

COMMITTEE OF THE WHOLE
FY 2013-2014 Departmental Budget Reviews
MINUTES

The FY 2013-2014 Departmental Budget Reviews of the Committee of the Whole of the Council of the County of Kaua'i, was called to order by Jay Furfaro, Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Thursday, March 28, 2013 at 9:09 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum (*not present at 1:30 p.m. and gone for the remainder of the day*)
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Chair Furfaro: *Aloha* and good morning. I would like to take a moment to call to order the departmental meetings and the budget reviews for the County of Kaua'i. There is a calendar date of reviews that has been distributed far enough in the advanced, that everybody should be attentive to the various departments that are going to come in and have a review. I would like to hopefully talk about the theme of this budget meeting as "Ke Ala Wa'a, the way of the canoe." We need to make sure we follow the *wa'a* where we are to the point that we are understanding when we are in rhythm, the canoe does not jerk like a caterpillar. It goes fast, timely, accurate, and to the target. Our target is to complete a budget within the guidelines of the calendar and find ourselves having an opportunity to have a little bit of a *pā'ina* at the end; a celebration, because it is going to be a difficult budget in what is in "difficult times." Yesterday, we heard from the lobbyists, and I want to make certain that I clear something up for everyone. I was disturbed that the procurement did not occur earlier for their contract services, but I have since discovered that the error was on their part, and they were not outlined appropriately, nor did they have the appropriate certifications. I would like to say in Wai'anae, when you play football, it may be a little different than Kapa'a, Mayor, but you lay the whole piece out and take no shame in telling the truth and the truth of the matter is the delay was the lobbyists' fault, not the Administration. If you want additional details, I would be glad to share it with you. I would like to go over a few other points for the Councilmembers in the process this morning. We have our tally sheets for questions that you might want to add for the end of each day presented to you, and please, that it will be the official record of sending communications over. The responsibility of filling out those sheets is certainly yours, and that is the best way for us to follow-up on any questions. Our budget format has changed a little bit for those of you who are relatively new to the Council. I will make a presentation this morning on what we digested from the original budget that was sent over, not to take any positions on anything, but to draw attention to some of the points that we need to really focus on during the actual budget process. Afterwards, we will have an opportunity to hear from the Mayor and his Staff. I would like to ask you folks, because I have negotiated several new points with the Administration, that when they come up to make their presentation, I would like to go through the entire presentation by the Mayor, then Ernie, and then Steve Hunt, the Finance Director; and then the three (3) gentlemen will remain available to us for questions and answers. I do not want to go through questions and answers and break up the presentations. Let them have an opportunity at the end.

The Mayor has assured me that all three (3) of them will be available for questions and answers at the end. Like in the past, Mr. Rapozo, I will turn the meeting over to you during the period of time that I will make the Overview Presentation, which is now, because you are the Vice Chair of the Committee of the Whole. Let me get my *ukana* together, and then I will be right there.

Mr. Rapozo:
privilege. Go ahead.

Mr. Kagawa is requesting some time for personal

Mr. Kagawa: I just wanted to take this moment to recognize some of our residents for being very gracious on the roads. This morning, they had the yellow light by the Wailua House Lots road, and I noticed that the drivers were very courteous, so I just want to thank all of the people, when those things happen for being very friendly out there. *Mahalo*.

Mr. Rapozo: Thank you, Mr. Kagawa. I must have been at a different intersection, because the one I was at, I think they thought the yellow light meant to speed up. (Laughter). Anyway, Mr. Chair.

Chair Furfaro: Thank you, Mr. Rapozo. Here are talking points and discussion points from the first evaluation of the budget that has been submitted to us, and an opportunity to extract some commentary for you folks. The Mayor's group, as well as in liaison with the Council, have provided some pretty – I am not going to read this whole narrative; but have provided some pretty clear instructions to the various Department Heads about the budget process. These are normally referred to as "Budget Assumptions" that each department has made of their operating areas. The Administration is presenting what they are referring to as an "Essential Services Budget" due to what at all levels, State and the Federal sequester, as an absolute-need service delivery. It is also relatively new. I have asked through my correspondence with the Mayor and his team, that they will this year be presented to us "Actuals versus Actuals," especially in a sense that many of the expenses have been exceeding financial incomes for those specific fund areas. It is certain in private practice, a way to look at putting together and budget, and a budget only being a forecast. You will look in your books and you will see a three (3) year trend reflecting actuals. I want to thank them for agreeing with the need to do that. It is a new first step, but it certainly provides good information for you folks.

The Administration also has a proposal which reflects dollar funding positions and one of the ways that they have also reduced expenses is that they focused on travel and overtime. As we get into some of our new programs, the whole intent of those programs, Curbside, and some of the new equipment we have was the intention of reducing operating expenses. That will be in the programs as well. I want to say that I stress that the Council wants to make sure that when we get back to the table on May 8th for the supplemental budget communications, which it not be drastically different from the proposals that have been submitted to us. I think the Administration has worked very hard in prepping for this budget series. Scott, I think I am ready for the next page.

I think it is an ongoing, constantly making improvements approach to refining the way we have done budgets in the past. On the next page, we have modified the schedule so that the big ticket items, whether it is Capital Improvement Plan (CIP) or the bigger operating departments, are going to be discussed earlier in the presentation of the budget, leaving us enough time to follow-up on some of the questions, and hopefully this will improve our ability within the whole budget cycle to get questions answered and turned

around. I hope we can minimize follow-up questions. Before we get into the final session, I have asked that we meet as Councilmembers with the Staff on all the prior discussions during the budget cycle, so that we can organize our discussion and when we are making counter proposals. Next slide. JoAnn, you wanted to ask me a question?

Ms. Yukimura: Yes, you read my mind. Thank you. On the meeting with Councilmembers meeting with Staff, this is a one-on-one, right? Each Councilmember meeting with Staff?

Chair Furfaro: Yes.

Ms. Yukimura: Okay.

Chair Furfaro: I am sorry if I did not make that clear.

Ms. Yukimura: I think I knew what you meant, but I wanted to make it clear for the public.

Chair Furfaro: I am sorry. Sometimes I talk with the Wai'anae accent. In our Fiscal Year 2013-2014 Budget Assumptions, you will see a graph that has been laid out there. It is also very important to point out that payroll, taxes, and employee benefits comprise of approximately sixty percent (60%) of our Operating Budget. Increases are expected in contributions to the Employee Union Trust Fund (EUTF) and the Employee Retirement System (ERS). These increases are absolutely not clear at this point, but it should be something that we know stays firmly on the radar screen. The actuarial and other benefit costs for each department – the timing has always been a problem and has been a problem in the past. Last year, we started the budget at thirty-one percent (31%) before hearing on those costs, and we settled at twenty-four percent (24%). The fact of the matter is going forward, is that they are going to use the twenty-four percent (24%) budgeted in each department for the Other Post Employment Benefits (OPEB) for the budget at this point. "Budgeting employee benefits in each department leads to greater accountability" has been our message to the individual Department Heads to make sure that they are more completely involved with the costs, as it relates to their supervision of a department. Next slide.

I should point out that for on-going union labor negotiations for Collective Bargaining Units; Police, Fire, United Public Workers (UPW), and Hawai'i Government Employees Association (HGEA) are not reflected in this budget, nor in calling around, are they reflected in any of the other County's budgets. I am just making an inquiry. Another cost directly related to that is the fact that the negotiated items that came with the teachers' union; they reverted back to a 60/40 allocation on budget expenses for benefits like medical premium costs and so forth. I think we should anticipate the same happening. The good news here and I will get to some graphs later; the utility rates and kilowatt usage in the County were seeing some success in the Administration's Green Task Force, and I will lay out the kilowatt hours used for each year on a five (5) year review, and you will see that although the rates have gone up, the consumption of utility kilowatt hours has not. It has been pretty constant, so there should be some encouragement there, as well as their plans asking for some forecast in improved kilowatt hours. There is some good news there. For other fixed expenses, I mentioned already with the actuarial not being due to the later part of the year – almost mid-year. We are leaving it at twenty-four percent (24%) at this point in time. The activity at the State Legislature after yesterday's presentation by the contracted lobbyists, we still have concerns with the Transient Accommodations Tax (TAT),

as well as what I had pointed out, the four point three million dollars (\$4,300,000.00) and the three point two million dollars (\$3,200,000.00), dealing with the franchise taxes and utility costs. That is a substantial amount of our budget. It is almost nineteen point two million dollars (\$19,200,000.00) that we do not have a clear understanding of where the Legislature is as of March 28th. It is no clearer than it was at the start of the Legislative Session. Next page.

There are certain budget assumptions that have been made by department agencies that I spoke earlier about, but we need to stress, and I am going to personally ask the Mayor for some assistance. It has been very difficult to get an understanding of our position because of the lag of certain reports. The building report, which I will share on the next slide, as well as the timely budgeting; we are entitled to a Quarterly Treasury Report and timely financial reports within sixty (60) days of the close of each month, and there is a need for great improvement there. I am hopeful that our new Human Resources (HR) Department will be able to be more consistent in a format that is electronic to identify positions and vacancies in a more timely fashion. The last point in this section here – I shared with Steve Hunt, a “Snap Shot” review of the current financials that have been reported to us up to a period of six (6) months, shows that we are about two point four million dollars (\$2,400,000.00) ahead in fees, taxes, and collections; and about four point six million dollars (\$4,600,000.00) better in controlling expenses. For six (6) months, you might say that the County of Kauaʻi is six point eight million dollars (\$6,800,000.00) better in a financial picture than it has been presented, but again, when we get those reports more timely, we can use this as a comparison. Let us go to the next slide.

Here are some samples of data that I wanted to share with you folks. This is the value from the Building Department on what I referred to yesterday, which is a sample of like a booking ticket. As we issue permits, they have a value. That is the one hundred thirty-three million one hundred eighty-four thousand eight hundred ninety-two dollars (\$133,184,892.00) that you see on the far left side. If we take approximately fifty percent (50%) of that value, and we apply it as a taxable income for the year going forward, it will generate at four dollars and fifty-two cents (\$4.52), which was the old blended average of the tax rates. It will generate another three hundred thousand dollars (\$300,000.00) in the year, for the year. That is assuming that we do issue permits that we would hope at least fifty percent (50%) of those people begin construction of the permits that have been issued, or looking at it this way; is the cup half-empty, half of those individuals have not or will not start their project in the year, for the year. That is another way to measure revenue, and this Building Report is used by the Council in this fashion.

The next one is a small chart. You all have it in your books. This is showing the new format of comparing “Actuals versus Actuals,” each expenditure period, and then matching it up against what has been forecasted for the current year.

The next section on “Real Property Tax Revenues and Other Fees,” there is a section over here that deals with Fuel Tax, Vehicle Registration Fees, and Weight Tax. I want to thank Steve Hunt in answering my questions, but they did not get in the presentation this morning. I will be circulating the Department of Finance’s response to me on these three (3) questions. It is giving you an idea of how we compare with others. The proposal that is in the budget for Kauaʻi shows a Passenger Weight Tax that is equal to other Counties, but still less than the County of Hawaiʻi, Hawaiʻi island. The Freight Tax shows us increasing, but still at par with both Maui and the City and County of Honolulu. On the County Registration Fees, we are proposing – the Mayor is proposing seventeen dollars (\$17.00), which makes us equal to the big island, fifty cents (50¢) under from Maui, and three dollars

(\$3.00) less than the City and County of Honolulu. The Fuel Tax is as proposed in the Mayor's Budget, at fifteen cents (15¢), and it compares equally or less than City and County of Honolulu and the County of Maui, but it is more than Hawai'i island. I will distribute this memorandum today to all of you so that you can see this particular section. Next slide.

There is some concern on certain essential funds as we look at "Enterprise Funds and other strategic planning." For example, we do not know how the Federal cuts sequestered will actually affect funding that we currently get for a number of positions in the County. The one that probably has the most exposure at this point is probably Housing. We also have concerns dealing with the Sewer Fund, and then of course, the one that we need to track with a real strategic plan is the Golf Fund. It lacks a marketing plan, and that should be an interesting discussion when we get to Parks. For Capital Improvement Projects, the Mayor has made his position very clear to us that he wants to move on projects that are shovel ready, and that is where his initiative will be. That certainly accounts for some of the shifting of the funds within the CIP work page. I want to give compliments to Keith, the new gentleman who is in the CIP financial world. I have met with him separately, and I have great confidence that the reporting and managing of those projects will constantly improve. So far, that has been proven to me in his presentations. I know there has been a lot of discussion about the Reserve Fund or the General Fund Balances. There is a discrepancy here between myself and the Administration – a small one. I am still trying to reconcile the three point eight million dollars (\$3,800,000.00) that we had put in as the minimum amount for the CIP, and it looks like this budget process shows us more of a Reserve of about two point five million dollars (\$2,500,000.00). I have to remember my number is the current number, and their number is a futuristic number that starts July 1st. This will also continue to be a discussion point. The next slide deals with a Trend Analysis, and again, I want to make sure you understand the fact that what I am looking here is at a Trend Analysis for Revenues from taxing. It is based on three (3) programs that we initiated; affordable rental, where the property owner has reduced and complied to suggested rental rates from the Department of Housing and Urban Development (HUD) Office. Number two, the circuit breaker, and of course the circuit breaker being that based on net income; and three is the two percent (2%) cap on permanent home owners. I would like to share with you that the one line goes back to 2008, and we gave fourteen million dollars (\$14,000,000.00) when the two percent (2%) tax relief was there. This is for owner occupied units. In the attempt, I think as we all knew at that time was the fact that the control on home owner occupied units; there was something that needed to be done. You can see in the following years, the money has certainly continued to pile up to the point, as the bottom line says, that the County actually in a five (5) year period has reduced—and here is the key, "potential home owner property tax," and has reduced it by forty-nine point one million dollars (\$49,100,000.00), and it is based on those three (3) Bills. They were very clearly needed at that time. The question in our budget session going forward is, "How do we go forward with the property values dropping?" I am sure that will be part of the fiscal discussion about property taxes. Next slide, please.

Here is the Trend Analysis, and I know you folks realize that I like to compare things in a Trend Analysis. For example, on the County's Debt Service, as we borrowed moneys for certain improvements over the last five (5) years, our Debt Service in 2008 was seven million twenty-six thousand six hundred five dollars (\$7,026,605.00). As you look all the way out to the far right, the Debt Service in 2012 is now ten million three hundred eighty-three thousand four hundred dollars (\$10,383,400.00). We have had an increase in our Debt Service payable in the year, for the year, of approximately three point three million dollars (\$3,300,000.00). The retirement liability contributions that are also shown there, starting with OPEB Hawai'i Employee-Union Health Benefits Trust Fund (EUTF),

and the Pension Employee Retirement System (ERS), as you go all the way to the far right, you will see the increase has been seven million nine hundred thirty thousand dollars (\$7,930,000.00). I am sure there will be a number of options here for us to look at. The County of Maui is one hundred percent (100%) contributed to their liability, but they put the money in an escrow account. We have found ourselves in a situation where we are contributing our whole exposure, one hundred percent (100%) of our exposure, but when we write to get confirmation that money is for Kaua'i's people who come through the system, we still do not get a clear answer from the fund. Honolulu is only about sixty-eight percent (68%) exposed for coverage, and they are running about twenty million dollars (\$20,000,000.00) a year short of funding their liability. It is substantial, and if you have been following the editorials in the newspaper, it will be a big discussion item here. Perhaps we need to think through with Steve and the Mayor for a different approach to make sure we are protecting our employees. I will ask Ricky to recirculate the responses we did get from the State on those two (2) accounts. We are at a disadvantage if you note the bottom of the page. We have one (1) of the nine (9) votes to negotiate these changes; four (4) is with the Governor, one (1) is with the State hospital system, and one (1) with each County Mayor. We are at a disadvantage when it comes to negotiating any change. Next slide.

For Transportation, we had some discussion last night, but I would again let you know that I want to thank the fact that we are going to have continued discussion on this. For the Transportation Department and the expansion we have had since 2008 to 2012, the Bus has increased its service, including holidays, evenings, weekends, and so forth. That cost to us, as we voted on it, was two million dollars (\$2,000,000.00) more than just since 2008. Another point is the Transportation Agency has expanded from fifty-two (52) to seventy-eight (78) employees since 2009. I want to make sure their actual attendance is one hundred and two (102) employees. The difference between the seventy-eight and one hundred and two (102)—because we measure in full-time equivalent, there is a number of part-time drivers that are there. The real count of actual “heads” is one hundred and two (102), but the full-time equivalent is more like seventy-eight (78). The next chart in that same page is the utility and electrical use. Our utilities really spiked with the fuel adjustments back in 2008, and today in 2012, they are at eight million five hundred fifty-three thousand eight hundred seventy-three dollars (\$8,553,873.00), but compliments to the Administration, because a lot of this is also dealing with the fact that we have had a number of power projects that have been able to generate other energy that will not necessarily show up in the utility costs as it relates to the oil improvements. I also want to point out that in 2008, we have nineteen million nine hundred twenty-one thousand seven hundred forty-seven (19,921,947) kilowatt hours used by the County, and here we are actually in the year 2012 with more facilities. When I say more facilities, let us include some of the improvements that we made like Kaiākea Fire Station and so forth. The actual kilowatt usage is two hundred thousand (200,000) kilowatts less than five (5) years ago. That has certainly helped us manage our consumption, but the County's cost of electricity depends on a big part, but the fuel and oils have adversely impacted with outcomes in the Middle East, including Libya, Iran, and Israel. I would like to say that I believe the County's energy team has done an exceptional job in putting at least a growth of utility costs in check.

The next one is one that I would that we take interest in as we go into the various Departments. The staff payroll in 2008 was one thousand one hundred thirty-nine (1,139) employees. It is currently reflected at one thousand two hundred seventy-nine (1,279) with an increase of about one hundred forty (140) full-time and part-time employees. Where did that growth happen? In general Government, we have a more efficient Boards and

Commissions group that was almost like a whole new Department. Police has doubled recruiting now. For the Fire Department, we have a new fire station, folks. That is required to be staffed appropriately. For Transportation, the Bus has a growth of twenty-six (26) employees, and scattered in there for other positions, there was twenty-three (23) positions that grew during that period from 2008 to 2012. Included in there are two (2) additional positions for the Council as we expanded Secretarial Assistants. Next slide.

I just want to reconfirm that the Council's procedures as it deals with going through the budget here; the proposals for any additions to the budget should be accompanied by a proposal of where the funds will be coming from. Feel free to query that, especially if it deals with increases in bus fares or anything else like "money found." I am sorry to use the word "found," but that is going to be applied by a grant. To reduce items in the March 15th budget, we need four (4) votes, which is a simple majority of the Council. If we are going to increase or add items to the March 15th budget, it is not required—and I know I got into a little bit of a discussion with JoAnn last year, but it is recommended that we get five (5) votes affirmative, because it would take five (5) votes to override a veto, should it come to that from the Mayor. I really hope that when we are talking about Ke Ala Wa'a, the way of the canoe, it is very important that we work with the Administration to really solve and mutually agree on what will be the answers for a very tough budget period. I am just sharing that with you, and I will send over to you this correspondence that I got from Mr. Hunt today to the three (3) items that were blank on my report. I also will communicate to you a spreadsheet that I have which shows where I think we have six point eight million dollars (\$6,800,000.00) of under-spent money in the year, for the year. I will circulate that to you before the end of the day, or certainly by the end of the day. That is my opening evaluation of the budget, and I think we can get into more details as we go through the sections. Mel, if you do not mind, I would like to turn it over to the Mayor and his group at this time.

Mr. Rapozo: Okay. Thank you, Mr. Chair. Does anyone have any questions for the Chair before I move on? I understand, Mr. Chair, and maybe the Clerk can help, but we have the Mayor posted at 10:00 a.m. Can we start before then? We can? Okay. Councilmember Nakamura has a question.

Ms. Nakamura: Thank you for the presentation, Chair. I wanted to just follow-up with your comments regarding the retirement liability. Can you kind of go over what the other Counties are doing again? I think they have concerns about parking our funds in the State system and making sure that we have those funds there when we need them.

Chair Furfaro: That is an excellent question, and from what I can tell, both the City and County of Honolulu and Hawai'i island are not setting aside the total amount to cover their liability. I think the model we might want to look at is the Maui model. They have actually set-up a separate escrow account for a deposit for these things so that they can be assured of having a deposit at the right time when they start to draw their portion from the fund.

