important to get this on the record, but I don't believe that we should hold up this project any longer than it has already been held up, because here are people that are living on the beach, there are people that moved from the waterfront, and they're just moving from place to place. And when they get, you know, in a situation where are they going to go?

So, these places sometimes are the last sanctuary that these people have to turn to. So, all of the other, right or wrong aside, yes, if it was a perfect agreement I agree with Chair Hokama, but I'm in support of this moving forward, and I think we can duke it out later on with the State, because there's a lot of things that the State does that we don't agree with. So, that's from my perspective. As long as, you know, Rudy is saying that these are things that they already have to do in complying with the County grant, then I'm...that's good enough for me. Thank you.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chair. Ms. Cumming, thank you for being here to clarify a lot of the questions that we have.

MS. CUMMING: Thank you.

COUNCILMEMBER MEDEIROS: I'm certainly appreciative that you and other members of the organization have come. How long has your organization been in existence?

MS. CUMMING: We were incorporated in 1982. So...

COUNCILMEMBER MEDEIROS: Okay, and how long have you had this facility?

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MS. CUMMING: We opened it October 7, 2006.

COUNCILMEMBER MEDEIROS: Okay. Has the landlord...or have you tried to negotiate with the landlord...has the landlord been receptive to a longer lease than ten years?

MS. CUMMING: Yes.

COUNCILMEMBER MEDEIROS: And, and, and what lease amount would that have been as far as years?

MS. CUMMING: Another ten years from 2008. So, 2018.

COUNCILMEMBER MEDEIROS: Right. But nothing longer than ten years, because you're doing it in ten year increments it seems like?

MS. CUMMING: Yes.

COUNCILMEMBER MEDEIROS: Right. But the landlord has not been receptive to 15 years or more?

MS. CUMMING: Um . . . I could ask.

COUNCILMEMBER MEDEIROS: Because I think the --

MS. CUMMING: I'm sure it would be.

COUNCILMEMBER MEDEIROS: --I think, you know, there's been questions asked because when government invests in non-profits and especially in a facility, we'd like to see a longer lease so that it, it makes it more, there's more benefits for the County and government funds.

MS. CUMMING: Absolutely.

COUNCILMEMBER MEDEIROS: And you have a Board of Directors?

MS. CUMMING: Yes.

COUNCILMEMBER MEDEIROS: And how many members are on that?

MS. CUMMING: Ten.

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COUNCILMEMBER MEDEIROS: Ten members. You know, I, I don't think there's a question, you know, with this body about what you're doing and there's certainly the need for it. As Council Chair Hokama, you know, has mentioned, it, it's just, you know, do we do it for the State? You know, and I, and I think you were asked why wouldn't the State directly grant you that money?

MS. CUMMING: I, I don't know. I understood that it was part of the way that the money...because the Legislature appropriated it, and I don't know, part of the way that it came down that it was just given to HPHA to funnel through. And so, I, I don't really know those particulars.

COUNCILMEMBER MEDEIROS: I see. And...okay. And maybe my...certainly, you know, I'm, I'm in support of getting the money for your organization, and I think most of us are. And I think as Council Chair Hokama has mentioned if there's a way to clean up the MOA and still get the money that's also another option to consider. But I think the option is...that we're concerned about is that you can receive that State monies to supplement the County's funding. One question for Housing. Were, were you...was, was your Department in the negotiations for the 400,000 prior to the legislative action taken?

MR. ESQUER: No, we were just notified that the three outlying jurisdictions would receive 400,000 each of the amount that was...the State Legislature allocated.

COUNCILMEMBER MEDEIROS: Okay. And so, the State said nothing about why they're being so generous to give it to you the County?

MR. ESQUER: No.

COUNCILMEMBER MEDEIROS: No.

MR. ESQUER: No.

COUNCILMEMBER MEDEIROS: And you didn't have questions about asking, just accept it.

MR. ESQUER: It was just money that was going to be available for a need that we had.

