

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

August 5, 2005

Committee
Report No.

_____ 05-99

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on July 12, 2005, makes reference to County Communication No. 05-178, from the Chair of the Cost of Government Commission, transmitting a document entitled "COST OF GOVERNMENT COMMISSION: COUNTY OF MAUI REPORT OF FINDINGS AND RECOMMENDATIONS FOR COMMISSION YEAR APRIL 1, 2004 TO MARCH 31, 2005" (Report).

Your Committee notes that the Report was submitted to the Council pursuant to Subsection 8-15.2(4) of the Revised Charter of the County of Maui.

Your Committee further notes that it excluded discussion on certain issues of concern contained in the Report. The section on "Management of Abandoned Vehicles" was excluded since your Public Works Committee met on this matter on June 13, 2005. Furthermore, your Public Works Committee would be the appropriate committee to consider the Commission's recommendation for an audit. The section on "Establishment of a County-owned and Operated Airline" was excluded due to the Commission's recommendation that the Administration present its request to the Council. No such request was made in the Administration's budget proposal for Fiscal Year 2006. The section on "County Driver Education Programs" was excluded since the Commission made no recommendation regarding this issue and concluded that establishing a mandatory driver safety education program for employees would not be cost effective.

At its meeting, your Committee met with an Executive Assistant, Office of the Mayor; the First Assistant, Department of Management; the Director of Finance; the Administrator, Real Property Tax Division, Department of Finance; the Deputy Director of Parks and Recreation; an Economic Development Specialist, Office of Economic Development, Office of the Mayor; the First Deputy Corporation Counsel; a Deputy Corporation Counsel; and Douglas Halbert, Chair, Cost of Government Commission (commission year commencing April 1, 2004 - March 31, 2005).

There was no public testimony.

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Your Committee discussed the Report's issues of concerns. Under the section on "Administrative Support to the Commission", the Cost of Government Commission (Commission) reported that its administrative staff support has been "less than satisfactory" for the second year in a row. The Commission was concerned that its meeting minutes and web site material were not prepared on a timely basis.

The Executive Assistant stated that the Administration has hired a Boards and Commissions' Secretary and the minutes of the Commission are being done on a timely basis.

Under the section on "Evaluation of County Leases", the Commission reported that although previous reports identified problems with the Old Wailuku Post Office Building, there has been no evidence that any action to rectify those problems has been taken on the matter. The Commission has not received a response to its request that the Administration review the lease, and conduct an investigation to determine whether mold was present in the Old Wailuku Post Office Building before it was occupied by the County. The Commission recommended that the County audit all leases on a timely basis to ensure compliance.

The First Assistant stated that the Administration has reviewed the lease, and has determined that the building was leased in an "as is" condition. He said that the landlord has satisfied its responsibilities under the lease agreement.

The Director of Finance stated that the Council approved an Asset Manager position in the Fiscal Year 2006 Budget. The Asset Manager will, among other things, be responsible to monitor County leases.

Under the section on "Small Tools and Portable Equipment Accountability Policies", the Commission reported that there has been no progress to establish a uniformed policy for the control and accountability of small tools and portable equipment.

The First Assistant stated that the Department of Parks and Recreation is establishing guidelines that will eventually be used as a template for other departments. Because each department is unique, no uniform County-wide policy is anticipated.

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Your Committee was concerned that there are no formal inventory policies for small tools less than \$700, and that the Department of Parks and Recreation cannot determine if a tool is disposed of, lost or stolen.

Under the section on “Maui County Charter – Chapter 15”, the Commission reported that there is a conflict in the Revised Charter of the County of Maui (Charter) relating to the terms of Commission members. One section of the Charter refers to a biennial appointment of the Commission, while another section requires the Commission to submit a report of its findings and recommendations to the Mayor and Council no later than 11 months after its appointment. The Commission suggested that an amendment to the Charter should be proposed if the Mayor and/or the Council desire to have the Commission convene more frequently than on a biennial basis.

Mr. Halbert explained that the intent of staggered terms is to ensure that each new Commission is comprised of some experienced commissioners.

Your Committee requested that this matter be referred to the Committee of the Whole for further discussion.

Under the section on “Tax Department Operations and Billing Procedures”, the Commission reported on the Real Property Tax Division’s efforts to address the backlog of work in the tax mapping section. The Commission reported that the Department of Finance has a five-year contract with the City and County of Honolulu to address the problem.

The Director of Finance stated that the Division has a “near-critical” problem with vacancies that affect current operations.

Your Committee was encouraged to hear that the Real Property Tax Division is diligently working with the Department of Personnel to fill positions.

Under the section on “Real Property Tax Bill Mailing Procedures”, the Commission investigated the feasibility of distributing real property tax billings annually rather than semi-annually. The Commission suggested that an annual mailing would save a minimum of \$12,000.

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The Director of Finance stated that the benefits to the taxpayer and the Department's operations justify the current practice of semi-annual billings. Moreover, the Real Property Tax Division receives requests for more frequent billings.

Your Committee noted that semi-annual billings are a benefit to taxpayers by serving as a reminder to remit their second payment.

Under the section on "Solicitation of Public Input to the Cost of Government Commission", the Commission reported on its efforts to stimulate public involvement. Mr. Halbert stated that the Commission published an article in *The Maui News*, but the public's lack of response was disappointing.

Your Committee concurred, citing similar results with matters pending before the Council.

Under the section on "Maui Visitors Bureau Funding in County's Fiscal Year 2005 Budget", the Commission reviewed the Maui Visitors Bureau's (MVB) budgeting process, and reported that the MVB received \$3.5 million from the County, \$3.0 million from the State of Hawaii, and \$50,000 from the Hawaii Visitors and Convention Bureau.

Mr. Halbert stated that the Commission concluded that the funds were being handled in a proper and efficient manner.

The Economic Development Specialist concurred, stating that the MVB is the largest grant recipient administered by the Office of Economic Development.

Your Committee voted to recommend that County Communication No. 05-178 be filed.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 05-178 be **FILED**.

Adoption of this report is respectfully requested.

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