Ms. Nakamura: Do they get interest while it is parked in that account?

Chair Furfaro: Yes. Obviously, it is earning interest, but I am not clear after finding that out about exactly how they interface with the State fund. It is

only Maui and Kaua'i that is paid in one hundred percent (100%) of their liability, where as Hawai'i island and the City and County of Honolulu have not, as well as the State.

Ms. Nakamura: Thank you.

Mr. Rapozo: Any other questions? Mr. Bynum.

Mr. Bynum: I want to thank you for a really thoughtful budget presentation, and I appreciate the Trend Analysis. I know you and I think that way. To see it laid out here is very helpful. Later, I have a couple of questions, but all overall, all of this was very helpful. Thank you.

Chair Furfaro: Yes. Again, I want to revisit my comment last night with you folks when I said we were all part of this growth. We saw the need for Transportation, we acted. We saw the need for the Fire Department having new facilities, we acted. It was something we all had to take a little responsibility for and yet, we have to measure it on the value. What does it actually provide for our citizens in the way of safety, of being able to get through an economic crunch, and get to school? Those are decisions we made at the time as a body, and we all have to share on that.

Mr. Bynum: Chair, I appreciate that we have a full day to discuss revenues because in my mind, the Mayor has done a good job of managing the budget in the time he has been Mayor. It is the revenue management where we all need to focus more, and you are giving us more time. Thank you very much.

Chair Furfaro: Okay.

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: I am going to echo Councilmember Bynum's comments about your presentation. Thank you, Chair. I also want to just take off from what you said last night when we were talking about "return on investment." Those values that you talked about, enabling our people to go to work more affordably or to get their kids to school, or afterschool programs; that is the return on investment that I am talking about, and I think that is what you are referring to also. The fact that we will reduce our fossil fuel dependency as well, if we go to a more multimodal transportation system; those are all to me, return on investment and preparing for the future too.

Chair Furfaro: Yes. Clearly, measuring *aloha* as a value—you cannot go to a page in an accounting book and say, "Okay, what is the tangible? What does the balance sheet look like?" You cannot balance the value that we are able to provide and just getting through some tough times together. It is hard to measure *aloha*.

Ms. Yukimura: Thank you.

Mr. Rapozo: Any other questions? If not, thank you very much, Mr. Chair.

Budget Overview

Honorable Tim Bynum
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Chair Furfaro: Thank you, Mr. Rapozo. *Aloha* and good morning, Mr. Mayor.

There being no objections, the rules were suspended.

BERNARD P. CARVALHO, JR., Mayor: *Aloha* and good morning.

Chair Furfaro: Are you going to have your Staff actually sit up with you?

Mr. Carvalho: Yes. You know who you are. Come on up.

Chair Furfaro: Members, again, I would like to see if we can find ourselves with the Mayor, then Ernie and Steve make their entire presentation, and then we will go into questions and answers from there. Thank you.

Mr. Carvalho: Once again, good morning, Council Chair and members of the County Council. Thank you so much for this opportunity. Of course, Chair, I want to thank you for your opening. I like the canoe and the *wa'a*, and the importance. I would like to say that it would be nice for all of us, you and me, to be in the same canoe; however, because of our husky size, maybe that would not be appropriate at the time. (Laughter). I see us a two (2) canoes going side by side, and going through this unchartered waters that is going to come before us, and the challenges that are before us just in general. We, on our beautiful island of Kaua'i and Ni'ihau, are trying to do what we can with the resources that we have, knowing that there are challenges not only throughout the State, but throughout the world. With that, thank you so much for that connection.

Chair Furfaro: Mayor, for me to get the best view, I have to turn the meeting back over to Mr. Rapozo.

Mr. Carvalho: Okay.

Chair Furfaro: I want to sit in and watch the presentation, and then I will come back. During the presentation, I will turn it over to you.

Mr. Rapozo: Thank you. Like the Chair said, we will proceed with your entire presentation, and then we will open up for questions after that.

Mr. Carvalho: Okay. Thank you. Before I actually get into the presentation, I just wanted to do my little summary of what Chair just said which is important and highlight some of the things that he talked about. Number one is the reporting part. That caught me and how we need to do better in responding back to you, Councilmembers, so that you can make the decisions that you need to make. I want to say

that up front and do a better job, whether it will be Building Permits, financials, or our Human Resources producing reports in a timely matter. There are similar findings in Chair's presentation that I kind of caught on, because we are going to have some of the same information, but I think it is good that we are talking the same way and providing the same information, mainly being the tax. For the taxes and the fees, there is a comparison slide that I will have for you, so I wanted to point that out that there are similar points that is going to be heard shortly. Of course, there are some disagreeing areas such as the Reserve Fund that the Chair mentioned. We are still talking and managing and working through that, so I just wanted to point that out that I acknowledge that. I like the term Trend Analysis. We have been doing that internally. I think that really gave us—all of us, more so our Department Heads, an understanding of this Trend Analysis over the past three (3) to four (4) years. You will see what I mean very shortly. There are similar areas where “we” made decisions, such as the Bus services. “We” decided they wanted to increase nights, weekends, additional routes, and additional opportunities for our people to get on the Bus and get to where they need to go. I think that is a good thing. I believe the utility cost of energy is another one that the Chair stated firmly, that “we” work together on that and trying to look at our utility costs. Even through some of the studies that you, Councilmembers, encouraged. I think we got some good data from that. Of course, the fixed staffing slide and looking at that analysis as well. Chair, again, I really appreciate the information that you shared with us. In summary, I wanted to let you know some of the areas that really stood out for me.

We all know that this is the most important task as we move forward...to look forward to working with you over the next two (2) months. I want to start by saying that as important as it is for me to be here to speak to you directly this morning. We, Administration and the Council, are actually speaking out to the people that we serve as well. They are watching, and they also wanted to know how we are working together and how we look forward to really managing ourselves as they continue to watch all of us throughout these hearings. It is my hope that our people tune in, listen, get on Hō'ike, and get on the of course the local newspaper, or whatever means of information that will help our people understand the challenges that we have before us as we move forward. You will note that our cabinet members are all here today. I wanted to have them present as well, making sure that they got the message; the Chair's message and your message. We truly come here as a team while trying to figure out every which way to make things as easy and accessible as possible knowing the challenges that we have before us. I am proud of what we have accomplished in light of the challenges. Our Department Heads have done a great job in trying to look at each of their individual budgets. I will be here physically to offer support, guidance, and clarification if need be, and our fiscal team will be here as well. I would like to walk to you through a short presentation that will provide a big picture. I am always in the big picture type of thinking and I hope having our team members really hone in on some of the details and the subject matter of people who we have on our staff who can really make things come to life. After I am done, I will turn it over to Steve Hunt, Ernie, and our team members.

First of all, I would like to address our process for preparing our budget at this time. It is a whole new process on how we came about in really managing and looking at the numbers, and trying to figure out how to give support to our Departments as best as we could. We appreciate your support last year, Councilmembers, in allowing us to create a budget team. This team consists of our Director of Finance, Steve Hunt; Ernie Barreira, Budget and Purchasing Director; our Budget Analysts, Ann Wooton and Ken Shimonishi. Their existence really helped us to move and embrace the real challenges of budgeting and

understanding the analysis that is so important, and using numbers and Trend Analysis, and all of the things that you will see shortly. I really want to thank you folks for that.

This past summer, we came together and added capacity, like I said, in planning for next year's budget. We started upfront in August. At the conclusion of our budget sessions last year in May/June, we immediately began discussions and opened up administratively. I wanted to get out of the gates as soon as possible in talking about the upcoming budget, so the next three (3) slides will take you through the process preparing for this Fiscal year 2014's proposal. Up there you can see, we started in August of last year, laying out some of the groundwork that could be communicated to our Department Heads very early in the process. Then, in September, we shared a timeline and some preliminary budget instructions to the Department Heads. I really wanted to give our Department Heads the understanding of the direction. That was so important knowing the challenges before us. In October, we instructed our Department Heads to meet with the Council Committee's Chairs to find out what priorities they may have had for the upcoming year. This was very important to begin the process of opening up a dialogue and conversations with Councilmembers and Council Staff. Your Staff, Council Staff, has been awesome in really working collectively together with our Staff. The Staff members here in these Council Chambers, you guys have really been up front and open and able to respond back and forth. While we are sitting here, they are behind the scenes making things happen. That has been happening. I wanted to note that, that was very important as we continued to develop our budget. In November, we began to talk about Revenue projections, knowing again, the challenges before us. In anticipation of the release of our Comprehensive Annual Financial Report or better known as the CAFR, that started discussions as well. Moving on into December, draft budget worksheets transmitted to Department Heads, again, being generated from our Budget Team and our Analysts, and then our pre-budget meetings held between the Budget Team and Council Staff. That began in updating each other's information in December. The public input received via online a survey. I will be showing you the results of that survey. We wanted to at least try and pitch out an opportunity for the public to decide or share with us on what their thoughts were. In January, our Departmental budgets were inputted into the AS400, so wanted to make sure that everything was consistent and was inputted so our Budget Team could do what they need to do to make things happen and move. Of course, in that same month, there were pre-budget consultation between the Finance Director and Councilmembers. Again, there was another opportunity to dialogue and make sure that at least we kept you folks informed as much as possible, every step of the way. In February, we had initial Departmental Budget Review Meetings held, and then of course, we moved forward with our Revenue projections, and of course the Department Heads instructed to complete a "2012+10" exercise. I will explain that as we go through the next slides.

In this particular slide here, in the first week of March, our Department Heads finished trimming their budgets, and received their revised proposals individually for any final adjustments. That was in March. Finally, we submitted our budget to the Council and released to the public at 12:00p.m. On March 15th. That kind of walked us through some of the preliminary steps we took as we built towards the 15th submitted and incorporating all of the information that was flowing back and forth between the Administration and the Council. This process took a tremendous amount of work, focus, and adjustments all along the way. One of the important takeaways we have from this experience is that budgeting is a year-round process. It is true. It is year-round. It continues every day and has to because we are finding more and more with numbers, analysis, and information that is so important. We get that. The second big takeaway is that we have done this, as we have done this year; we intend in the future to keep our

County Council a prize of our progress every step of the way and really trying to incorporate that as we move forward, to get information flowing in more of an expeditious way. We feel that, that brings us much closer to the basic understanding right of the bat; saving us all time in the process of collaboration and compromise. That is kind of like where that leads.

Now, as a promise, I want to share with you how we conducted our budget trimming exercise in late February. We had identified an acute gap between Revenues and Expenditures based on the first budget proposals. As I said earlier, “Inputted by our Department Heads.” We knew we needed to trim significantly, and so instead of just making adjustments just arbitrarily, we decided to use a formula based on historical Expenditures. That is when we laid out the Expenditures over the fiscal years. That is what we called a term “2012+10” exercise. Let us go through that.

First, we reviewed actual Expenditures for fiscal years 2010, 2011, and 2012. We did that actual spending overview. We then took a baseline of fiscal year 2012, and added ten percent (10%) to account for increase fixed costs. This became the target for the Department Head to reach, and this came from our Budget Team’s thinking and creative minds on how to come to a place where we can look at in giving direction to our Departments. We identified the Departments proposed fiscal year 2014’s budget and the dollar amount they were over from the 2012+10 target figure. This was a dollar amount that they were asked to reduce. They were instructed to do so in a manner that would have minimal impact on services or on on-going projects, so knowing that was in front of them, they had to make their adjustments. In the case of the Mayor’s Office—and you will see when we do our presentation; this was an excess of three hundred thousand dollars (\$300,000.00). You will see when we do our presentation. What are the results to that? Department Heads were asked to cut anywhere from ninety-five thousand dollars (\$95,000.00) to more than one point eight million dollars (\$1,800,000.00). All Departments experienced cuts and seventy percent (70%) of them met their mark in full. We can explain the differences there as we move through the presentation. At the end of the day through this particular exercise, we were able to reduce the proposed budget by seven point eight million dollars (\$7,800,000.00) from the current fiscal year, just based on that analysis and layout of information that was posed or given to us by our Budget Team, as we moved forward.

Let us look at some of the major areas—and I want to touch on the trimming that occurred. First, was payroll and I know Chair touched on this as well. We achieved significant savings there by disallowing any new positions and dollar funding fourteen (14) positions that were currently vacant. Next, through the installation of photovoltaic panels in various facilities, which we talked about earlier through the Chair’s presentation, an implementation of energy conservation policies; we are expecting to save one hundred sixty thousand dollars (\$160,000.00) next year. We are modifying our vehicle replacement policy to extend the life of our fleet, which will reduce our vehicle replacement costs for next year by sixty-nine percent (69%) versus fiscal year 2013. Our proposal to pursue a vertical rather than a lateral expansion at the Kekaha Landfill at this time, will save us eight million dollars (\$8,000,000.00) in capital costs, and of course, that discussion is forthcoming. We have made across the board reductions to travel budgets, saving us more than one hundred three thousand dollars (\$103,000.00) next year. Those were the cuts saving measures. We move into the Revenues now, and as you know, we could not completely close a gap between Revenues and expenses through the Departmental budget cuts, but I wanted to start there first of course, and see how we can really manage that and move to the next step. For the past three (3) years, our County, State, and Nation were in

the throes of an economic crisis. We were able to hold off on significant tax and fee increases due to the conservative fiscal policies that we had in place pre-2009. We got into office in 2008, so we are kind of right in the middle of some of that turmoil that was happening fiscally. We built up sufficient Reserves, which we all know balanced our budgets for the past three (3) years. We are trying to manage it that way, hoping and praying that things will be better, and as you all know, we are here now. However, those fund balances no longer exist and we feel that it is time to make the necessary Revenue adjustments to keep up with the costs of living adjustments and State averages for the various fees that we are going to be proposing to you. We have proposed several Revenue enhancement measures for next year, which we feel are prudent and necessary at this time. I would like to step through that right now. This is similar to what Chair was saying earlier. You can see from this chart that even with the increases that are proposed in the various categories listed at the bottom, we are still at or below the State averages for these classes of properties. The only exception is the agricultural class where we are slightly above. The only class of property for which we did not propose an increase was the homestead class, which represents mostly home owners who live in their primary residence. This is because we believe it is time to work together on a comprehensive tax policy for home owners that would reduce inequities and provide some measure of tax relief for those most in need. This would include the rethinking of the Permanent Home Use Cap. We talked about that in our discussions, so I wanted to let you know that this slide right here gives us an overall view of all the different categories. We look forward to that discussion with Council, once our fiscal 2014 budget is finalized. We estimate that these tax adjustments, if approved, will help close our Revenue gap by approximately eleven million dollars (\$11,000,000.00) next year.

Our next slide goes into our Vehicle Weight Tax. Again, this was mentioned earlier. This increase of a 0.0075% per pound still leaves us well below the State average, and the additional cost for an average sized vehicle will be roughly twenty-five dollars (\$25.00) per year, as you can see in the graph there.

As we move onto Vehicle Registration, we are proposing to increase this annual fee by five dollars (\$5.00) per vehicle. With this increase, we are still below the annual fee charged by the City and County of Honolulu and County of Maui. Again, the bar graph shows you that right now.

Then, of course for Fuel Tax, we are requesting an increase of two cents (2¢) per gallon. This would amount to an extra thirty cents (30¢) per fill-up on a fifteen (15) gallon tank. Even with this increase, we are still below the taxes imposed by the State, the City and County of Honolulu, and the County of Maui.

Then there are Bus Fares. The Kaua'i Multimodal Land Transportation Plan has recommended fare increases for the next three (3) years for the Kaua'i Bus. For next year, we are proposing to take the initial step in increasing Bus Fares by five dollars (\$5.00) for the bus monthly pass, and sixty dollars (\$60.00) for the annual pass. We had this discussion earlier with Chair. Even with these proposed increases, our bus service is still heavily subsidized, and this graph tells you that. With the price of a single bus pass, actual cost of regular fare, and of course the higher amount for paratransit, which you can see is twenty-seven dollars (\$27.00) or so versus the five dollars (\$5.00). But we, I believe, are on the right path in continuing to move forward in working closely together to address transportation in general. This is the first increase of bus fares as we talked about. Another change we are proposing is to rescind the complimentary bus passes offered to County employees. I kind of went right to it, right down to the County employees. When

we implemented this several years ago, it was thought that this would be a good incentive to increase ridership, similar to our project with Kaua'i Community College, and it has been effective; however, we feel it is time for all bus riders to pay for their share, and are hopeful that our loyal County riders will continue to patronize the Kaua'i Bus, as well as all our residents of Kaua'i. In closing on the Bus, we know it is a vital service that is needed.

This is our Solid Waste Tipping Fee that we talked about. We are proposing to increase the Solid Waste Tipping Fee from ninety dollars (\$90.00) to one hundred nineteen dollars (\$119.00). This would impact commercial deliveries to the landfill while it is our hope to continue to encourage diversion. While this would impose an additional cost for businesses and some residents, we prefer to look at this as a strong incentive for diversion of materials from the landfill. The first slide shows you how tonnage deposited into the landfill have decreased by nearly nineteen percent (19%) since 2008. That is a red line, from 2008 down to 2012. At the same time, the amount of materials diverted represented by the blue line, is steadily rising. That is some of the numbers coming from our Solid Waste team.

The next slide shows you that our diversion percentage has risen to nearly forty percent (40%) since 2008. As you know, there are many efforts ongoing to increase diversion and decrease dependence on our landfill. All of those efforts will continue, and continue, and continue until we can do whatever we can to get into all of our diversion efforts islandwide. Increasing the Tipping Fee can play a major role in this effort. For a historical perspective on our Tipping Fees, this just gives you an overview from the years 1996, 1997, 2007, and 2009; so averaging the increase over thirteen (13) years, and taking to account our proposed increase for next year, this averages out to about two dollars and ninety cents (\$2.90) increase per year from 1996. The proposed increase to one hundred nineteen dollars (\$119.00) could raise an additional one million dollars (\$1,000,000.00) in this particular part of our fee structure.

Finally, on Revenues, let us touch on some of the proposed fee increases. I did say this over in our delivery. Most of these fees have not been adjusted since 1972, and the proposed increases here are designed and important to account for cost of living increases over the years, and the current costs of providing services on various applications. Those are the proposal in fees for our Planning Department, which is another one that is open for discussion once we get to that part.

This is the survey. I mentioned earlier, an online survey was done. I wanted to get out and try to encourage a sense of what the community or what kinds of services are most valued by members of our community. This graph shows you—I mean the purple part is the Eastside Anahola to Wailua, the lavender is Central Hanamā'ulu to Puhi, and so on. The green is 'Ele'ele to Kōke'e. The salmon color is more the South. North shore would be the orange. There were a total of three hundred four (304) responses, and that graph shows you the geographical layout of what we got. For the next graph, we asked respondents to rank the types of services they felt deserved the highest priority in our budget. It is not surprising that Public Safety namely Police, Fire, and Civil Defense came out number one. The smaller bars, of course, are ranking it from one (1) being the most important. It is not surprising for Public Safety. A very close second was infrastructure upgrades, which is not particularly surprising because we have been talking about that as well. These two (2) areas have the shortest bars like I said, and the lower score indicates the greater importance based on the survey.

The next slide is the “Most important County facilities to be improved or maintained in your district?” This is another question. Without going into full detail, this slide gives you a snapshot of the types of responses received. By far, our parks and neighborhood centers were identified most frequently. The types of responses that were contained in the other category ranged from roads to wastewater facilities. There are many great things happening in our parks and facilities, and many things we need to look at and improve, and many things that we need to develop and create. That is there. We can show you that. You are going to be seeing that as our deliveries come before you. I am looking forward to that discussion. There are other facilities such as wastewater and police substations. That was another one that was listed in this particular survey. This input helped us move this budget in a direction that was discussed in my Budget Message on March 15th, and again, in the State of the County. That kind of gives us an idea based on this survey. That is a raising of a bar, like I said, on our County facilities like getting our parks, roadways, and public places back into that kind of condition that they should be. We all know that. As our budget process continues to evolve, we will incorporate much more direct public input and will do so earlier in the process. That change will begin next year.