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COUNCILMEMBER MEDEIROS: I see.

MR. ESQUER: Yeah.

COUNCILMEMBER MEDEIROS: Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Chairman. Just for...so, I get a clear understanding of what we're doing here or what we can consider. We accept the 400,000 today it's not contingent upon accepting the MOA as written; am I correct? So, can we still at least accept the money, and then express our concerns about the MOA at a later time? And are we also looking at a specific deadline to making a decision with this?

CHAIR PONTANILLA: I'm going to have Corporation Counsel answer that question.

MS. VILLAROSA: Mr. Chair, the resolution is to accept the grant of funds and the MOA is attached for your information. It hasn't been approved by my office yet. It hasn't been signed off on by the County yet. So, we could still work on negotiating language to it. So, if the Committee or Council has concerns regarding the language in the MOA we can convey that to the Administration, and we could work on negotiating language with the State.

COUNCILMEMBER MOLINA: Okay. Thank you. Well, I'm fine with accepting the money today. I guess, you know, most of our concerns is how this current MOA is, is drafted, Mr. Chairman. So, thank you. I only wish the State would offer more.

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

COUNCILMEMBER BAISA: Just one last question. And first of all, I want to make it very clear that I am in total support of the facility and the work that you do, and I thank you for it, because without people like you we'd be in deep stuff here. We already are, but it would be worse. Just one more question in regards to this concern that we have about who is going to be responsible, and liability, and who's absolved, and who's on the hook, and all of that. It's my understanding that in every County contract with a non-profit agency that it is a requirement that we have certain levels

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of insurance, and that the County be indemnified, defended, and held harmless in case of problems. Is this...and will this be included in our contract with the Family Life Center on this money?

MR. ESQUER: Yeah, we'll follow the standard grant management procedure for, for producing a grant agreement with Family Life Center, and that's one of them the liability insurance issue.

COUNCILMEMBER BAISA: Do you have any idea what the level of insurance requirement might be?

MR. ESQUER: It's a minimum \$2 million for, for liabil...general liability.

COUNCILMEMBER BAISA: I think that's an important point, because it does provide the County some protection although we know that, you know, sometimes \$2 million is chicken feed. But we really need to get on with this, and I'm hoping that during the hammering out of the MOA that maybe we can discuss that with the State as a condition that we feel that they should also be partners with us. If we're partnering with them to get the work done, and help our community, then they should also partner with us, and not absolve themselves of everything. And, Mr. Esquer, if you assure me that Grants Management is going to make sure that the paperwork is done, I have complete confidence in you, knowing you.

MR. ESQUER: Thank you. In addendum to the discussion earlier about, about that, I did have discussions with the Director at PHA about whether our, our standard grant management procedures would be adequate to satisfy the MOA in terms of reporting, and they said that it would be. So, our standard process of requiring our grantees to submit quarterly reports will be sufficient for sending to the State on report, on the reported requirements.

COUNCILMEMBER BAISA: Right. And I know that you have the experience having had the pleasure of working with you for many years. Thank you.

CHAIR PONTANILLA: Just a question in regards to your last statement. So, the MOA is, is it time sensitive, or, or not?

MR. ESQUER: It was my understanding, and I'm not, I'm not sure, I haven't had a chance to go over it with Corp. Counsel, but I, I believe that they wanted to have the MOA signed before the end of the fiscal year.

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CHAIR PONTANILLA: Which is?

MR. ESQUER: I mean there still is a window of opportunity to negotiate with them on it.

CHAIR PONTANILLA: Our Fiscal Year 2000...

MR. ESQUER: Of '07.

CHAIR PONTANILLA: Okay. Fine. Members, any more discussion? Member Hokama.

VICE-CHAIR HOKAMA: Just for the record, Mr. Esquer, you mentioned that the State made you aware of this passed-through funding of 400,000. May I ask you when you were notified of this pass through?