As I say *mahalo*, hopefully this overview has provided you, Councilmembers, the audience here and of course the people watching. The broad context of what we have to do, what we started off with, when we started, and all of the different parts of this process of budgeting until today. As I mentioned in my State of the County Address, as I go back to opening remarks from Chair Furfaro regarding our *wa'a*, or the canoe. I do hope that we will conduct ourselves over the next few weeks, of course, as we do in our homes with our families at the table; talking about all of the challenges they are having at the dinner table, knowing that they still love each other because there is respect and suggestions, rather than criticism; and of course with an intent to build up rather than to break down. That is basically the overall piece on our side, and we are doing whatever we can. We will answer questions on the floor. I want to get all your questions as they come up. We are prepared for that. I want to say that upfront. Our guys are waiting back home, if you know what I mean. Again, it is truly my intent; our intent to work closely with you as we navigate through these waters side by side, knowing the people are watching us and seeing how we can come up with good solid solutions that can help us move forward in these very, very challenging times, but knowing that we can do it together. *Mahalo*.

Mr. Rapozo: Thank you, Mr. Mayor. Are there any questions for the Mayor? Mr. Bynum.

Mr. Bynum: Mayor, thank you for the presentation...

Mr. Rapozo: I am sorry, Mayor?

Mr. Carvalho: We want to do all of the presentations first before questions.

Mr. Rapozo: Okay. That will work.

Mr. Bynum: Are you going to hang around, Mayor?

Mr. Carvalho: Yes, I will be right here. We will all be here I said.

ERNEST W. BARREIRA, Budget and Purchasing Director: Good morning. I am going to recognize the Chair, Honorable Chair, Vice Chair Nakamura, and members of the Council. Good morning, Ernie Barreira, Budget and Purchasing Director. I thank you for the opportunity to begin our collective discussions for our fiscal year 2014 budget process. The annual budget is reflective of the Mayor's vision, goals, objectives, and financial and operational strategic intent for the County of Kaua'i, and a defining framework as to how the County will meet its public service mission to our people. Our budget submission is intended to convey the Mayor's intent to ensure the highest standards of accountability and integrity in the expenditure of public funds. I am honored to be a part of this critical process, and look forward to our collaboration and cooperation that we have already begun, and that I intend to continue to foster as we embark upon the fiscal year 2014 Operating Budget for the County of Kaua'i.

Under the leadership and direction of our Mayor, Mayor Carvalho, the fiscal year 2014 budget process was reflective of a system of detailed, systemic goals and objectives with specific target dates and objectives clearly articulated. This detailed schedule of events was provided to not only Department Heads, but to the Councilmembers and support staff alike. In addition, the Administration's vision in the budget process was one that highlighted the goal of openness and collaboration between both the Executive and Legislative branches. In advancing this goal, Department Heads were instructed as part of the formal budget critical path to schedule meetings, as the Mayor pointed out, with the Chairs of the respective Council committees, in order to facilitate discussions about the fiscal year budget process. Similarly, the budget team ensured that every formal budget-related communication that was prepared and sent to our departments and agencies was also shared with the Council leadership.

As conveyed to all Department Heads, and as we discussed with all members of the Council during the course of our pre-budget submission meetings, the fiscal year 2014 budget was going to be highly focused upon maintaining excellence in the essential services expected by the people that we serve. This strategy was deemed critical based on the analysis provided that fiscal year 2014 would be a very lean year. The overall strategy to submitting a balanced budget as required by law relied upon a multi-faceted approach that factored in a number of critical elements in terms of meeting the demands for public service, and in carefully proposing the expenditure of public funds given the current economic challenges and limitations. The fiscal year 2014 budget also required an acknowledgment that in times of financial and economic challenges, we have to intelligently define critical services that we have an obligation to maintain, and differentiate these with other discretionary spending, that, while serving valid and meaningful purposes, will simply need to be deferred until the financial condition of our Nation, State, and County improves. In short, we need to carry out the same level of financial awareness and responsibility in Government that we all do in the management of our personal finances. Our people expect and are deserving of that level of financial discipline.

As touched on by Mayor Carvalho, the comprehensive strategy upon which the fiscal year budget process was developed relied upon critical financial analysis based on past budgets and expenditures with a specific focus upon budget to actual spending patterns. Actual audited numbers were relied upon in conducting this analysis. The financial and budgetary value brought to the table by our Budget Analysts, Ann Wooton and Ken Shimonishi, proved priceless to the new process that was undertaken this year. The high level data analysis enabled the Administration to formulate our fiscal year 2014 decision-making based on actual and reliable data, and this facilitated a much more comprehensive and accurate process. The detailed historical analysis provided by the

Budget Analysts was provided to all individual Councilmembers as part of our budget preparation process.

As a result of the detailed analysis which began shortly after the preparation or conclusion of the fiscal year 12 CAFR, the Administration developed a series of initiatives to ensure the responsible financial management of the County in anticipation of a very challenging fiscal year 2014 process. These initiatives modified budget instructions that were originally sent to all departments on October 4, 2012, a full month earlier than ever before. These supplemental instructions included: Operating Budget reductions relying upon unencumbered fund projections based on spending patterns to date; Personnel Hiring Moratorium; travel restricted, especially those funded by general funds; and equipment purchase deferrals where possible.

In January 2013, as a result of detailed analysis of past budget to actual expenditures and our revenue projections, supplemental budget instructions were issued to all County departments which included: instructions that there are to be no new positions identified in the fiscal year 2014 budget; prior Dollar Funded Positions that were funded in fiscal year 2013, but not yet filled will remain unfilled so long as a formal job offer was not made; a hiring moratorium will be in effect effective July 1, 2013 for all positions for a period of six (6) months from the date that the position is vacated as a result of normal attrition unless specific exception is granted by the Administration; the fiscal year 2014 budget shall not include any new vehicle purchases with the exception of emergency vehicles that are deemed vital for public service and public safety interests. Our intent, as articulated by Mayor Carvalho, is to prolong the life of our County vehicle fleet and to begin looking more aggressively toward the development of a functional motor pool. With routine and effective maintenance, it is possible to extend the life of our County vehicles. This is in the County's best financial interests; and of course, in fiscal year 2014, there was a substantial reduction as the Mayor pointed out, in travel and related-expenditures, especially in the General Fund.

I would like to take this opportunity to thank you for allowing me to share a few components of our budget strategy for fiscal year 2014. I commit to this Council honesty, accuracy, and integrity in the exercise of the fiscal year 2014 budget process, and will expect the same decorum of all who are instrumental to the final budget outcome. I look forward to our continued efforts and partnership over the next two (2) months in delivery an effective and meaningful budget for our people. *Aloha.*

Mr. Rapozo: Thank you very much, Mr. Barreira. Mr. Hunt, this is your first budget presentation as the Director of Finance.

STEVEN A. HUNT, Director of Finance: That is correct. Again, Chair Furfaro...

Mr. Rapozo: The Chair is watching. He just has that cough, and he does not want to distract anybody.

Mr. Hunt: Okay. *Aloha*, Chair Furfaro and Vice Chair Nakamura, Councilmembers, and citizens of Kaua'i. Eight (8) shorts weeks ago, I was in Real Property Assessment trying to wrap up the 2013 Certified Assessment List and began providing tax revenue projections for the Director of Finance. Now I sit before you as the Director of Finance with about eight (8) weeks of "on-the-job training." Today I am here to present an overview of the fiscal year 2014 budget and give some background as to how this

budget was developed. This is not a budget that provides all the necessary resources to each and every department, but rather an essential services budget that focuses on delivering core services to Kaua'i's citizens and visitors alike. Months prior to my appointment, the Budget Director, Ernie Barreira, and his two (2) Budget Analysts, Ann Wooton and Ken Shimonishi, had already set into motion a number of initiatives to assure tighter budgeting practices and a better understanding of the overall financial solvency of this County. Given that expenditures have outpaced revenues for what will now be fourth consecutive fiscal year, the Budget team needed to ascertain whether our Fund Balances on the County's balance sheet could continue to offset the projected imbalance between revenues and expenditures for fiscal year 2014. Once it became clear that this gap could not be bridged using the Reserve Fund Balance alone, meetings were immediately scheduled with individual Councilmembers in January 2013 to inform them of the financial situation facing the County.

In the past, Kaua'i County has submitted and approved budgets that have, at the end of the close of the fiscal year, shown budgeted expenditures to exceed actual spending. During our economic downturn, our County has been able to weather the storm by utilizing Unassigned Fund Balances, that surplus, which has accumulated from prior fiscal years to balance our last three (3) year's budgets. The practice of using our surplus rather than raising taxes or fees to balance the budget has kept us solvent, and has reduced any unnecessary burden to our citizens.

Today's picture is a little different, however. We no longer have a large Unassigned Fund Balances to budget the fiscal year 2014 where we are projecting expenditures to continue to outpace our Revenue, even prior to enhancements. To address this imbalance, the budget team has focused their analysis on actual historical spending over fiscal years 2010 to 2012 to assess what our fiscal year 2014 budget target should be. Before even considering any potential revenue enhancements, it was crucial to make sure that our spending was under control, and that each department's budget is a reflection of what they are likely to expend during the forthcoming fiscal year to be able to deliver core services. This year's proposed budget also incorporates audit findings, such as having to move money from our roadway resurfacing, which would have been funded out of Capital Improvement Projects and into our Operating Budget as this is a repair and maintenance expenses. The initial departmental budget submittals for fiscal year 2014 did not seem to deviate from past practices; thus a second round of budget submittals was required of each department. Rather than making large, unilateral budget cuts, we had each department analyze individually, and if expenditure reductions were deemed warranted, it became the responsibility of the Department Heads, not the Budget Analysts, to make those decisions as to what could be cut.

Our fiscal year 2014 General Fund Operating Budget was based on actual fiscal year 2012 expenditures, plus a ten percent (10%) allowance for inflation for the two (2) year gap between the last known actual expenditures and our current proposed budget. Some of the cost cutting measures implemented include: reductions in travel requests; increased number of dollar funded positions; reduced number of new vehicle requested; reduced overtime allowances; and reduced operational costs, where achievable. Another policy being implemented is requiring a six (6) month lag prior to filling vacancies unless the position is deemed essential. Reducing the fiscal year 2014 budget to a level that will more closely mirror the actual, anticipated expenditures was an important step to submitting this year's balanced budget.

In comparison to the fiscal year 2013 budget, this year's proposed total operating budget is approximately seven point nine million dollars (\$7,900,000.00) lower. The proposed General Fund Budget is also about three point seven million dollars (\$3,700,000.00) lower. The results of our focused efforts to reduce operational expenses and dollar fund vacant positions were unfortunately partially offset by the need to address two (2) audit findings cited that were cited in our review of the fiscal year 2012 CAFR: islandwide re-paving is considered a repair and maintenance expense and had to be funded through the Highway Fund in the Operating Budget; and second, the contingent liability associated with the cleanup of Puhi Metals must also be funded in fiscal year 2014 Operating Budget in the General Fund. Together these two (2) findings reduced the overall departmental budget costs by adding back nearly two point six million dollars (\$2,600,000.00) to the proposed Fiscal Year 2014 Operating Budget. The one bright spot is that the cleanup expense is not a reoccurring expense. In spite of these budget reduction measures; however, the gap between the budgeted Expenditures and Forecast Revenue could not be bridged by cutting costs alone. At least without having a significant impact of the level of County Services offered or a significant reduction in Staff. With a four (4) year trend of having our Expenditures exceed our Revenues, combined with the depletion of our Unassigned Fund Balance, we can no longer rely on having a Reserve to augment Revenue shortfalls in future budgets. Therefore, additional Revenue enhancements are needed to be considered in balancing this year's budget.

The largest revenue enhancement being proposed in the fiscal year 2014 budget is increases to our Real Property Tax Rates. Kaua'i County has lagged other Hawai'i Counties in terms of setting comparable tax rates by each classification. Kaua'i County is the least populace of the four (4) Counties, so it would be expected that the average property tax per capita would be the highest in that fixed costs would need to be spread across fewer island residents. This is not the case, however, as both Maui County and Hawai'i County have higher per capita property taxes than Kaua'i. Our tax rate proposal for fiscal year 2014 merely moves Kaua'i's rates closer to the State averages by tax class.

For the residential class, our current weighted average in fiscal year 2013 is four dollars sixty-four cents (\$4.64) per thousand assessed. That compares to the State average of six dollars twelve cents (\$6.12) per thousand. For fiscal year 2014, we are proposing a rate of five dollars seventy-five cents (\$5.75) per thousand. The vacation rental class, which supplants the apartment class, is a new class. By comparison for fiscal year 2013, the apartment class had a weighted average of seven dollars forty-six cents (\$7.46) per thousand, compared to a State average of eight dollars three cents (\$8.03). In fiscal year 2014, we are proposing an eight dollar (\$8.00) rate. The commercial weight has a weighted average of seven dollars thirty-four cents (\$7.34) per thousand assessed. The State average is nine dollars forty-seven cents (\$9.47) per thousand. We are proposing a rate of eight dollars (\$8.00). The industrial weight has a weighted average of seven dollars sixty-six cents (\$7.66). The State average is nine dollars fifty-three cents (\$9.53). We are proposing an eight dollar (\$8.00) rate. The agricultural class currently has a weighted average of six dollars one cent (\$6.01) per thousand. The State average is six dollars sixty-eight cents (\$6.68) per thousand. We are proposing a rate of six dollars seventy-five cents (\$6.75). For conservation, our current fiscal year weighted average is six dollars forty-three cents (\$6.43) per thousand. The State average is seven dollars twenty-five cents (\$7.25). We are proposing six dollars seventy-five cents (\$6.75). For hotel and resort, Kaua'i current weighted average is seven dollars eighty cents (\$7.80) per thousand. The State average is ten dollars forty-seven cents (\$10.47). We are proposing nine dollars (\$9.00). For homestead, we are currently at three dollars five cents (\$3.05). The State average is four dollars fifteen cents (\$4.15). We are proposing no increase leaving it at three dollars five

cents (\$3.05). The combined impact of these rate proposals is approximately eleven million dollars (\$11,000,000.00) in additional revenue to the County. Other proposed revenue enhancements include increases to the vehicle weight tax, fuel tax, and vehicle registration fees received by the County. Again, these proposals do not put Kaua'i County at the forefront of rates and fees, but merely get us closer to what other Hawai'i Counties are already charging their citizens. If adopted, these proposed rate increases would still keep Kaua'i County at or below the current rates charged by the City and County of Honolulu and Maui County. Hawai'i County is an exception in that they receive a disproportional amount of Federal Highway Subsidy, which keeps their rates and fees at the lower end of the spectrum.

The combined effect of these vehicle related tax and fee increases is approximately two hundred eight thousand dollars (\$208,000.00) increase to the General Fund and about one million six hundred fifty thousand dollars (\$1,650,000.00) more to the Highway Fund. Bear in mind that the Highway Fund helps support Public Works Roads Division, as well as Transportation. While the recently added bus routes may provide our citizens with a more convenient means of getting around the island, it has also added to the amount of subsidy that this Department requires maintaining its operations.

Many of the permit fees charged by the Planning Department have not increased since 1972 when the Comprehensive Zoning Ordinance was originated. Therefore, the Consumer Price Index (CPI) was applied to these permit fees to bring them in line with inflationary changes since the time when these fees were established. The estimated impact is approximately one hundred forty thousand dollars (\$140,000.00) in additional revenue based on estimated permit applications forecast for fiscal year 2014.

Another proposed rate increase is to the commercial Solid Waste Tipping Fee. This proposal would increase the Tipping Fee from ninety dollars (\$90.00) per ton to one hundred nineteen dollars (\$119.00) per ton which, based on current projected commercial waste tonnage of approximately thirty-seven thousand seven hundred (37,700) tons, which would generate approximately one million ninety-four thousand dollars (\$1,094,000.00) in additional revenue for the County in the Solid Waste Fund. Raising the commercial tipping fees not only lessens the reliance on General Fund moneys to support Solid Waste operations, but it may also have the added benefit of cajoling those impacted by the higher fees to give greater thought to diversionary efforts.

While admittedly this is my first budget, I have been pleasantly pleased with the ongoing efforts to find ways to better utilize Staff, leverage technology, and look for operational efficiencies. Initiatives such as subsidizing non-pursuit vehicles for qualified Police personnel, rather than leased vehicles will save the County money in both the near-term through lower lease expense and in the long-run for ongoing maintenance being held by those officers that utilizes programs. Also, developing and integrating a County wide time and attendance, and payroll software package should create greater accountability and interdepartmental efficiencies. I am pleased to announce that we have a team in place that have already held two (2) meetings on this issue, and are proceeding in that direction. Other cost savings may occur by developing a motor pool program for departments that require less frequent vehicle usage, thereby giving the County an opportunity to reduce the size of its overall fleet. The use of performance based contracts for renewable energy projects may provide some longer-term stability to the County's annual energy expense, as well as support diversification with the use of clean energy.

Based on the 2012 audit findings and subsequent conversations with our Auditors, the Budget team has revamped many of the antiquated budget terminology and developed the fiscal year 2014 budget in accordance with Government Finance Officers Association (GFOA) best practices and current Government Accounting Standards Board (GASB) terminology. Research into past budgeting practices showed that Kaua'i County that had relied on "estimated Unappropriated Fund Balances" rather than actual "Fund Equity Balances" for balancing the succeeding year's budgets. Therefore, the fiscal year 2014 Operating Budget was prepared under GFOA best practices, their guidelines; and utilizes only equity known from Fund Balances that exist on a ledger, not from projected surplus estimates that may or may not lapse from the fiscal year 2013 budget. Our external Auditor, N&K CPA's Inc., confirmed that Fund Equity budgeting is to be the best practice in their March 12, 2013 letter to the Finance Department.

In closing, this year's budget process has been unique in that it started much earlier than prior years; has been more transparent with the County Council; included a greater degree of historical budget analysis at the Departmental level, looking at actual versus budget expenditures; required a number of adaptations to account for last year's audit findings in present day GFOA and GASB best practices. It was developed with a much greater collaboration from the Department Heads. This year's budget proposal is also unique in that some of the proposed revenue enhancements that aimed to bring Kaua'i County closer to the Statewide averages for rates and fees are likewise unprecedented. Please understand that achieving a balanced Operating Budget for fiscal year 2014 required both cutting approximately eight million dollars (\$8,000,000.00) in expenditures, as well as increasing revenues by over fourteen million dollars (\$14,000,000.00). This is by no means a budget that will make everyone happy. This is a budget that merely preserves our essential services and provides adequate maintenance to our existing County assets.

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Rapozo: Thank you very much. The Chair is back.

Chair Furfaro: Thank you, Mr. Rapozo. I had a couple of coughing fits. Thank you, Mr. Rapozo for that.

Mr. Rapozo: Gary, do you have a presentation or you are just here for...you are the collar commentator? (Laughter). Okay. Mr. Chair, I was thinking that we are coming up on a caption break. We might want to do that now so that we can go straight into the questions, rather than go for fifteen (15) minutes and then have to stop.

Chair Furfaro: I agree.

Mr. Rapozo: Okay. We will take a ten (10) minute recess for caption break, and then we will return with Mr. Bynum. He will have the floor.

There being no objections, the meeting was recessed at 10:46 a.m.

The meeting reconvened at 11:01 a.m., and proceeded as follows:

Chair Furfaro: *Aloha.* We are back from our caption break. Members, I want to make a few housekeeping announcements about the rest of the day. We will now go into some questions and answers on the items presented to us by the Mayor

today. I want to make sure we understand that if it is focused on a very specific item, like vehicle leases or something of that nature, we will take that at the appropriate time in the appropriate group, whether it is police vehicles or so forth. I really want to have some discussion on the general overview and the tone of the budget, and then either break for lunch early or actually go into the Mayor's Office, which includes Boards and Commissions and Life's Choices. Let us see, again, the tone of the questions now because we have two (2) weeks to go into the real detail when Finance comes up on taxes. We have got staffing items that we want to talk about in Transportation and so forth. That is where our questions and answers should go, and then we should move towards the Mayor's Office, as it stands as a Department. Thank you, Mr. Rapozo, for following for me and I think I have shaken this cough. Let me ask you a couple of questions here before I turn it over to the group. Steve, do we know at this time when we look at the six (6) month financials, if we had budgeted for six (6) months, forty million one hundred three thousand dollars (\$40,103,000.00) of property taxes? The six (6) months that I have just reviewed came in at forty-two million eight hundred thousand dollars (\$42,800,000.00). Was there any settlement or some of this additional unexpected collection? Could it have been related to any settlement of any appeals that we had?

Mr. Hunt: To my knowledge, I do not believe there is a settlement of an appeal in there, so much as I believe there are buildings that are picked up that are called omitted properties that have to pay back taxes, and some of that all comes in the one fiscal period as collections.

Chair Furfaro: Okay. Thank you for that. When we look towards the Auditors' reports, I think many of you know that it has always been my opinion that the Roads Division, and when we come to more specifics later, should have always been a Repair and Maintenance item as the basic standard for accounting practices. We made that adjustment this year based on the Auditors' recommendation.

Mr. Hunt: That is correct.

Chair Furfaro: Is there anything more that I should look at, like classifying "Repair and Maintenance" items as "Repair and Maintenance" items?

Mr. Hunt: New roads will still fall under Capital Improvements, but repairing and resurfacing existing is an operational expense that will come under the Highway Fund.

Chair Furfaro: I just wanted to get that clarified because that had been my argument in the past, which if we have a new road that we are adding, we are adding an asset to the inventory; but if we are doing standard repair and maintenance, it should not be treated the same way.

Mr. Hunt: That is correct.

Chair Furfaro: Actually, you had mentioned something that dealt with a comparison of ratios between the County of Kaua'i and the other Counties like population versus tax rates and so forth. Will we be able to see something when we get to Finance that shows us a more specific comparison?

Mr. Hunt: Yes, and I used "*de facto*" as the basis for that.

Chair Furfaro: Okay, so we will wait.

Mr. Hunt: Department of Business, Economic Development and Tourism (DBEDT) 2011 was the most recent.

Chair Furfaro: Okay. Thank you. Mr. Bynum.

Mr. Bynum: I want to thank you all for a great presentation, all of them. I thought they were going to be redundant, but you each covered different aspects so I was appreciative of that. I cannot tell you how much it warms my heart to hear the word “actual” in your budget practice, because this is my eighth budget and for many years we said, “Here was the budget last year, and look, we are the same budget as last year,” but that budget had a fifteen million dollar (\$15,000,000.00) variance. In about five (5) years ago, I started looking at actuals and I started saying over and over again that we should make our decisions based on our actual behavior, not on budget plans; and I see Ernie nodding. That is what you are doing. Is that correct? I think it has been an eye opener for the Departments and it managed—is it also true that a lot of the savings that you are talking about are budgetary savings because of that practice, realizing that you did not have to budget as high as you had. Is that correct?

Mr. Hunt: Yes, there are a lot of budgetary savings in this. That is correct.

Mr. Bynum: That is fine because we are working on a budget. We are making a plan. With this budget, we are much more likely to be close or our actual behavior is going to be closer to our budget plan. Do you all agree with that? That is a very positive thing for Kaua‘i. I appreciate it. I am actually a little concerned about fourteen (14) positions being Dollar Funded because last year, the Mayor’s Budget Message was that we have held off these positions; we have kept them Dollar Funded during this fiscal downturn, and it is time to get back to normal and start realizing some of those improvements in park maintenance because that was an expectation from the community when we created parks. We have to respond, and I think the Mayor did an outstanding job since he has been Mayor of budgeting expenditures. My issues have always been about managing revenues. The fact is that we lost more than thirty million dollars (\$30,000,000.00) of revenues from seven (7) tax categories over four (4) years. People can see these rate increases as a tax increase because it is year over year. Basically, it brings back folks to where they were in 2008. Those tax categories have realized millions of dollars of savings. They paid less. In essence, they are being brought back to the 2008 levels. Correct? We had to act this way. You did not have a whole lot of choices. The last thing I want to mention is—and I know how we are going to (inaudible), but the way we are using the Fund Balance, and I think this came a lot from the new team saying, “Wait a minute, how can we assign these funds? We have not got the CAFR, and you are assigning them twice.” Yes, that has been our practice for many years. This practice, I applaud of saying, “No, we are going to live within those budget constraints if we assign it this much, and that it be consistent with the Reserve Policy we discussed, where you can assign half if that policy was in effect.” You would never have this circumstance that we have had many times over the last fifteen (15) years, where we were estimating the surplus, and then committing it before it actually showed up in the CAFR. I see a commitment from both of our Auditors and us to not do that any longer, and that will discipline our budget process...the nature of it will discipline it. At first, when we said, “We cannot do that,” my reaction was, “What do you mean? That is what we have been doing all along.” This change will make us better. It is a better management practice, but it is also going to

discipline budgets going forward. I will predict that we will not have fifteen (15) years where tax rates do not change because with this discipline, and with the tightening of the budget, we are going to have to have a robust analysis of revenues each year. What we had was a big drop, and now an increase. I would like to not see those big spikes and increases, but have us manage and do more regularly; and I think we are all in agreement about that. Is that accurate?

I like the perspective Steve gave on fee increases. Our fees for many things were way behind and have not been changed for many years. I hear now that it was conscious decision of, "Let us hold off on that," and bringing us up to par during this downturn because our economy, thank goodness, is recovering. I just got an E-mail over the break. Visitor arrivals in February were up almost ten percent (10%) over previous years. We were pleased. Everybody was surprised at how strong February was, and if it keeps up, that is going to have an impact. This is my last comment, believe it or not. Unfortunately, those increase in visitor arrivals no longer equate to an increase in revenues for us because we have been capped. If that remains to be the case where us, the burden of hosting visitors, continues to follow us on increasing levels but no increase in revenues to do that; we are going to have to factor that in to our property taxes at some point if we are not going to have these other revenue sources. I think I am very pleased about the direction we are moving in terms of our budgeting. I am very pleased that we are going to have a full day to discuss revenues, and not five (5) minutes. Thank you very much.

Chair Furfaro:
We are getting better.

Mr. Heu, I believe last year, we had half a day.

GARY K. HEU, Managing Director: For the record, Gary Heu. Chair, I just wanted to respond to comments made by Councilmember Bynum. I would agree that collectively I think everybody is saying that this new budget process relative to budgeting based on our actual run rates, our past run rates, is a good thing. I think we are all in agreement there. I think having gone through the process this year, it certainly is a paradigm shift. It is so much different from how our County has approached budgets in the past, since 2002 and 2003 when I first got here. I think it is going to take us all a little while to get used to this transition that we are going through. I think that we would also acknowledge that as much as we would like it to be so, that County government or government in general does not necessarily operate like a private sector business. In the private sector, when you budget so close to actuals; if you need to make adjustments, you are a lot more limbo in being able to respond to unanticipated requirements, not so much in government. We have what we call a "money bill process" that if we find that if in fact we had not estimated properly for the budget that we need it to go through a money bill process to affect the type of transfer and the type of change. That is a good process and it needs to be done, but it just takes a lot longer than if you were the owner of your own business and you found out that you had an unanticipated need in a certain area of your business so you could react a lot more quickly. I think we need to be aware as we move through this transition with some of the things that we are going to be dealing with as we budget closer to actuals and our actual spending. I think we are going to see that, that is going to overtime reduce the Fund Balance that we have historically carried over to subsequent years in order to help budget subsequent years. I see those as just things that within the Administration, we are aware of and that collectively, we need to be aware of that as we move towards this good thing in this good place that it is also going to have impacts that we are going to have to get better and learn how to manage. I just wanted to make those comments. Thank you.

Chair Furfaro: Okay.

Mr. Bynum: Can I just respond to that?

Chair Furfaro: I will go ahead and give you the floor, and then I will go to Mr. Kagawa. Go ahead.

Mr. Bynum: I think those are all good observations, Gary. I would just say that we need to manage that Fund Balance. When the economy turns and home values start rising which for that, the corners have already turned. It will take our assessments a year. We always lag a little bit, and that is just the nature of government. When those values start going back up, I still want us to manage the rates and bring them down so that we do not create this huge surplus because that huge surplus that we once had made us complacent. It kept all of us, collectively both sides, from having to really manage our finances that tightly because we were fat. We were never going to be fat again if we adopt a Reserve Policy that says, "No, County, you cannot keep tens of millions above your actual Fund Balance needs." I see the heads nodding. I very much appreciate that. It was easier before because we just relied on, "Well, we will just dip into the Fund Balance." We are going to have to (inaudible) these revenues. You are not going to see like what we saw years of rates not changing at all. I think we are going to do what our Budget Ordinance says, "determine your needs, do the math," so you are not going to see round numbers like eight dollars (\$8.00). You are going to see eight dollars three cents (\$8.03) if we are managing it properly. Thank you.

Chair Furfaro: Mr. Kagawa, you have the floor.

Mr. Kagawa: Thank you very much, Mr. Chair. Thank you for your presentation earlier. I want to thank you, Mayor, and your budget team for your handouts as well and your presentations. I really appreciate the comparisons to the other islands, where we are at, and what are our justifications of wanting to increase those. Steve, I kind of talked to you earlier about but I just want to clarify because for the public who was watching your presentation on the vehicle weight tax, the vehicle registration fee, and the fuel tax. I am sure that if this passes, the public may be quite alarmed and they are going to want to know why. Even for me, there was a time maybe about ten (10) years ago where I paid it, and it was maybe a couple hundred dollars. Then the last time, I looked at it—because my wife normally pays the bills, and she paid it and it was like five hundred dollars (\$500.00) or whatever; and I asked, "What happened?" Prices go up. In this handout, I am looking at Hawai'i island's vehicle weight tax and it is a one dollar twenty-five cents (\$1.25) less. Our registration fee is twelve dollars (\$12.00) less. For their fuel tax, they are about half the price. If you could just explain so the public knows why Hawai'i island is so much lower than ours?

Mr. Hunt: Sure. Councilmember Kagawa, the reason Hawai'i island is able to hold their rates at lower rates is that they really receive a disproportional amount of Federal funding. They have what I believe is called Saddle Road and Volcano Road. They get Federal funding for the maintenance of those highways. Also, although the registration fee for Hawai'i island is only five dollars (\$5.00), they charge an annual disposal fee of twelve dollars (\$12.00), so technically, their total combination of the two is seventeen dollars (\$17.00). None of the other Counties charge a disposal fee.

Mr. Kagawa: Thank you, Steve. That twelve dollars (\$12.00) right there probably picks up the differences. Like you said, they have Volcano National

Park, which is probably Federal road. I have another question. One of the things that alarmed me since I have come onto the Council was the number of lawsuits that we have been settling, the pending ones that we have, and the kind of amounts that I am seeing that are pending. Do you have any comparison that we may get to the budget process on that overtime? I assume last year we went up a lot over the previous year.

Mr. Hunt: Actually, the peak was about two (2) fiscal years ago in terms of the settlement payouts and associated costs for Special Counsel. I do not have the current for fiscal year 2013. We are still in it and there was a number of pending suits, so we still have a claims in judgment account that we are holding on because we anticipate paying out some this year. There has been ongoing training. Human Resources has been very active in making sure that the management and staff are trained to help avoid some of these internal lawsuits, some that were outside the County or just unavoidable where we get sued for a number of reasons.

Mr. Kagawa: I understand. This is why I ask that question because I am worried that even with all of these increases; we are leaving ourselves with a very small Reserve. Just one big lawsuit could eat that up. If the next lawsuit comes and we do not have the money for it, I am kind of worried that we could go belly up. What is your take on that? These are uncharted waters where we get a Fund Balance for two point whatever million, and I am just kind of worried that will not be enough. Do you have any comments on that?

Mr. Hunt: Again, I am not sure if I am the best one to be projecting what our payouts are going to be. Probably someone from the Attorney's Office would be able to have a better understanding of what that anticipated payout may be. To my knowledge, we are hopefully funded adequately through the remainder of fiscal year 2013. We did increase our claims and liability by about one million three hundred thirty thousand dollars (\$1,330,000.00) for the Puhī Metals remaining payout, and there is a Money Bill currently that is moving some money from Beautification and the Unassigned Fund Balance back into the fiscal year 2013 to payout some of that this year for the work that has already been done on the Grove Farm site. I believe we are adequately funded, but...

Mr. Kagawa: I have a couple more questions. I looked at the—the survey...this community survey that you did, Mayor. Number one (1) was of course Public Safety, and I am wondering if Public Safety was touched in those reductions of 2009 plus 2010, because I am talking about the Fire and Police budgets.

Mr. Hunt: Specifically the Police, we could not use the fiscal year 2012+10 percent formula because we added a number of positions that were certainty needed and held off for many, many years. I believe it was fifteen (15) recruits, and then there is another recruit class ongoing, so no, that was not—when we did our analysis on Police, although they were required to make some operational adjustments, but from a staffing level, no. If anything, we were impacting increases to that. Fire held the line. They have been very good about actual budgeting and spending to their budget. They have not have a lot of deviation in their budget.

Mr. Kagawa: Okay. I have one last question. I noticed this last one that I was really happy to see that it came out to what I am seeing, as I talk to people in the community is Parks being at such a high level, and our neighborhood centers which are really used by the community but some are actually too small for the needs.

Whether we get to do it or not, there are going to be tough times. I love that survey. I am just wondering if you included the bike paths and walkways into the “Parks category,” or was that in the “Others category?”

Mr. Carvalho: It is all in Parks.

Mr. Kagawa: Okay. Do you have a further breakdown of that Parks one for a later date?

Mr. Carvalho: I think when we get into the Parks discussion we can get into that.

Mr. Kagawa: Only if you have it, if not...

Mr. Carvalho: Just in general terms, just trying to get that information, which ties in to a lot of the commitments we have made to whether it would be projects, upgrade to Parks, and making sure we maintain our current facilities, which are mainly Parks’ neighborhood centers. It all ties in. The specifics will come when we do a Parks presentation.

Mr. Kagawa: Thank you, Mayor. Thank you, Steve and Budget Team. I look forward to working together with you. *Mahalo* for everything.

Chair Furfaro: That is a preview of a question that will come up in Parks. Okay. Vice Chair.

Ms. Nakamura: Thank you very much, all of you, for your presentations. I particularly want to thank you for including the follow-up to the audit findings, and really taking action to address those concerns because we spend so much on those audits that it is good to know that we are following up on them. Several times, we have seen audits with the same findings, so this is a good thing. I also want to thank the Budget Staff because some of the presentations of the budget this year make it more accurate. I believe we sat down late last year and gave some suggestions and I am glad to see the presentation following—I think it was Maui County’s budget presentation. Also, I wanted to just ask that because you are looking at Real Property Tax increases as well as increasing a number of fees, when the public asks, “What are these increases? What are these taxes? What are these increases, taxes, and fees going to produce for the County?” What is your response to that question?

Mr. Hunt: I think the issue is the core services that we are trying to maintain, and the fact that we have been doing that through using Fund Balances. I think there was always the hopes that the economy was going to turn quicker than it would and that we would not have to get into increases, and that maybe property values would increase again and there would be growth in the base; but it has not happened that way and we are at the point now where we can no longer sustain what we have been doing through Fund Balances.

Ms. Nakamura: So you would not point to any new initiatives or anything? This is just maintaining core services?

Mr. Hunt: Yes, the existing facilities and core services. We are just trying to maintain this level of service.

Ms. Nakamura: Okay. As you were saying, Steve, about budgeting closer to actuals and the importance of the Reserve is raised to a higher level. I think we cannot rely on that Fund Balance, so I am just looking at the budget and trying to figure out what—and I think the Chair alluded to this, but where in the Budget Ordinance is there a description of the Reserve amount?

Mr. Hunt: The Reserve amount is actually not an Operating Budget item. It is a Balance Sheet Ledger item.

Ms. Nakamura: Okay.

Mr. Hunt: Currently, we have the number for the fiscal year 2014. We are rolling over what we have in the balance which is two million six hundred five thousand six hundred eighty-one dollars (\$2,605,681.00), and the difference—and this is what Chair brought up the earlier of the discrepancy between three million eight hundred eight thousand sixty-two dollars (\$3,808,062.00), which was the original balance; was that we expended three million eighty-two thousand seven hundred sixty-one dollars (\$3,082,761.00) on Federal Emergency Management Agency (FEMA) projects for emergency relief, some of which we have gotten back, which was about one million eight hundred eighty thousand three hundred eighty dollars (\$1,880,380.00). Some of those projects have not been completed yet. There is still a fifteen percent (15%) contingency on some of the larger projects, but we are obligated for the twenty-five percent (25%) match for those, so we will not be getting the full Fund Balance of three million eight hundred eight thousand sixty-two dollars (\$3,808,062.00) back. I believe we did come to the Council at that time to expend those funds for those emergency projects.

Ms. Nakamura: Okay.

Chair Furfaro: May I just expand on that?

Ms. Nakamura: Sure.

Chair Furfaro: Before year's end, we should be able to reconcile that?

Mr. Hunt: If these projects are wrapped up before year end, we will know what the remaining balance is.

Chair Furfaro: Including the retained fee for budget completion, which is about fifteen percent (15%)? It is about right?

Mr. Hunt: Yes. Again, the timing of the projects and their completion will be—we may not get that back by the end of fiscal. It may roll into the next but that will be refunding...whatever we do get back, will go back to replenish that Fund.

Chair Furfaro: That is what I wanted to hear. Thank you, Nadine.

Ms. Nakamura: Just to follow-up, the eleven point five million dollars (\$11,500,000.00) you are showing as a contribution to and from the Reserve; what Reserve is that? Is that separate?

Mr. Hunt: That is from the ledger that is the Unassigned Fund Balance actual equity that we have in that account.

Ms. Nakamura: That is the Unassigned Fund Balance?

Mr. Hunt: The remainder of the fifteen point four million dollars (\$15,400,000.00) that was cited in the CAFR.

Ms. Nakamura: That we cannot use to balance the budget?

Mr. Hunt: No, we are using that. What we cannot use is what we anticipate lapsing currently, which based on Chair's estimate, is about six point eight million dollars (\$6,800,000.00) halfway through the year.

Ms. Nakamura: Okay. With respect to the survey, I wanted to find out who completed the survey and was this in-house, or was this a contracted survey?

BETH TOKIOKA, Communications Director: Good morning, Councilmembers. I am Beth Tokioka. We did the survey via Survey Monkey. It was very simple and I think we asked six (6) questions just to get some basic feedback, which was very general on priorities. We can try to pull out in Parks. I think that is a good exercise to see what the highest priorities were. Parks came up most often, but it was via Survey Monkey.

Ms. Nakamura: Did it go to certain random people so it is statistically relevant data?

Ms. Tokioka: No, it was open to anybody who wanted to participate, so we did a press release and sent an E-mail blast with the link to the survey so that anybody on the island could have participated in that survey.

Ms. Nakamura: Okay. We need to keep that in mind when we look at this data. I think it is good information and I think we should be doing it, but I think in the future we might want to put a budget and make it a statistically relevant survey that looks at whether it is going to be households or voting data, but at least do it in a way that...

Mr. Barreira: Vice Chair?

Ms. Nakamura: Yes...but I think this is a good tool that we should be using.

Mr. Barreira: We have been receiving guidance from GFOA in terms of some of these elements which in fact, the public survey and public involvement is a critical element when budgeting for outcomes, and this is why part of the reason why try to entertain this option is to try and get some public input. GFOA has some interesting strategic guidance that they can provide in how to grasp that type of information, not only in terms of data, but in terms of actually putting people in the same room to contribute their thoughts and ideas about how to budget and what their priorities should be.

Ms. Nakamura: Thank you.

Chair Furfaro: Okay. Yes, go ahead, Mayor.

Mr. Carvalho: I just wanted to inform you, because Councilmember Nakamura, you asked, and we do have another survey coming out. I wanted you folks to hear this from Brandon, who is heading this particular survey. It is just another attempt to get information with the survey coming up.

BRANDON RAINES, Information Technology (IT) Manager: Brandon Raines, IT Manager for the record. The Mayor wants me to talk about an upcoming survey initiative that we have, since we are on the subject on surveys. Our plan by the end of this fiscal year is to launch a Citizen Technology Survey, where we are going to reaching out to the citizens to look at how we develop priorities based upon their perceptions, and how we can best serve the community through technology. We have got a lot of smart people out there in the County and rather than assume that we know everything that they need or want from us, we are planning to do a survey based upon technology and how we can serve them through that, gather those ideas, bring that feedback back in, and publish it back out again; and then from that, generate a couple of projects, and kind of create this feedback loop with the community in terms of how to best use technology to serve them, whether that be transactions on website or other services. That is kind of where we are going with this as a Holo Holo 2020 initiative. Again, we are just trying to find ways to serve the public better with technology and gather some of their input as part of that.