MR. ESQUER: The earliest that we heard that it was coming was at the end...well, I'd say at the beginning of Fiscal Year '07. So, it was back in last July when we started hearing about it, and they actually told us...asked us for our plan in September or October. We made it available to them right after that, probably in November.

VICE-CHAIR HOKAMA: And when did this proposal of a Memorandum of Agreement sent to the County for consideration?

MR. ESQUER: We received a phone call about it the first part of May of this year; this month.

VICE-CHAIR HOKAMA: This month?

MR. ESQUER: Right.

VICE-CHAIR HOKAMA: I think you folks did a reasonable job within 20-something days. So, I find it interesting the State is moving whereby, again, we're in a very difficult position. Thank you very much, Ms. Cumming and Mr. Esquer. Chairman, I would ask for a one minute recess.

CHAIR PONTANILLA: Thank you. We'll take a one-minute recess at, at this time. . .(*gavel*). . .

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**RECESS: 4:21 p.m.**  
**RECONVENE: 4:28 p.m.**

CHAIR PONTANILLA: . . .(*gavel*). . . Thank you, Members, for that short recess. Okay. Members, any more questions for Administration or the Family Life Center at this time? Member Medeiros?

COUNCILMEMBER MEDEIROS: Just one question, Chair. And I asked Member Molina, I thought he asked the question, but he doesn't remember asking it or having a response. Somebody else may have asked it. But is there a deadline on us getting the money?

CHAIR PONTANILLA: The way I understand it as Mr. Esquer had explained to us, June 30<sup>th</sup>.

COUNCILMEMBER MEDEIROS: Okay. That was for the MOA; wasn't it? Is that also --

CHAIR PONTANILLA: No. The --

COUNCILMEMBER MEDEIROS: --for the money?

CHAIR PONTANILLA: --the acceptance of the money.

COUNCILMEMBER MEDEIROS: Uh-huh. Is June 30?

CHAIR PONTANILLA: Yes.

COUNCILMEMBER MEDEIROS: Okay. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more discussion? Okay. At this time, seeing none, at this time the Chair is gonna recommend deferral of this item. And, Members, you do have a memo dated May 25, 2007, to bring this up on the June 1<sup>st</sup> Council meeting. So, Members, without any objections...Member Johnson.

COUNCILMEMBER JOHNSON: It's not an objection, but just a clarification. Did you want to discharge the Committee from consideration of this item, and then just send it on to the Council? Is that what we're doing?

CHAIR PONTANILLA: Yes.

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COUNCILMEMBER JOHNSON: So, then don't we need to vote on that?

VICE-CHAIR HOKAMA: No.

CHAIR PONTANILLA: No.

COUNCILMEMBER \_\_\_\_\_: Only Council can discharge...*(inaudible)*...

COUNCILMEMBER JOHNSON: Oh, okay. All right.

CHAIR PONTANILLA: Okay. Members, seeing...any more questions, discussion? At this time, again, the Chair is recommending that we defer this item to June 1<sup>st</sup> Council meeting.

**ACTION: DEFER.**

CHAIR PONTANILLA: Members, that is the last item on our agenda, and it seems like any time we receive money from the State that we always have this problem. So, hopefully, we can correct this or come to some kind of agreement with the State of Hawaii whenever they, you know, give us money that doesn't come with strings attached. Thank you very much. This meeting is adjourned.

**ADJOURN:** 4:35 p.m.

APPROVED:

  
JOSEPH PONTANILLA, Chair  
Budget and Finance Committee

bf:min:070530: jbc

Transcribed by: Jessica Cahill

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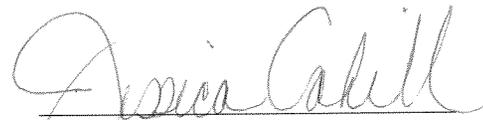
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CERTIFICATE

I, Jessica Cahill, 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 12th day of June, 2007, in Wailuku, Hawaii

  
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Jessica Cahill