Mr. Rapozo: May I ask a question?

Chair Furfaro: Go right ahead.

Mr. Rapozo: Thanks, Brandon. That is going to be a different survey. This was a community survey based on what is important to the people as far as Parks and Public Safety. Yours is specifically targeted at “what we can do better in IT?”

Mr. Raines: Yes, to serve the public.

Mr. Rapozo: Okay. That is something different from what Councilmember Nakamura is saying. I agree with her that Survey Monkey is a wonderful tool, but yet you can be on the mainland submitting Survey Monkey results, and I think what Councilmember Nakamura and I would agree is that we need something that is more—but I think the results should pretty much the same with Public Safety. That will be number one all the time. Thank you.

Mr. Raines: Thank you.

Mr. Bynum: I just want to concur with Councilmember Nakamura that the survey is great, but it statistically does not have any significance. Merriman River Group and Ward Group; these guys do telephone surveys that are quite elaborate, and it is not that expensive, and it is statistically significant. You can count on that, that this is really the opinion of the folks. It is just something that you might want to consider.

Mr. Carvalho: I just want to say that I think the intent of the survey was really just to try and see how we can really hash up what the public needs are. (Inaudible).

Mr. Bynum: No criticism. It is an effort.

Mr. Carvalho: That was the intent.

Mr. Bynum: Yes.

Chair Furfaro: I would like to recognize Councilmember Yukimura.

Ms. Yukimura: Thank you, Mayor and your Budget Team, bravo. I think your presentation was excellent, and I really appreciated the thought and the effort that went into this, both in terms of your presentation, and in terms of the budget process that you outlined. The fact that it is year-round...it is recognized as a year-round effort and also your inclusion of Council input and dialogue was most appreciated. I feel like there has been a quantum leap in the improvement or quality of the budget process, and I know it is just the beginning. I am very grateful and look forward to doing our work together in a much better framework, and hopefully we will get much better results for the people of Kaua'i. Your cuts are very impressive and I like your budget-cutting process because it was not just across the board by edict of your Budget Officer or whatever, but it involved your Department Heads and had them make specific cuts based on their knowledge and priorities for their *kuleana*. I also appreciate your very careful and mindful approach to raising revenues, which I do not believe is a bad thing necessarily, as long as it is done so that people get value from it, and that it is done responsibly, because in order to do our jobs, we have to cover our costs. In being able to cover our costs, we are able to do the jobs for the people of Kaua'i. I have a couple of questions, and I guess I will start with the survey since that was raised recently. Can we get a copy of the questions that were asked?

Mr. Carvalho: Yes.

Ms. Yukimura: I too, feel there is great value in a community survey. I have been talking about how important data is in the two (2) areas of the Committee that I Chair, Housing and Transportation. While we do these Housing surveys every three (3) years, as part of a statewide effort, I think we need more detailed information. There were some of those ideas I brought back from the Smart Growth Conference, but I feel like we also need information for our General Plan Planning Process. If we can develop a system of data in terms of our various Departments, and I know you cannot do a really long survey, so there are a lot of considerations in how you structure it, but I certainly would support a community survey of some sort that is—what is the word? “Statistically significant,” and gets us really good information for a variety of jobs that we have to do as a County. My other question is about the bus fees. I think it is appropriate to terminate the free bus passes for our County employees. My guess is that they will continue to ride the bus, because it is still a great economic advantage to them. I have said before, it is savings of about two thousand four hundred dollars (\$2400.00) a year, and as gas prices go up, the savings will increase. I was wondering if we could include bus—and I was talking to the Chair the other day, and I think we both were interested in whether we could include bus transportation costs of our employees as an eligible Flexi Benefits item. We already cover child care, and we covered medical. I think if we check on other jurisdictions, I think Transportation might be an eligible expense to look at. I would make that request, and ask if you could look into that. That would allow our employees—they would still have to pay, but pay with pretax money at some good savings for them. I also wanted to talk about your Solid Waste.

Chair Furfaro:
that, but that date is not today.

Remember, you have a whole day scheduled for

Ms. Yukimura: Yes. I am glad that we are saving eight million dollars (\$8,000,000.00) from the retrofit of the Kekaha Landfill; the vertical versus landfill expansion, and I guess we have the Department of Health to thank for that because I am guessing that we might have proceeded, and spent eight million dollars (\$8,000,000.00) instead of three hundred thousand dollars (\$300,000.00) if they had not stopped us. I did ask Mr. Dill in the last meeting and I hope that you will be ready to discuss it at our hearings on Solid Waste. I want to know the cost of an emergency accelerated diversion program. If we were willing to spend eight million dollars (\$8,000,000.00) to retrofit the landfill because we are not ready for the new landfill, and we are still not sure that we are going to be ready for the new landfill even after going vertical, then we are still in a really tight crunch. Why are we not willing to spend part of those eight million dollars (\$8,000,000.00) for an emergency accelerated diversion program? I am glad to see that we increased our diversion from thirty plus percent (30%+) to forty percent (40%). Really, when you look at page—is it Page 15 of your presentation, Mayor? The landfill tonnage, part of the reduction is because our economy slowed down, and whenever the economy slowed down, construction waste, all kinds of waste going into the landfill slows down. All of that drop in diversion is not because of our—I am sorry, the drop in the amount of garbage going to the landfill is not because of our diversion efforts alone; it is partly because of the economy and we can expect—and I think Mr. Stokes' economic analysis showed something going up. If the economy goes up, we can expect our Solid Waste to go up as well. The recycling tonnage growth is not that impressive, and if we could increase that dramatically, that would extend the life of our vertical expansion, while at the same time putting us on the long-term track that we want to be on. I did make the request and I hope that we will be able to discuss that in our Solid Waste conversation. Thank you.

Chair Furfaro:

Okay. Mr. Hooser.

Mr. Hooser: Thank you, Chair, Mayor, and everyone. Thank you for all your hard work. This Council clearly represents a diversity of opinion, and I have to say I am a long way from “bravo”...a long, long way. Mayor, I understand you have a difficult job to do but when the Administration comes and asks us to raise gas taxes, raise property taxes, raise permitting fees, raise Solid Waste fees, and raise every fee imaginable; I have a hard time celebrating that. I want to be part of the team. I want to be full of *aloha* and I want to move the canoe forward, but myself—and I know a lot of members of community are really having a hard time accepting the scale of these increases. The economy—and I think most of us know that personally of how much we pay for gas every day and what we pay at the first of the month when we pay our bills. People are still struggling. In yesterday's discussion, you are probably aware that a few of us voted against the fuel tax proposal on first reading. I made a comment at that time that I felt I was being asked to support the bad management of the County's finances and referring to the Administration. The Chair corrected me, or added the comment if you would, that the Council is also responsible for the situation. I acknowledged that; however, I have not been on the Council and neither has Council member Kagawa. If I understand it correctly, we were in this situation today because we spent more money than we have had over the last four years. There has been less money coming in and more money going out, year after year, after year. I am troubled by that. We have been spending the money in our savings account until we ran out of the money, and our Accountant tells us we cannot spend it anymore of the little bit that is left. We have hired one hundred forty (140) employees since the Lehman Brothers crashed, even though people all over the world, all over the United

States, and certainly all over Hawai'i; governments were cutting back and holding back and we have been expanding. I understand some of this is by Charter, and I understand that Council supported it, but the Administration holds the checkbook. The Administration is the one who pays the bills and manages the funding. I would be remiss in not doing the community justice, if I did not raise this issue to be clear about it...about my concerns and about these concerns that are shared by a lot of people in this community. We use words like "revenue enhancements" and words like "spending budget surpluses" or "fund balances," but I want to be clear that in my understanding, that is why we are here today because we have been living beyond our means. Could you address someone look down the line and say, "Okay, we are living beyond our means. We need to cut back and scale back slowly and cut our expenses while maybe raising our revenue slowly," instead of letting it get to this point where we have to make these adjustments at such a scale that is here today. Anyone who wants to respond can respond.

Mr. Heu: Again, for the record, Gary Heu. Councilmember Hooser, I think you raised some good points. What we would need to do in order to give a response that will give your inquiry some justice is to be able to go back and take a closer look at what actually transpired during those years. I think from a global perspective, I would say that looking back at things, I think that people on this side of the railing as well as that side of the railing would probably acknowledge that there was probably something that we could have done relative to revenues. Based on expenses—again, if you give us an opportunity to do some due diligence on this, I think you will find that when we were in the mood of budgeting based on previous years' budgets versus actual spending; you will see that during those critical years, the actual operational costs or operational budgets were not increasing. There were other factors that may have played in to why an overall budget number may have increased, but if you broke it down on an operational basis in that period of time that we are talking about, you will find that there were in number of years where the budget remained either the same or reduced by a small amount. Again, I think to be able to have a more accurate and honest discussion about you will need to give us an opportunity to go back and put that information together and take a look specifically at the positions that were outlined in the Chair's presentation this morning. I would hate to sit here and speculate as to why certain things look the way they did. I think it would benefit us all to have that understanding. I think it is fair to ask that question to take a look back. For us who are sitting around this table, our focus now is taking a look at, "Okay, this is where we are. This is the transition that we are going through." I think you are right. You are relative to...there probably should not be any high-fiving and happy dancing going on right now. I think during my ten (10) years here with the Council, this is the most challenging budget that I have ever seen, for many different reasons. There was a year that we actually went through furloughs where we implemented furloughs and that sort of thing. I see this year as being even more difficult than that because primarily, what we have asked Department Heads to do relative to holding the line on expense as well as having to go to the community and asked everybody to contribute a little bit more relative to revenues. I would grant you that if given the choice, like the Mayor said in his State of the County Address, "If given the choice, this is not where we want to be." But it is where we are. I think for me, and I think for the Mayor and the Budget Team, we are very hopeful that things that we are coming to grips with today and also the processes that we are implementing today will certainly go a long ways to make major improvements in my estimation for us collectively as a County. Again, I know I did not answer your specific questions, but can you allow us that time to go back and put that presentation together, I think it would be instructive for us all.

Mr. Hooser: Thank you. I will certainly allow you the time. I have no intent on beating up on this topic all the way through the budget session, but I felt compelled personally, to raise the issue because it is like the six thousand (6,000) pound gorilla in the room. I know a lot of members of the community are very, very concerned. I certainly would welcome the presentation and allow you the time to do that. Thank you very much.

Chair Furfaro: Before I recognize you, Mel, I just want to say something. If you are preparing something for Mr. Hooser, that is fine. If you want calendar time, you can talk with me.

Mr. Heu: Okay. Thank you.

Chair Furfaro: I have no embarrassment of what we have come to. I can sit here and say for eight (8) years, we did not raise property taxes. I can sit here and say that we got through two (2) critical storms. I can sit here and say that we are only one (1) of two (2) Counties who have funded one hundred (100%) of our employees liability, where others are taking the short cut and will pay the dancer a little bit later. We have new fire stations, did a lot of investment in energy that has proven that our kilowatts are managed appropriately. We substantially expanded public transportation. The Fire Department has equipment that is current. We got no help on Coqui frogs. We fought a battle on birds. You can prepare that list, but I have gone through those periods where all of those challenges have hit us pretty directly and we have not seen other help. I do not have to apologize for supporting some of those things, especially eight (8) years of no Real Property Tax increases. We have excellent bond rating. We have a Reserve, even though it is small. We can look at that over the history and say—but we are where we are right now because we do not incrementally raise some of these fees in a logical year to year review. I created a separate revenue review at budget time because we have to start doing that. We are doing things right now that are labeling us because we did not raise a fee for a fifty dollar (\$50.00) permit for a developer from 1979. That is the cost of doing business. Anyway, if you want to answer them, and if Gary you want to talk to me about an agenda item to respond to that. This is the *wa'a*. We were in every one of these emergencies' respondents about birds and Coqui frogs. We were all in that together and we are where we are. Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you, Mr. Chair. I just told Councilmember Nakamura, I bet Gary Hooser looked at my notes on the break because I think a lot of what you said is the feelings I share. Like you, I want to be part of the team. I think this is ago budget. This is a good method of budgeting and I have been trying to ask for this for a very long time, to get the actuals and stop working off of last year's budget. I am glad we finally made that change.

The first thing is that the Kekaha Landfill is not a true savings because we cannot use that money. It is not cash; it is Bon money. We cannot even use that money so it is not a true savings, and if it was and if there is a way to use that, we could offset Real Property Tax increases by using that funding, so it is not a true savings. It is in an account now that we cannot use. We need to figure out a way to use that eight million dollars (\$8,000,000.00). Not no Materials Recovery Facility (MRF); we are going to offset Real Property Taxes before we...and I think that is where we...Mr. Hooser mentioned and I just said it, "Revenue enhancements sounds nice, but it is property tax and fee increases." In a recession is not the time that we want to do that. We have to find ways to get away from that.

Gary, you said something else, you said, "Why did someone not say hey, take a look down the road?" I was yelling that. "Hey, think about five (5) years from now?" Where are we going—we were taking the money, spending the money. You said it best saying that, "We are spending our savings account." We were spending the accounts in different accounts; revenue accounts, special accounts, special funds. I did not think it was going to come this quick, but it is here now, and we do not have...now we have to look at the possibility of raising taxes and fees. I guess one of my concerns is that we keep comparing Kaua'i to other Counties but you have all been to Honolulu, and you are all familiar with Honolulu and Maui. For Honolulu, they have got Satellite City Halls. Their level of service to the citizen is that they provide much more. A lot of it is because they have a bigger base. They have a lot more money. Like what was mentioned earlier, the citizens are asking "what are we going to get for this increase?" Really, it is paying for the spending that we did earlier. That was always my concern, and we are here today. I am going struggle with this Budget. I did not support the last two (2) Budgets because of that. I was beginning to think that we need to be more like the State and do a two (2) year Budget, or even a three (3) year Budget because at least we have assurances going down the road but now we are in a position where I am not sure how we will get through this without raising taxes or fees. I think this is a bad time.

What is a Fund Balance, really? What is a Fund Balance? A Fund Balance in all the years past is made up of property taxes, right? That is what it is. We collect the taxes and put them in our Budget. The entire surplus over the years; that is property tax money, so to say we have not raised taxes in the last several years is true but in essence, what have we done? We overtaxed them. We taxed them too much, so we had all of this extra, but we did not give it back. No, we spent it. When they were testifying, and Mr. Chair, I did not hear—I did not speak. I would ask that you folks please keep your comments because it is distracting when I am talking and I can hear.

We collect the taxes. Those taxes become Fund Balance if we do not spend it. Maybe we should have reduced property taxes but we did not. We spent it, and we spent more. We spent even what went into the Special Revenue Funds. Today, now we are tapped because we have no surplus, we have no revenue, and we have a lot of our Bond moneys that—a lot of our General Fund Capital Improvement Projects are moved over to Bond, so that does not allow us the opportunity to cut any projects to utilize those funds to balance the budget. We are in a position now that I do not know how we can get out of this without raising taxes and fees. It is a horrible situation to be in. I like being in the canoe and I like being in the two (2) canoes, and you are right, Mr. Mayor, we would never fit in one (1) canoe, not all of us. I agree that the two (2) canoes should go along sideways, but in any canoe regatta, you get winds and bumpy, choppy seas. I hate to be that person. I am almost really appreciate Mr. Hooser going before me, but I hope you understand where I am coming from. I am not trying to be here...like Mr. Hooser, I will not beat on this throughout the budget process. I want to get through this in best way for our people and our taxpayers. I just do not know how to do it. That is, I guess, the dilemma that I am in.

We compare ourselves to other Counties and it is selective comparison, but when it works in our advantage, we use them and when it does not, we do not. I think we have to consider using as a separate kingdom. We are our own. We are different. We need to do what is best for our people. I know we are all trying and you guys have the tough job because you have to produce this Budget with what we have. Our job is to try to figure out how we make it work and not put the burden on the taxpayers because like Mr. Hooser said, everyone is struggling. Everyone is struggling. I know Mr. Bynum talked about the

visitor counts rising in February. I think we all know that you cannot judge the economy by visitor arrivals and real estate sales on this island. You understand? Do you agree with that? One, a big sale of a real estate property, all of a sudden, everybody is jumping and happy dancing. But look at number of people losing their homes. Look at the number of people losing their jobs. Look at the amount of people losing hours at work. Look at the unemployment. That is the true indicators. I know this because it is part of my business and we serve papers. I serve human beings on this island, citizens, collection notices and foreclosure notices, so I know the real dilemma that this island is going through. A little report that, "The real estate sales last month was through the roof because some rich Hollywood actor bought a property." That does not do anything for this economy. Maybe a little bit more Real Property Tax, but the filtration to the community to the citizens is not significant at all. I think we have got to understand that yes, the economy may be showing signs of recovery, but we are far from recovery; very far from recovery. I think we have to keep that in mind as well. We have people in this community that cannot afford another twenty dollars (\$20.00) a month. They simply cannot. They are already putting that bill on the side because they just do not have it. Maybe one of our circles of friends is different, but I know the people that are in that situation. It is very tough for me to go back and say, "You know what guys, we have to raise everything." It might be minimal to some, but to me, I think whether it is one million dollars (\$1,000,000.00) or ten dollars (\$10.00). If you do not have those ten dollars (\$10.00), you may as well make it one million dollars (\$1,000,000.00) because they do not have it. The Chair talked about the accomplishments in the last eight (8) years and he is right. A lot was done. A lot of this stuff was done through Bond, and obviously our Debt Service is higher today. We have got to figure out a way to get through this Budget with the least burden on the people, and I am not sure how right now. Hopefully throughout the process, we will be able to get through some kind of agreement because as it stands right now, it will be pretty tough. Thank you for listening and we will have a colorful budget process. Thank you.

Chair Furfaro: Go ahead, Mr. Heu.

Mr. Heu: Thank you, Chair. Just to respond to Councilmember Rapozo, and certainly we do not want to spend all day going around in circles.

Chair Furfaro: We are not going to.

Mr. Heu: Thank you. However, I just wanted to say a couple of things. Number one, I think we agree with the Councilmembers' statement and observation that you do not increase taxes and fees when we are in a recession or when things are really bad. That was exactly the Mayor's point that in fact, during the darkest days of economic downturn, we made a conscious decision not to increase property taxes and fees. If you look back over that period of time, there were a few adjustments made; however, to a great intent, we stayed away from proposing new tax increases and fee increases for that very reason. It was the worst of times. Relative to where we were and where we are now, yes, the economic downturn touched my own family. My daughter lost her job just like I am sure how everybody around the table was impacted in some way shape or form. I am glad to say now that she has been recalled to her position. That tells me that again, we are making some improvements. I would agree with the Councilmembers' analysis of how large real estate transactions might tend to skew the results; however, I think just for my own personal situation and own personal knowledge...I thought I would never mention my wife's name on this Council floor, but my wife is very much into—she is not into real estate, but for our own personal reasons, she does do a lot of

tracking. Certainly, she has raised to my attention to the fact that...and I am not talking about the multi-million dollar homes because we are not in that market, but certainly the market is improving for people in our category and maybe people who can afford a little less. She has seen those and she is relaying it to me, so it is not scientific. It is not coming from some real estate journal, but this is just her personal observation. I just wanted to share that in terms of—I think we are all in relative agreement here that with all things considered, we would not be taking the steps that we are proposing today; however, we have to collectively find a way to deal with and manage this proposed Budget. Thank you, Chair.

Chair Furfaro: Okay. Mayor, did you want to say something?

Mr. Carvalho: I just want to say something in closing if that is okay.

Chair Furfaro: I will close the meeting, but you have the floor.

Mr. Carvalho: Okay. I really appreciate the conversation on the table. Believe me, I know most of the guys you know, Councilmember Rapozo, like the aunties and uncles who are struggling. It is difficult for all of us to sit here and tell them that we are going to raise it even by five dollars (\$5.00). I struggle with that every single day as we move through each step of the way. I understand Councilmember Hooser's concern. There are people out there wondering, "What are we doing?" At the same time, we are trying to figure out how we are going to navigate through this situation we are in. It is not only me, we, all of us is trying to figure it out in a way that can best serve the people. I feel the "bravo" part that Councilmember Yukimura mentioned is not about jumping up for joy. It is that we are finally getting to a place where we can agree on the process, agree that we are getting some good data and numbers, agree that we are getting good people coming in and surrounding ourselves with good hearts and souls that want to make good decisions and try to figure out how to get to a place where we can say one day, "Forget it, we can give you back some money. We can give you back support, people of Kaua'i and Nīihau." I think that is the message of the "bravo" part, with all due respect, Councilmember Hooser, is that. I think that is where we are at now. Me, personally being in the County for twenty-eight (28) years; I started right out of the gates from college. I sat at my desk, and thinking to myself, "One day, if I had a chance..." You would never want to raise taxes to people and give more people burden, especially during challenging times; however, we have gone through many (inaudible) as being Mayor in 2009. It was already pretty difficult. You know as being at the Legislature and us coming over and trying to survive and make sure to keep the TAT, and make sure how to navigate through that part. At the same time, yes we did increase people's—surrounding yourself with people that need to be part of the team, but at the same time it gives you way more if you get good people coming in and helping you along to get the information you need so you can do what you have to do. It is a balancing thing here. I feel really good right now; good in a sense to the people watching that we are trying our very best, good that we are coming to a place where we can understand each other and understand what we need to do. I feel that. I think that is what it is. I will leave it at that. I know we are going to disagree like I said earlier, but hopefully we can get through the pieces knowing the people are at the forefront and we are trying our best to provide you the information so we can collectively make the right decisions, and that is what it is. Thank you for the time. I know it has been long but *mahalo*.

Chair Furfaro: Okay. Thank you very much for today, Mayor. I did not have an opportunity to finish all of my points, but the first one I want to make is when I sent over the Council's budget assumptions and requests; whether it was on pay, bargaining, or even thank you for taking the suggestion and running with it on the actuals, comparing actuals to actuals; that is what some of us are used to. We need to make sure we find ourselves that when we do a budget, we are doing assumptions over here and understanding revenues and expenses, and we cannot let that scare us. The people expect us to make the right decisions. One of those decisions may even be, "Do we want to continue to make one hundred percent (100%) contributions to our retirement funds?" as I mentioned, if we are in that kind of shape. We have to very proud of what we have done so far. A couple of other items that still need some attention is that I hope when Police and Fire come up, both Police and Fire can talk to us honestly and openly about their equipment. We talk about one hundred twenty thousand (120,000) along the Wai'anae Coast have two (2) fire stations. We have sixty-eight thousand (68,000) people on our island with eighteen thousand (18,000) visitors, and we have eight (8) fire stations because of the nature in the areas that we have to serve. The ratios are not always equal in many ways. We have to do a better job on salvage credits, Steve. The episode we had yesterday with the cars going almost two (2) years before we actually got them out of the barnyard, and took a salvage credit. We have got to be routine about those kinds of things. We cannot have assets that we cannot use sit and not give any return on them, so we will be talking more about that. I want to make sure what you are presenting to us about no new purchases on equipment on so forth, sit well with public safety, meaning Fire and the Police. On that note, again, I want to thank you. I want to thank the members for the discussion today. I look forward to a mutually, beneficial, and appropriate questions and answers as we go forth with the other Departments. I need to take some public testimony now, so I am going to excuse you, gentlemen. Thank you for having your staff here today.

Mr. Heu: Council Chair?

Chair Furfaro: Yes, Gary.

Mr. Heu: I have a question. When we reconvene at 1:30 p.m., we are going to take the Mayor's Office.

Chair Furfaro: We are going to go right into the Mayor's Office, yes.

Mr. Heu: Thank you.

Chair Furfaro: The Mayor's Office, and then we have Boards and Commissions and Life Choices in there. We have one (1) individual signed up for public testimony today. Come right up.

There being no objections, the rules were suspended.

ROB ABREW: Aloha, Councilmembers. Thank you for the presentation today. One thing as a common person in this town, and I do not understand why we do this in the Budget, but we consider our surplus as income. It is not income. It is the taxpayers' money that has not been spent. I look at the last three (3) years...in 2010; we had a sixty-eight million dollar (\$68,000,000.00) surplus. That is sixty-eight million dollars (\$68,000,000.00) that the County did not spend, but they took from the people/taxpayers. Those sixty-eight million dollars (\$68,000,000.00) is added into next

year's surplus, and for next year's surplus we have fifty-seven point million dollars (\$57,300,000.00). There is still fifty-seven point three million dollars (\$57,300,000.00) that was not spent. In 2012-2013, we had a fifty million plus (+\$50,000,000.00) surplus again. My question is why is the budget one hundred fifty-eight million dollars (\$158,000,000.00)? Why is it not one hundred million dollars (\$100,000,000.00)?

Chair Furfaro: If you are referring to the CAFR, I will be glad to go through the reading of that balance sheet separately with you. I will be glad to do that with you.

Mr. Abrew: I am just curious because last year we had this money that was leftover that has already been taken by the taxpayers, so I as a taxpayer look like the last four (4) or five (5) years, I already had a tax increase because they had taken the money from me. Where is that money? That is my big question.

Chair Furfaro: I will be glad to show that to you because that is the report that ended in June 30th, and then there were certain amounts that were earmarked for special projects. I can show you as we roll into next year. I will be glad to do that with you, Rob.

Mr. Abrew: Okay. I just see the Budget. I see they are pulling the balance over from last year, and if they do not spend the money in that year, it is my understanding is that it goes into the surplus. Does that still mean that those projects that were budgeted that year are still going happen? So that money is set aside and nothing—and we come back with one hundred fifty-seven million dollars (\$157,000,000.00) more, we are going to assume. Basically, we have sixty million dollars (\$60,000,000.00) sitting in a fund out here that has not been spent, and has already been appropriated for, but the taxpayers are not getting anything for it?

Chair Furfaro: I will be glad to show you how they earmark a future amount that has been earmarked as “allocated,” and I will get right down to what is about fifteen point three million dollars (\$15,300,000.00). That is the real Reserve. Now, these terms keep getting interchanged as a “surplus” but we want to refer to it going forward as a “Reserve” so it is more transparent for you folks.

Mr. Abrew: Okay.

Chair Furfaro: I will glad to set-up time for you.

Mr. Abrew: So we are transforming into now, theoretically the surplus—well not the surplus, but the stuff that was budgeted that was not spent is now going to go into a Reserve Fund and keep building so the Administration decides they want to build it?

Chair Furfaro: It will show up on a balance sheet. It will not show up in the Operational piece.

Mr. Abrew: Okay.

Chair Furfaro: I will be glad to go through it with you.

Mr. Abrew: Okay. Thanks.

Chair Furfaro: Okay. Anyone else in the audience that would like to speak today? If not, I want to thank the Mayor's team for being here. I want to thank my colleagues, but before I do, I want to call our meeting back to order. Are there any further comments before we adjourn for lunch and come back at 1:30 p.m.? Go ahead, JoAnn.

There being no objections, the meeting was called back to order, and proceeded as follows:

Ms. Yukimura: Yes. I just wanted to say that some of the work that we are doing as a County is helping people save money. When we make more bus service available, people can save up to two thousand four hundred dollars (\$2,400.00) a year. When we pave their roads, they are avoiding hundreds of dollars of expenses to repairing their vehicles. When we give them services, whether it is elderly services or police services, which is a great value that we have to keep giving them. When we say we are saving people by not raising fees or taxes; that is not always true. This fuel tax increase that the Mayor is proposing on the average will cost an extra ten dollars (\$10.00) a year. If that allows us because we are taxing...tourist cars that have to pay for it and we are fixing our roads well and we are saving people money that way; it is worth it. It is almost our responsibility to do that. It is true. We will have more conversations, but I just want to show that if we do Government properly, and that means incremental raises to at least cover inflation, it also means...I have yelled and screamed about this thing, about doing work efficiently, planning well, not wasting money, and managing our contracts and services well. If we can do that, these incremental increases are valid and necessary.

Mr. Kagawa: Thank you, Mr. Chair. The worst thing that I would like to see is when you see what you call a "couch coach." That is when the game is played, it is over, and you have a lot of people saying, "The coach should have done this. They would have won." Unfortunately, when you get elected into public office, you need to express your true self so that the people who elected you know what you stand for. For me, we are here in this position not because of the Administration, because it is the Council who appropriates the budgets and approves the budgets. In the past four (4) years, we have been spending more than we have been making. To make the same mistake in one (1) year to me, is acceptable. To make it for two (2), maybe. To make it for four (4), that is unacceptable. If you voted for the Budget in the past as a Councilmember, I think you are partly to blame. Let us not point fingers at the Administration. The Administration—they do not have to spend it but if you are given the money, you are going to try and spend and improve the lives of the people. I think the Council is the one to blame, but we are going to go forward from here. I am not going to be a couch coach from now. We have a game to play. It is a big game. It is a big opponent. It is not only us who are suffering through it. The Federal Government, the State Government; they are all in trouble and we are no different now. I look forward to working with you all. I think we have got a great quarterback named Steve Hunt, and he has a great team. We are going to get through this. Thank you.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: One of things that make me feel good is that we have a public record. What happened over the last four (4) years is all in a very detailed public record. Who voted for what? Who voted to reduce taxes for local people and who did not? It is all in the public record. You can look at that. There are some facts. The facts is

the Mayor gave us reduced budgets his first two (2) years as Mayor, and not only that because I like to look at actuals, but our actual spending went down two (2) years in a row at the beginning of this downturn. That is from our CAFR. That is audited. That spending went down even in years where we had to pay increased costs that were built-in and salary increases that were already negotiated. Our workers, most of them like Hawai'i Government Employees Association (HGEA) and United Public Workers (UPW) have had no raises for a number of years. This year they are going to and appropriately get some consideration, and we have not even dealt with that in this Budget. I said this before, but I believe the Mayor—I did not agree with everything that he did, but overall his budgets have reflected an appropriate response to the downturn. It was the revenue where we have not managed it well, right? There were people saying that three (3) or four (4) years ago and there were people putting forward proposals to reduce taxes for local people and to ameliorate the loss of thirty million dollars (\$30,000,000.00) that went to primarily corporations and people who do not live here. Those are facts. There was thirty million dollars (\$30,000,000.00) on tax reductions to some people, but there was one million and a half \$1,500,000.00 increase to the people who lived here during the same period. Those are facts. We are starting to make the right adjustments now. We started at the end of the Budget last year to make a few changes. We need to continue in that process to do things that are equitable. You can see this as we are bringing taxes back to 2008, but do not forget about that thirty million dollars (\$30,000,000.00) that went unfortunately in my mind, a lot of that lost revenue went to Starwood or people who live in Connecticut and own homes here that they vacation rental or have second homes. We are going to be to talk about that at length because the Mayor mentioned more information. We have more information. Getting access to information is difficult and it is really important. Next week we are going to look at the corrected data for those years and what our performance was because some of the data was not correct. It is correct now. I think the next step of this discussion—and a lot of people wanted to look back on the last four (4) or five (5) years and who did what. We are going to do that next week in the Finance Committee and I think it is good timing in terms of this. I know I tend to be redundant. Mayor you did a great job budgeting expenditures over the last four (4) years, in my opinion. We collectively did not do a good job of managing our revenues. What Mr. Kagawa said is that ultimately, the responsibility lies here. Thank you.

Chair Furfaro: Okay. I would like to end on that because I do take responsibility for everything that has transpired. Please refresh yourselves with some of the history I presented in my piece, including the fact that we added a whole new Department called “Office of the County Auditor.” See you at 1:30 p.m.

There being no objections, the meeting recessed at 12:26 p.m.

The departmental budget review reconvened on March 28, 2013 at 1:33 p.m., and proceeded as follows:

Mayor's Office

Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum

Chair Furfaro: I want to start on the review, as planned, on the Mayor's Office, which includes other components that comes under the Mayor's Office. I also think it is important to point out—and we keep comparing things...earlier I made mention of the many tasks that we had at-hand. I also want to remind everyone that comparing apples and apples is very difficult over the last eight (8) years because many new items have been implemented, including, I wanted to remind you that in 2008 the voters added the Office of the County Auditor, which added operating costs, as well as voted to add a Boards and Commissions division, which added costs. Those are not part of my earlier comments when I tried to reconcile, but I wanted to point that out, too. On that note, since Boards and Commissions also come under the Mayor's Administration, I will suspend the rules and give you the floor.

There being no objections, the rules were suspended.

Mr. Heu: Thank you, Chair and Councilmembers. For the record, Gary Heu along with Mayor Carvalho. I believe this portion of the agenda addresses the Mayor's Office, and currently there are a number of different entities that fall under the Mayor's Office as the Council Chair identified like Boards and Commissions, Life's Choices Kaua'i, as well as our Americans with Disabilities (ADA)/Equal Employment Opportunity (EEO) program. I thought maybe where we would start would be just—First of all, let me make a slight adjustment. What was just handed out to you folks was a mission statement and goals for the Mayor's Office, and I would ask that I believe all of the Budget presentations were transmitted over to the Council and the Mayor's Office Budget presentation looks something like this. I am not sure if you folks have yours handy or have been able to breeze through it. I know that it is a lot of information to digest on top of the detailed line item Budget. We transmitted actual Budget presentations for all of our Departments, and I think historically, the way we have done that is as the Departments were preparing to come over, we would transmit them over individually. This time what we did is we asked all of our Departments to have their Budget presentations ready to be transmitted over to the Council all at once. You guys got the whole bunch of them.

Again, going back to the Mayor's Office presentation, I would ask that you substitute what was just handed out to you for the identified mission goals and objectives that are imbedded in the presentation. Hopefully, you will like this better. I do not know. Maybe that is a good place for us to start, which is a real quick discussion of the mission of the actual Mayor's Office itself. As I identified, there are various interests that are attached to the Mayor's Office, but the core function of the Mayor's Office is supported by eight (8) individuals, including myself. Our mission is a fairly simple one. It is to provide Administrative support to the Mayor, to enable him to effectively fulfill his responsibility to

manage the affairs of the County. It is very broad. It covers basically everything, and that is pretty much—if you are familiar with the functioning of the Mayor's Office, it is pretty much what we do. We support it all.

In identifying a few goals, because obviously we could go on and on and on all day, but we identified some of the more critical goals that we have set out for ourselves. The number one goal, and you have heard the Mayor say this repeatedly in public is “to encourage community participation in County Government.” The objectives that we have set out in order to accomplish that particular goal were number one, “to engage citizens twice a year through community outreach meetings.” We just recently finished a round of those meetings. We were in Kekaha, Kōloa, Kapa‘a...and I am missing one. I promise we were in four (4) different locations. It was Hanapēpē. Thank you very much. Now on top of that, we also tried to get out once a year to the various—those meetings that I just identified are...we just opened them to the public and say, “We are going to be in Kapa‘a. Please come and hear what we have to share and tell us your thoughts.” On top of that once a year, we try to meet with specific community organizations. For example, the Kīlauea Neighborhood Association or the Kōloa Neighborhood Association. A lot of times it will be the same people who show up to both of those types of meetings but again, it is just additional opportunity for the Mayor and his team to share things that are happening in County Government, and then to hear back from the community. When we do go out to these community outreach meetings, we take the whole crew. We have got Department Heads, Deputies, various appointees, and staff people, so a lot of times we will outnumber the community participants. However, the Mayor feels it is very important that the community see and put faces to the names of people they hear about and who they have to deal with to address some of their concerns. The second objective is to create the opportunity for community input in determining Budget priorities. I think we spent a lot of time discussing that this morning. I think there was a lot of good discussion in terms of how we could improve upon that effort, but this is the first year we did it. We thought it was important to take a first step. Our intent is to continue to do that as part of our outreach to the community and again, encouraging community participation.

Our second goal was to increase the efficiency of Government operations. One could write a book, I suppose, of all the ways to do that. What we have chosen to do is to hone in on very specific things that we feel are of value and attainable. The number one objective is to facilitate regular internal stakeholder meetings which are comprised of our weekly Department Head meetings and monthly Administrative professional meetings. The Department Head meetings are an opportunity for important initiatives to be communicated to Department Heads, as well as an opportunity for Department Heads to provide information and feedback to the Mayor on a weekly basis. That is pretty much something that Department Heads can count on in terms of having those types of access. Of course, over the next four (4) weeks, we are not going to have them, only because we will be here meeting with you folks during the Budget Review Process. The Administrative professional meetings are held once a month, and they are facilitated by the Mayor's Executive Secretary, Cathy Simao. Those have turned into very valuable meetings in terms of not only exchange of information. What Cathy does is bring in guest speakers. I think her last meeting might have actually been in this Chamber. They rotate the locations of those meetings. They have been to the Department of Water. They have been to the Police Department. It is just an opportunity because a lot of these Administrative professionals are Department Secretaries and Clerks. A lot of times, probably for decades, they have been stuck behind their desks in their office, and really do not have a broader appreciation or understanding of all the rest of the County operations so it is an opportunity to get out there and do that type of activity. It is also an opportunity to talk about process

improvements in terms of really, the Administrative professionals are the backbone of many of our operations. Their perspective is valued and so these meetings provide an opportunity for that type of dialogue and exchange of information.

Our other objective is something that the Mayor implemented probably within the last year. A three (3) day document approval turnaround in the Mayor's Office. That sounds like it would be an easy task, but I assure you, it is not. There are not too many Department Heads here because when I talk about the three (3) day turnaround, they will all be shaking their heads, but that is a goal. We try to do that, but you can imagine the volume of documentation that flows through the Mayor's Office on a daily basis. A lot of times, there will be reasons why we cannot approve a document in three (3) days, because there is not sufficient information or information is inaccurate. Every piece of information that flows over to the Council comes through the Mayor's Office. I will be the first to admit that sometimes we do not catch everything. We do our best, but there will be times where your Staff is gracious enough to help us out and identify things that we have missed. We appreciate that kind of relationship with Council Services Staff in helping us to do our job.

Our third goal is "to effectively communicate with internal and external stakeholders." To that end, objective number one is "to maintain a communications team that responds to public and media inquiries in a timely manner." That can mean a lot of things to many different people. Our communications team—and I think we have one of the best ones around, is headed by Beth Tokioka as our Communications Director. Also part of that team is Mary Daubert, who you are all familiar with, and Sarah Blane. Timely manner to the media means "we have a deadline of this afternoon, and we need this inquiry taken care of by then." Timely manner to our constituents. Again, would probably be fairly immediate. We do our best, and sometimes we are just unable to get that information when people desire it by but nonetheless, we always attempt to follow-up and make sure that people are provide the information that they seek. A lot of times the inquiries are fewer inquiries, but are more people who have concerns and are raising concerns to our attention, and want some relief to their concerns. A lot of times, we find ourselves being the "clearing house" for communicating with Departments in trying to follow-up on different issues that should be attended to.

Our second objective is "to meet as soon as possible with affected community groups when critical or important issues arise." We do our best, and I cannot say that in every single instance we are able to do that. It is probably not practical, but using as an example something that this Council has discussed and deliberated on recently, which is the Kekaha Vertical Expansion. As soon as it became apparent to us that, that was something we were going to have to pursue, the number one thing that we did was we attempted to touch bases with each Councilmember to give Councilmembers a head's up that this was taking place. Then we setup probably I would say within a week to a week and a half after we made the decision that this was how we were going to need to proceed. We scheduled a meeting with the community. I will be very honest with you, for those of us who knew we were going to have to make that trip out to Kekaha, we were not exactly thrilled we would have to deliver that message, but I have to tell you in all my time here with the Mayor's Office, I have never seen a community meeting like that. I say that in a good way because obviously we did not believe that we did not had the best of news to deliver to the community, based on the historical dialogue that had taken place. We found that the discussion was very civil. There were even people who were surprisingly supportive of the concept, so that just amazed me because I think we all had our flak jackets on and we were ready for a very lively discussion. Although it was lively, it was all very positive and in my opinion, very constructive. That is something that the Mayor believes strongly in. If there is an issue

that affects community, the best way to deal with that is to get out there and be part of that discussion.

The next objective, and the final one, is to support the goal of effectively communicating with our stakeholders which is “to communicate with Councilmembers early and often regarding Budget and other critical matters.” I hope that has become apparent for Councilmember Kagawa and Councilmember Hooser, being new or returning to the Council after having spent some time away. You maybe do not have much to relate that to. For other Councilmembers who have been here for a longer period of time, I hope you have seen an elevated level in the reaching-out and communicating on Budget matters and other things. It is our intent to continue that. I know that between the Mayor and Council Chair, there is an agreed upon protocol that we use for communications. I know that can be very challenging to Councilmembers, as well as Administrative Staff sometimes, but I think the intent was and is a good one in terms of creating some sort of sense in terms of how we were able to manage our communications. Again, it takes a lot of work on everybody's part to attempt to adhere to that, but again, I think that the overall effect is that hopefully you see that you get to communicate and get the information that you need. I believe it also respects the time of people on the Administration side, who are very, very busy. Again, in trying to accomplish and accommodate both of those needs. In a nutshell, that is what we are about in the Mayor's Office. Like I said, we have other entities attached to the Mayor's Office and we will step through those various programs. I do not know if I want to call them “divisions,” because I am not necessarily a proponent of creating more and larger organizations. If you have not had a chance to read through or get through our presentation, I would encourage you to do so. I think at this point in time, because part of the presentation will go into more detail about all of the good and wonderful things that we get to do in the Mayor's Office. I guess where I wanted to get to, to make the best use of your time is to start going through the various entities that are attached to the Mayor's Office. The largest one of those is the Office of Boards and Commissions. At this point in time, unfortunately our Administrator of the Boards and Commissions is not here with us today. Hopefully she will be returning early next week, but we are fortunate to have Teresa Tamura here with us. For those of you who have not had the opportunity to meet Teresa, she is sitting there in the front row. She said, “Gary is there any way I can possibly come up to the table and sit you with guys?” I said, “Of course.” We will ask Teresa to come up. If there are specific questions that the Mayor or I cannot answer, hopefully Teresa might be able to. If not, we will get back to you. I think we had some of this discussion not long ago when we were doing some of the appointee interviews and approvals by the Council. I think Paula was here sharing some of that information that basically her group provides support and oversight for fourteen (14) Boards and Commissions, as well as two (2) Advisory Committees. In total, that represents about one hundred thirteen (113) volunteer Boards and Commissions members. It is no small task. I think that what we have seen in the recent past is...I think because of that support, at least I believe it is, that our Boards and Commissions are a lot more active today than they were let us say, ten (10) years ago. They are able to be more active, engaged, and productive because of that great support that the Office of Boards and Commissions provide. We also provide a number of training sessions during the course of the year to help educate and elevate the functioning of those Boards and Commissions. A lot of those trainings are open to on a space-available basis, or available to anybody on the Administration side or the Council side who wants to avail themselves of those types of learning experiences. The Office of Boards and Commissions also functions as our State Legislature—I do not want to say “interface” because they are not necessarily interfacing with members of Legislature on a daily basis, but they do help to coordinate the activities between our Department Heads, lobbyists, and the various committees at the State Legislature on the House and Senate

side. It is no easy task. I think that we all know how quickly things move during the Legislative Session, so a lot of times we are dealing with very, very narrow turnaround times. Sometimes, it is a same-day type of thing that we become aware of a particular bill, that we have to make decisions as to whether or not we want to provide testimony, have that testimony drafted, and then submitted. Things move at a whirlwind pace and during the session, we all kind of just hang on, hope for the best, and try to make sure that our interests are being addressed. I know there was discussion on the Council floor yesterday, as the Chair made reference to this morning. There was a discussion with our lobbyists. They have a role to play, but at the same time, Teresa and Paula in our Office of Boards and Commissions also play a critical role relative to some of the monitoring and the coordination that takes place. I give them a lot of credit for staying on top of that stuff. Currently, I believe at the beginning of the session, Teresa and Paula took it upon themselves to go through a couple thousand of bills. What came with that exercise was there were about six hundred (600) bills that were identified as things that we really should keep an eye on, so they input those bills into the bill tracking system that we have. What happens is that any activity relative to a specific bill that is being tracked through bill tracker will pop up with notification to us if there is any activity on that particular bill and it allows them to notify the appropriate Departments or Divisions that should vet the issue. Perhaps even submit testimony, if that is deemed appropriate. That covers the basic functioning of that organization. Currently besides Paula and Teresa, we have three (3) support clerks. They support the various Boards and Commissions and Advisory Committees. They also have a clerk who supports the operational side of the organization. If you folks have any questions, I would be open to entertaining them and whatever I could not, I know Teresa is biting at the bit to be able to say something on the mic.

Chair Furfaro: Okay. I have some questions that I want to direct at you folks. As you know in 2008, and with Charter Amendments that way they are, what is different for us is the fact that there is almost two million dollars (\$2,000,000.00) of additional staffing and costs related to those two (2) Charter Amendments that the citizens voted on, which is the creation of the Office of the County Auditor, and the creation of Boards and Commissions. Boards and Commissions show up now in our Budget at about eight hundred eight thousand dollars (\$808,000.00) for five (5) persons. Could you give me just a quick overview of the value we are getting with that financial investment?

Mr. Heu: Sure.

Chair Furfaro: You described some of it. One hundred seventeen (117) commission members and the coordination of taking minutes. You even touched a little bit on the Legislative part. Our lobbyists indicated to me yesterday that there was this new tracking equipment program that existed in the office there that we were not aware of. The more I probed, it seemed to be more like a pop-up report that you just described that there is a tracking and existing website for the Legislative practice. If it is different, could you explain that to us a little bit more?

Mr. Heu: Okay. I guess we will take that in a couple of different parts. First of all, Chair, if I am counting right, we have six (6) positions in that organization. I think last year the Council might have approved an additional position.

Chair Furfaro: I thought Theresa moved out of that position so that is why I dropped it?

Mr. Heu: No, she is actually in Life's Choices Kaua'i.

Chair Furfaro: Yes, but she was originally...

Mr. Heu: She was physically located in the same...we had a number of different instances...

Chair Furfaro: Okay. That clarifies it for me.

Mr. Heu: Yes. Speaking to the value, I cannot say much more than if you were to pull the various Boards and Commissions members that we have because I think it would probably be a unanimous type of acknowledgement in terms of the level of support that they current receive, especially if any of them had been around in the good old days where there was no Office of Boards and Commissions. I think some of that used to fall on Auntie Kauai. I do not know how she kept up with some of that stuff. I think at that point in time, her main function was to assure that we were aware of vacancies that were coming up and trying to flag people that we needed to find additional people who were willing to serve. That is a function of the Boards and Commissions' responsibility. It is probably one of the tougher functions, and I think I spoke with Council about how rough that can be nowadays in terms of finding people who are willing to serve. For a number of different reasons, people are not as anxious to be part of that process anymore. That is a very, very challenging part of the job. Relative to the level of support that they provide to the Boards and Commissions, I think that the best way to determine that would be to pull commission members, and I think you will find support for what I am sharing with you today. Like I said, as the commissions have gotten more "active," some of the issues they are dealing with are a lot more complex than they began five (5) or ten (10) years ago. They are willing to take on some of those more complex types of issues. It has been interesting to watch the progression as they feel more supportive, as they feel like they are more part of the system and process, and they become more engaged. A lot of times, I think they look for issues to become part of and participate in and to make a difference.

Chair Furfaro: Is it my understanding that as this thing evolved, as well as the changes we made or made demands on with Hō'iike, Granicus, and so forth; that contract oversight is done by Boards and Commissions as well?

Mr. Heu: Yes it is.

Chair Furfaro: It is tied not just to the Council Meetings, but to all Boards and Commissions public viewing. They are managing those contracts as well?

Mr. Heu: They are, yes.

Chair Furfaro: Okay. Questions?

Mr. Heu: I am sorry, we did not answer one of your questions which was the functioning of the actual bill tracking system. I am going to turn over...

Chair Furfaro: I was not expecting the answer today. I wanted to make sure you understood that when the lobbyists said it yesterday, we were not aware of it. We are here tracking the Legislative website. We did not know there were any upgrades that they were referring to and so forth. I will be sending that over as a question.

Mr. Heu: Are you sure? Teresa can answer it right here for you and save yourself the trouble.

Chair Furfaro: Absolutely, let us hear it.

TERESA TAMURA, Administrative Aide: Teresa Tamura, Office of Boards and Commissions for the record. I want to say maybe about a couple of years ago, the lobbyists probably started the web tracking system. We procured it for the past two (2) years now, so this is our second year here. We have provided training for the entire County Staff who would be tracking Legislative bills. We have had training for everyone. I want to say there are a number of people. That is the same tracking that we are on as well and I want to say that probably Council Services is as well. That is the web tracking that they are talking about. I do not know if there was anything else. Can I clarify anything else on that?

(Ms. Nakamura was noted as recused from the meeting at 2:00 p.m.)

Chair Furfaro: She is recusing herself from Boards and Commissions on any questions, so we are going to stay focused on that right now. The way it was conveyed to us was not necessarily—I responded by our people are now tracking the Legislative website, but they delivered it like it was an additional piece of software processed from some other vendor.

Ms. Tamura: Okay. It is true, it is Jupiter Solutions. They are a separate vendor. The lobbyists brought in on a couple of years ago before we procured it on our own. It is separate from them at this time. They are not on the same system as us. They cannot see what we are tracking. Our lobbyists cannot see what we are tracking because they do not have access to our account.

Chair Furfaro: If it is something that they are not doing anymore, did they lower the fee?

Ms. Tamura: No.

Chair Furfaro: No?

Ms. Tamura: No.

Chair Furfaro: So we are tracking it with something that was in their original contract, but their contract stayed the same?

Mr. Heu: I think what happened was that they introduced us to that system.

Ms. Tamura: Yes.

Mr. Heu: Then, we independently procured it outside of the consultant services of the lobbyists. I think perhaps...I am not sure if this is where you were going, but we are not asking them to necessarily track all six hundred (600) bills because we do not necessarily want to dilute their effectiveness. There are specific bills that we have asked them to pay close attention to, which were the bills that were identified as part of the...number one, the County's package...

Ms. Tamura: Yes.

Mr. Heu: Then beyond that, some of the big hitters that are going to impact us potentially, financially, as far as all of the various TAT bills that were originally floating around like the Public Utilities Franchise Tax.

Chair Furfaro: Those are the ones I tied at the end because we had not heard, or did not get very much information from them. Here is my real point; you said "so it would not dilute their effectiveness." This teabag has been used about the fourth time. They did not make a very good impression on me yesterday. That is my statement. Their presentation was pretty diluted. Now, I am seeing that we buy the software and we are doing some of the pop-up tracking, which used to be in their fee but their fee was not adjusted. I just want to say that I have some concerns there, Gary.

Mr. Heu: Chair, I understand.

Chair Furfaro: Mr. Hooser, and then Mr. Rapozo. Let us stay on this subject while Nadine is out okay.

Mr. Hooser: I would suggest that obviously with the Mayor's permission, perhaps for the next Legislative Session, they would coordinate between the Council and the Administration because we are also tracking, and so there is a lot of duplication, I believe. We have a common interest. We might have different priorities with some of these bills, but we have a common interest. So if we could look at that with the next Legislative session. The lobbyists that were here, I believe the print out that they gave us was off the regular State of Hawai'i thing. It was not anything...that is free. I share the Chair's thoughts that I was not impressed by the presentation, quite frankly. Is that a year-to-year contract?

Mr. Heu: It is.

Mr. Hooser: Okay. That is in the Budget right now?

Mr. Heu: Actually, I think we took it out.

Mr. Hooser: Okay. Thank you.

Mr. Heu: If it had been another year, we might have left it in but given the fiscal conditions that we are dealing with in having to make those tough decisions, we thought that was it be an area where we would hold back on.

Mr. Hooser: I think this will be the last because we have a lot to do, but because it personally affects us in the County, I think we are the most effective lobbyists; the Council, Administration, and various Department Heads. As long as we can track them and we have good people and Staff here, we need less outside impacts. I know the travel is a concern and being there right away. I would love to work together more as my committee in the Council with you next time.

Mr. Heu: To your point, Councilmember, about needing to work together in terms of our Staff and your Staff, I think there was a point in time where there probably was more communication relative to Legislative matters. I think as things

evolve, we have gotten away from that. I would agree that if there are synergies to be gained by reestablishing that type of relationship, I think that would work for all of us. Relative to the need for a lobbyist, I think that is a philosophical debate that has gone all over the place in the past. I think one thing that has really improved our ability to respond is this web tracking software that we have. It is a very valuable tool. Over the years, in the recent years, I found that the value of the lobbyists was more to—if something popped-up on us that we really did not understand what it was about, we could shoot it to the lobbyists and ask, “What is this bill about? Can you tell us if there is any traction? What are you guys hearing in the halls? Should we be concerned?” Those kinds of things. Again, what is the value of that? I do not know. I think collectively, we need to have that discussion and decide whether or not that is something of great value to us.

Chair Furfaro: Okay. We have several members who have questions in the following order; Mr. Rapozo, Ms. Yukimura, and then Mr. Kagawa. I would like to remind everybody that Councilwoman Nakamura has recused herself from this part of the meeting, so let us stay focused on the subject at hand so that we can get her back in to join other parts of the discussion. Mr. Rapozo, the floor is yours.

Mr. Rapozo: Thank you, Mr. Chair. The bill tracking system that we use, when was that purchased? How much was it?

Ms. Tamura: We pay...I want to say it is a service. He bills us quarterly. We have four (4) payments, and I think the total is fifteen thousand dollars (\$15,000.00).

Mr. Rapozo: How much?

Ms. Tamura: Fifteen thousand dollars (\$15,000.00).

Mr. Rapozo: For the year?

Ms. Tamura: Yes, for the year.

Mr. Rapozo: We have had that for?

Ms. Tamura: Every year we get it. The past two (2) years.

Mr. Rapozo: No, I mean how long...

Ms. Tamura: I know for sure for the past two (2) years. I came on last year, but Paula was doing the tracking. She was on the website last year when I came on. We have it this year. I want to say for the previous year that, that is probably when the lobbyists introduced that to the County.

Mr. Rapozo: Okay. The rights are not owned by the lobbyists?

Ms. Tamura: No.

Mr. Rapozo: How different is that system from the Capitol's system?

Ms. Tamura: I guess the difference is that we can track the entire County on there, so they are separated by Departments. You will have Planning, Public Works, and Water. We can see what each Department is tracking, specific to that Department.

Mr. Rapozo: You mean in the County?

Ms. Tamura: Yes, in the County.

Mr. Rapozo: Our County?

Ms. Tamura: Yes, our County.

Mr. Rapozo: All of the Department Heads have access to this?

Ms. Tamura: All of the Department Heads have access to their portion of it. I think Paula, Cindy, and I have access to all Departments. If anyone has questions, need help submitting testimony, or questions on bills; they can contact me, Paula, or Cindy.

Mr. Rapozo: Are we on that system as well?

Ms. Tamura: Yes.

Mr. Rapozo: Who, Ashley?

Chair Furfaro: We have two (2) people that are trained. Aida and Ashley.

Mr. Rapozo: Ashley, you are familiar with that system?

ASHLEY BUNDA, Legislative Analyst: Yes, but I do not have access to all of the Departments.

Chair Furfaro: That is the problem.

Mr. Rapozo: Ashley is our—this is my opportunity to thank Ashley for her work.

Ms. Tamura: Right.

Mr. Rapozo: She does Statewide tracking for Hawai'i State Associations of Counties (HSAC) and for our County as well. She does a tremendous job. She utilizes the Capitol website.

Ms. Tamura: Yes. I will go back and forth on (inaudible).

Mr. Rapozo: I am not saying she needs access. I am just trying to figure out is that something we need, or can we get that accomplished with the Capitol's website?

Ms. Tamura: Since this is my first year, I have been taking notes of how we could possibly improve the web tracking. I am going to talk to Harry because he is the one who does the training for us. There are probably certain features on there that could be improved and whether it is available or not. Hopefully the cost will not go up on that, though. Little things like having subaccounts for Public Works, like the Solid Waste Division or Wastewater because if it is under Public Works, they get everything that goes to Public Works. That is not specific to their Division under Public Works. There are different features that I think could benefit...

Mr. Rapozo: Is there more costs to have more users on the system?

Ms. Tamura: No.

Mr. Rapozo: Unlimited?

Ms. Tamura: Yes. As far as we know, every Department or agency has an assigned account and they can add clients. You will have an Admin access where you can upload anything and make changes as the Admin. That Admin user can add clients to it where they can look at the bills they are tracking, but they cannot make any changes to it.

Mr. Rapozo: Okay. We could get access through Ashley?

Ms. Tamura: Yes.

Mr. Rapozo: Okay. I think it is important. I do not think anybody should be restricted from that. It is like "the more the merrier."

Ms. Tamura: Right. I agree.

Mr. Rapozo: Somebody in Parks may want to track a public safety bill, or a...

Ms. Tamura: Yes, I agree.

Mr. Rapozo: I think it does matter. As far as the lobbyists, Gary, I think I agree with you that it is a philosophical debate that you could have. I do value the function of a lobbyist. I do not value the function of the lobbyists that we just got at sixty thousand dollars (\$60,000.00). I think based on what we saw yesterday—and I am not sure where that miscommunication was? I am not sure if they were given the direction. I am not sure if they were...because I expect a lobbyist to be what you said that when something pops-up, they need to let us know. Even if there is a remote chance there is some impact to the County. We have to remember, we get four (4) lobbyists at the Capitol every day; a Senator and three (3) Representatives. We have to reestablish that communication as well. They should be calling us. They are free. Well, they are paid by taxpayers but free to the County. I think we need to utilize them a lot more. They are our premier lobbyists, but I definitely see the value of a lobbyist. I do not know if—Gary, you may know this, but if there is an opportunity to get a lobbyist on a per hour basis? I am not sure if they are able. I am not sure if they take on those kinds of cases. For sixty thousand dollars (\$60,000.00), let us say a lobbyist about one hundred fifty dollars (\$150.00) an hour or one hundred dollars (\$100.00) per hour; we would have a lot of opportunities to call up

the lobbyists and say, "Hey, do me a favor. Run to the Capitol and find out what is going on with this bill." Then they can just send you a bill for three hundred dollars (\$300.00). I think that goes a lot longer than paying out sixty thousand dollars (\$60,000.00) and then getting a report that is pulled off of the Capitol website.

Mr. Heu: Yes, I think that would be definitely something to look into. You pay maybe a retainer fee on a usage basis.

Mr. Rapozo: We know what we need to lobbyists for.

Mr. Heu: Yes.

Mr. Rapozo: We are our best lobbyists, but when we need that extra...as Mr. Pacopac...whether people that like that term or not, the backroom discussions are vital in Government. They need to go and explain to certain Legislatures. We are blessed because three (3) of our Legislators have County Council experience, and many other Representatives do not. Sometimes, they need to be reminded that, "Listen, this is why it is important to the County. You been in the Government all-State, and you have not had that opportunity to work at the County level." That lobbyist is key in those situations. I would not say that the lobbyists are not necessary, but I agree that it is something that we have to keep some form of. I would just ask that we take a look at that option as well. Thank you, Mr. Chair.

Chair Furfaro: Councilwoman Yukimura, you have the floor and then Mr. Kagawa.

Ms. Yukimura: Thank you. I was noticing in your mission and goals that there are no real goals for the Boards and Commissions section, and I was wondering whether you might consider a couple of these like, increasing the number of women serving on Boards and Commissions.

Ms. Tamura: Yes, we have been looking into that.

Ms. Yukimura: I do not know how you could—and then you may have specific ideas about how to turn it into a goal or an objective. Even just having at least one (1) woman on every commission, which is a pretty low goal but I guess there are some like the Police Commission that at this point do not have some female representation.

Ms. Tamura: We are addressing that. Thank you.

Ms. Yukimura: Perhaps women watching this program now will also think to volunteer for an area that they may be interested in. For several of the commissions, one of their main jobs is to evaluate and oversee the Department Head. That is under their—or basically their appointee, like the Planning Commission, Water Board, Human Resources/Personnel, and the Civil Service Board; which is a very, very key function, because the Department Head managers are pivotal in terms of County performance. I was wondering if there might be some thought or maybe you have been thinking about it already, in terms of how to train our boards and how to find best practices for evaluating executive leadership?

Ms. Tamura: We had a training scheduled this year for that effective training for the Department Head of appointing commissions. Although, I want to

say that Department of Personnel Services (DPS) or the Human Resources Department (HR) had their own evaluation that they are looking into and considering. That went over the DPS and HR to Tom there. It is up to him for approval. Once that gets approved, then we are going to look into doing training for all Boards and Commissions.

Ms. Yukimura: DPS is creating a best practice format for evaluating?

Ms. Tamura: It is the evaluation and how they came about it. The Civil Service Commission proposed that to DPS.

Ms. Yukimura: We as the appointee of the Auditor and the Clerk; we are going to be getting that too?

Ms. Tamura: I do not know.

Mr. Heu: Yes, I think that is the intent. Again, it was an initiative that came out of the Civil Service Commission in terms of taking a look at our outdated evaluation tool and see if we could upgrade it. I think they looked into best practices relative to the tool, itself. They have spent quite a bit of time and effort on it. As Teresa said, it is with the Department of Personnel Services for review right now. Once that is "approved" then the intent would be to roll that out to all of our Departments, both Commission appointed Departments and Department Heads of Departments, as well as the the Administrator of Departments and the County Council.

Ms. Yukimura: Right. I know there is this separation of powers, but to the extent that we would like to use the same system, or at least have some training in it. Of course then it becomes Council's discretion to use or not to use whereas with your Department Heads, you can say that this is the Administration format. To the extent that we can share information and process, it seems that it would useful. My experience on this body is that this body can always use more training in this executive search and executive evaluation. Our Chair is very experienced, but a lot of the Councilmembers have not had that much experience, and yet we select two (2) key Department Heads in the County.

Chair Furfaro: I do want to say that I believe the Department of Human Resources has sent something over to us, previously.

Ms. Yukimura: Okay.

Chair Furfaro: That was on the follow-up of...I went and made a presentation to the Civil Service Commission. That evolved into an item that they sent to DPS, and maybe a year ago they sent something over to us. I need to dig it out, but I just wanted to (inaudible) my memory.

Ms. Yukimura: Okay. Anyway, I am glad that there is some process going on and possibly putting it also or articulating it as an objective so that it is there as a focus would be good. Lastly, you have improved greatly with the time of submitting nominees to the Council. I have a lot of history on this so compared to the past, there has been a great improvement. Maybe you have set goals on that, and are meeting them like within thirty (30) days or sixty (60) days of a projected vacancy.

Ms. Tamura: Yes, we have. I know in the last goals that I did look at, we wanted all vacancies filled by March 31st. We still have five (5) vacancies.

Ms. Yukimura: I know it is not an easy thing, but that is your goal, so you have holdovers for three (3) months?

Ms. Tamura: Yes.

Ms. Yukimura: You could also start earlier, right?

Ms. Tamura: Yes.

Ms. Yukimura: So that you could actually have them take over by January 1st. Okay. That would be helpful to articulate a goal there too. Lastly, you do have orientation and training for new board members, right?

Ms. Tamura: Yes.

Ms. Yukimura: I have seen word about Parliamentary Procedure classes which is very good. What other kind of training do you do?

Ms. Tamura: We have Effective Meeting Management in February. The orientation is in March. We have Parliamentary Procedures in April. We have two (2) sessions for Sunshine Law. The previous year...I guess the *Responde Sil Vous Plait* (RSVP) or the attendance level was not too large so they condensed it into one (1) class or one (1) training last year. I want to say they have it on their website, Office of Information Practices (OIP) website, so we might think about having the board members complete the test. You can do a test on there now and print out a certificate if you pass the test on the OIP's website.

Ms. Yukimura: Yes, because some people may not need the training, and may already have a lot of background.

Ms. Tamura: Yes.

Ms. Yukimura: Is it a requirement that board members be trained in these areas by a certain date or is it based on the discretion of the board member?

Ms. Tamura: Based on the discretion.

Ms. Yukimura: Maybe all you have to do is just publish who has been trained and who has not. Thank you.

Chair Furfaro: I am going to have to intercede here before I give Mr. Kagawa the floor. We need a tape change. When we come back, Mr. Kagawa, you will have the floor.

There being no objections, the meeting was recessed at 2:28 p.m.

The meeting reconvened at 2:32 p.m., and proceeded as follows:

Chair Furfaro: We are back from the tape change. Mr. Kagawa, you have the floor, and then Mr. Hooser.

Mr. Kagawa: Thank you, Mr. Chair. I too, have a question on the lobbyists. Yesterday, I think I was the only one defending our lobbyists because my main priority this year is "how are we going to get through this Budget?" I know that the TAT is something that will have to be fought for again. I have let Mr. Pacopac and Mr. Matsuura know that their main job is to fight for that and make sure that we get the full amount, not any less. They seemed to have assured me they would fight hard. I was just wondering if we have a continuing list of priorities that we have given to them, and what is their record? I heard during lunch from another member that their track record last year besides getting the TAT back, which is huge—getting the TAT back in full and paying them sixty thousand dollars (\$60,000.00); that to me is a good deal. If they just have that alone, anything else would be a bonus in these economic times. I was wondering this year if they have accomplished anything big on our priority list or anything on our priority list thus far in this session. If you need time, you can answer it later.

Mr. Heu: We have a contract, and I am not sure if you folks have all seen the contract and the Scope of Work. There are very specific tasks that they are supposed to be performing. Having said that, in the past years, our marching orders besides giving them specific bills to track and help us either get it approved or to kill; are marching orders have been that they are supposed—our main concern is anything that has a fiscal impact on the County. Obviously, there are other Legislative matters that surface that are of importance, but primarily ours is of fiscal concerns. In other words, any type of bill that would somehow reduce current funding from the State to the County is a concern of ours. Any bill that we transfer a responsibility that is currently with the State, but is being proposed to be transferred to the County without the funding to support that is of concern to us. Those are in general, the marching orders. Again, in terms of this year, I think the jury is still out because most of the bills that we are concerned with are still alive and well.

Mr. Kagawa: I guess more or less I was wondering if we had a batting average almost. For example, like twenty (20) on our priority list, and how many did they get? As of last year, I heard they just got the TAT and everything else that we pretty much wanted, they did not get. I know that in these difficult economic times, it is hard to get what we want. I know this year we have one (1) bill where if it does not go the way we want, we may have to pull our lifeguards off the State beaches. I do not know what the verdict is going to be on that one. Again, I guess we need that constant communication because nothing has passed yet, right? My second question is—and I did not really get this answered by our lobbyists yesterday. It deals with protocol. I want to give you an example. Say there is a bill that will limit the County's authority to regulate the agricultural industry. I am okay per say with that bill being heard and letting the Legislature decide on it. Maybe there are other Councilmembers who want that bill to be killed immediately. How does this work? The orders of what the lobbyists should work on comes from you guys, so how does it work where we get the input on what the lobbyists will do for us?

Mr. Heu: That is an interesting question. I think probably the best example of how that is typically dealt with is the Kaua'i County Package. The Kaua'i County Package is a package of bills between the Council and the Administration that we have agreed upon. That is kind of like a safe zone to help us with these bills because it is something that both entities have agreed on. Outside of that, it is basically

looking out for, like I stated, of what the best interest of the County is from a fiscal perspective.

Mr. Kagawa: Say a new bill comes up, like how they always do; they introduce bills daily that are surprises. If we have unanimous support and if the Mayor supports it, then it is okay if we ask our lobbyists to help us, right?

Mr. Heu: That probably goes outside of historically what is done because usually we try to vet that stuff before the session, but like you said, something may pop-up midsession where a bill is gutted and the contents are replaced with something that could be very detrimental to the County. I think in those kinds of cases, we would want to work together and pull in all the resources we could, including that of our lobbyists to try and defeat something like that.

Mr. Kagawa: How would we treat something where we have maybe four (4) members agree, three (3) members disagree, and the Mayor agrees? Is that something we proceed on? If the support is not unanimous, we say, "No, lobbyists..."

Mr. Heu: That is a good question. I do not know if we have on the fly, ran into something like that.

Chair Furfaro: It is majority rules at the Council.

Mr. Heu: I beg your pardon?

Chair Furfaro: It is majority rules at the Council. If we wanted to add something to the package, we need the majority votes. I just want to make sure that we are interpreting this as if we do not have a majority—not just a majority of the entire body, but unanimous...everything does not have to be unanimous that goes over from the Council.

Mr. Carvalho: I think he is asking—are you asking something separate from the package?

Mr. Kagawa: Yes, something from the package. I will just be straight up. I am talking about these new seed/corn types of bills that are coming up. They are not only coming up from Kaua'i. They are coming up from Maui and Moloka'i. Those have split votes, as far as where we are at right now. I just want to make sure that we have a process that allows our lobbyists to proceed given...we have not even thought about it when we have a split vote here and the Mayor with his opinion. I think we should only order our lobbyists to do something if the Mayor supports it because you guys basically handle the lobbyists. I think when we have a Council majority and the Mayor's support that should be strong support. I am just wondering if we have considered that because now each year, we are going to have more of these types of issues.

Mr. Carvalho: I think to be assured that what the responsibility from what I understand is with the Administration as far as working with the lobbyists; however if new bills need to be...we work together in the package. That is one thing. If there is anything new that comes about, be assured that we are going to be over here asking, "What is up with this?" We also welcome you folks coming over as well to see how we can work collectively. I can say that up front. I know that there are a lot of times where

other things just pop-up that could benefit...or we can work together on and support it separate from the package too. That is totally open.

Mr. Kagawa: Thank you. I guess I asked that questions because we had that recent Ag housing structure Bill that passed in last session that just caught everybody by surprise. I think we all need to try and get better with the system that we have. I am totally lost when it comes to the Legislature. I am just trying to get a handle on this job, but hopefully maybe Teresa can get me signed up on the next training. Thank you. *Mahalo*.

Chair Furfaro: Before I recognize Mr. Hooser who is next, if your questions are going to focus on Boards and Commissions, that keeps Nadine out. If your questions are not continuing on Boards and Commissions, then I will bring her back in.

Mr. Hooser: I have one (1) question on Boards and Commissions and one (1) on the lobbyists' issue.

Chair Furfaro: May I ask you to do the Boards and Commissions one first, and then we will bring her back in.

Mr. Hooser: Sure. It was mentioned that the goal of filling the commissioner seats—and I would be remiss if I did not ask about the Planning Commission Environmental seat. Have we been able to find a qualified candidate who is going to be put forth soon?

Ms. Tamura: Yes.

Mr. Heu: Yes.

Mr. Hooser: Okay, that is very good news. Thank you.

Mr. Carvalho: She is.

Mr. Hooser: It is a "she." Okay, that is even better. Chair that was my question. Thank you.

Chair Furfaro: If your next question is about the lobbyists, I just was informed again that the lobbyists are under Boards and Commissions.

Mr. Hooser: Okay.

Chair Furfaro: We will keep her out if you have questions there.

Mr. Hooser: Okay. Even though there are no lobbyists in the Budget, I agree with Councilmember Rapozo that philosophically speaking, there are times when we need somebody on the inside there. I think sixty thousand dollars (\$60,000.00) for what we were getting was not sufficient but moving forward under this contract or the contract that we had, it is my understanding that the lobbyists was obligated in inform the County when bills came up that was relevant or important to the County. I do not know if that means—again, moving forward, is that just to inform the Administration or also to inform the Council. We give them the package so that is an easy list, but it also says clearly that they are supposed to be on their toes watching out for us and inform us when

stuff comes up. I think the issue we have in common, and Councilmember Kagawa referred to it but I will do it more generally, is bills that take away power authority from the County, regardless whether it is seed/corn companies or anything. The bill comes forward that lessens the Mayor's authority and lessens the Council's authority; then I would think we would both be concerned about that. As a rule, oppose those kinds of measures. Is that accurate to say that as a rule, we would oppose measures that attempt to take away the power and authority of the County? Okay. I know on Senate Bill 727, Mayor, you did testify against that, as did I and some other Councilmembers. It was not seed/corn specific but it was very broad and it was very bad. I think those are the kinds of bills that I expect our lobbyists to inform us, not to decide how our approach is going to be but to inform us, and we would then decide whether we want to oppose it, unify it, or separately. Moving forward if we do have a lobbyist, will they be responsible for keeping us informed as well as keeping you informed?

Mr. Heu: We could include that in the Scope of Work.

Mr. Hooser: Right. If we agree on the approach, that is fine. If we do not, at least we are aware of this is the bill that we are paying for. We are paying for the services that we would expect to be kept informed of those kinds of measures also. Thank you very much.

Mr. Heu: I think currently, the way we become informed of things, sometimes the lobbyists will pop something up to us but we—I am not sure if you folks are made aware of by HSAC Staff.

Mr. Hooser: Ashley and Facebook are the two (2) most...

Mr. Heu: Okay, because our side of the house, the Mayor is part of the Hawai'i Conference of Mayors (HCOM), and we have got some good staffers supporting that initiative and a lot of times, that is where some critical heads up come from.

Mr. Hooser: Right. Thank you very much.

Chair Furfaro: Mr. Rapozo has one more question.

Mr. Rapozo: I just want to almost feel responsible for the sixty thousand dollars (\$60,000.00) because I think you remember last year. I think the Budget was twenty-five thousand (\$25,000.00) or something. Councilmember Yukimura started asking these tons of questions of these lobbyists. I remember this and my comment was, "If you guys expect these lobbyists to do all of that work, then we have to pay them." Then we did. The report was about the same as it was last year. I agree with Councilmember Kagawa that they are quite effective, but is there a possibility—because I know HCOM and HSAC often times agree. There are a lot of issues that are the same, and yet there are some that they do not disagree but it does not rise to the level that satisfies all the Mayors or all of the Counties. Is there a way to kind of put together a multi-jurisdictional team prior to the Legislative Session—and it could be with you and Ashley so we could work together with a common focus going in? If in fact we do get a lobbyists, come up with a scope that will satisfy both sides...I think that will be effective because obviously, I would not have a problem if the lobbyists lobbied for an HCOM package item even though it was not on HSAC, and I would expect that same courtesy that if it is not in the HCOM package but if it was on the County package—if it is on the County, you would approve but if it was

an HSAC item that could utilize the services as well. Something that we could mutually agree upon, "What will this lobbyist lobby for?" I am not suggesting we put another sixty thousand dollars (\$60,000.00) in there but I definitely think as we go through the Budget that, that still is a possibility that we could get some funds for some lobbying. Is that something we could do? Thank you.

Mr. Carvalho: You said HSAC is only hooked into the Government website?

Mr. Rapozo: Yes, we use—Ashley explained to me on the break why she chooses to use the Capitol website. It is simply because she is tasked with tracking Bills from individual Councilmembers.

Mr. Carvalho: I see.

Mr. Rapozo: She basically has to set-up different tracking systems but she is our tracker. Thank you.

Mr. Carvalho: Okay.

Chair Furfaro: On that note, I think you folks that know I asked the County Attorney to kind of review that 1993 understanding or the County Attorney's interpretation of this. I am going to ask that when Al is prepared to answer that question, he has a separate discussion with Mr. Hooser, who represents our Economic Development (Sustainability / Agriculture / Food / Energy) & Intergovernmental Relations (EDIGR) Committee. Mr. Rapozo is the President of HSAC. Gentlemen, could I ask you to kind of go through and digest what the County Attorney's opinion is on the management of that contract. I will leave it with the two (2) of you for your comments and feedback. Is that acceptable?

Mr. Carvalho: Yes.

Chair Furfaro: Thank you very much. Are there anymore discussions that will deal with the Boards and Commissions? If not, I will ask Nadine to come back in.

Mr. Carvalho: Could just say something in wrapping up and answering your question regarding the Boards and Commissions team, and the effort to eventually oversee all Commissions. I think Planning was the next one, Historic, Open Space, Water, and all of the different Boards and Commissions coming under the Office of Boards and Commissions. They are working closely with the ones that are not currently under them right now, but eventually the bigger picture is to have them be housed and managed under this particular Office, just for your information.

Chair Furfaro: Sure. I understand your vision, Mayor. I just wanted to point out again that having a Boards and Commissions group was an eight hundred eight thousand dollar (\$808,000) addition to Budget Comparisons. Adding an Audit was a one point two million dollar (\$1,200,000) addition to our Budget and so forth. I always use the term "value" and you obviously see the value. I see the value but we concur with managing the vision to constantly make improvements. JoAnn, have you one (1) more on Boards and Commissions?

Ms. Yukimura: Yes.

Chair Furfaro: Go right ahead.

Ms. Yukimura: Mayor, on your last comment, you are saying that right now Boards and Commissions is not overseeing the Planning Commission?

Mr. Carvalho: Not yet. We are in the transition period.

Ms. Yukimura: I see. You mean in terms of staffing it for the minutes?

Mr. Carvalho: Yes, staffing for the minutes and certain parts of Planning that needs to remain with the existing staff between Paula and Mike. They are working on transitioning with what is going to come over to Boards and Commissions, which includes Open Space and Historic Preservation.

Ms. Yukimura: Okay. You have existing personnel to do that in Boards and Commissions?

Mr. Carvalho: That is the part and we are working on that transition right now.

Ms. Yukimura: I see. It may involve transfer of staff from Planning?

Mr. Carvalho: It does include the transfer, yes.

Ms. Yukimura: Okay. It is a balancing of staff support.

Mr. Carvalho: Yes. "What will come over? What will remain? What will be added? What are the duties, responsibility, and so forth?" The discussion is in progress as we speak. I just wanted to point that out.

Ms. Yukimura: Thank you for pointing that out.

Chair Furfaro: I am going to ask Councilmember Nakamura to come back in. Thank you, Boards and Commissions. I would like to make a note over here, too that from Ashley Bunda to our entire staff, they do a pretty outstanding job tracking things because they are also keeping track of seven (7) council members. Between us, we submitted one hundred one (101) pieces of testimony on various items, so I want to thank them. We are going to continue here and I think we have Teresa here for the next portion.

Mr. Heu: Actually, if we could just so that I do not get confused, I am going step our way through the presentation and go in that order. This will be brief and the Teresa will be up.

Chair Furfaro: I saw your hand JoAnn. I will give you the floor in a minute. Let him finish.

Mr. Heu: The next segment of our presentation was the Capital Improvement Program. As you mentioned this morning, Mr. Keith Suga is here.

Chair Furfaro: He is in the back.

Mr. Heu: We might not bring him up, only because he has a whole day to himself further on in Budget.

Chair Furfaro: Yes, we gave him a whole day.

Mr. Heu: I believe when Keith first came on, we did a meet-and-greet with Councilmembers to explain what his role was, what he was doing, and give people an opportunity to get to know Keith. The one (1) thing that I wanted to point out though, which was very good news to me is that we have been talking for a while now about this Capital Improvement Program management software. We are pleased to report that by the third week of April, we intend to have a contract in place for that to procure that software. It has been a long time coming. There has been a lot of due diligence in terms of finding the right system for the County. I believe that Keith, as well as our Deputy County Engineer Lyle Tabata actually traveled to O'ahu to meet with Kamehameha Schools who employs the same system. Again, we are very excited about that upcoming procurement. You folks will have a lot of additional time to speak to Keith as we work our way through the Capital Improvement Program Budget. If any of you had a specific question that you wanted to ask of Keith, we can bring him up. If not, we will move along to Life's Choices.

Chair Furfaro: No, we will not move along to Life's Choices, no we do not have questions for Keith because we will have him for a full day, but you are not getting off that easy. Councilmember Yukimura has questions for the Administration.

Mr. Heu: Which one?

Ms. Yukimura: Actually, Chair, what I wanted to say is that Council Vice Chair has questions about the Mayor's Office in general. I do too but I would like her to go first.

Chair Furfaro: I knew you did. For some reason I knew you did.
Who wants to have the floor first?

Mr. Rapozo: Ladies first.

Chair Furfaro: Go ahead. Vice Chair Nakamura, you have the floor.

Ms. Nakamura: Thank you very much for your revised mission, goals, and objectives. I think it is a big improvement from your initial submittal and covers more clearly of what you are trying to achieve in a measurable way. I did want to ask you on your second goal of "increasing efficiency in government operations." What I see under II, 1 is "activities." Activities will help in the communications but what do those activities actually achieve? It sounds like that are the ongoing communications but are there any specific efficiencies in government operations that you would like to achieve in the next year?

Mr. Heu: That is a good question.

Ms. Nakamura: The reason why I raise this is because during last year's Budget process, we heard from every Department and there were some pretty common themes that I got out of it. I wanted to just throw that back to you to see if that is something that you feel should be addressed? Some of the themes that came out to me had to do with the hiring process and the length of time it takes every Department to go from conception to having a body in place. In the example of the Transportation Planner, I think took a year and a half to fill that position. Sometimes waiting helps because you get the right person but because we are moving into a new organization and a new director that will be coming on board, I think it is important to have real good baseline data on what is the average time it takes to fill a position so that when we have someone new on board, we can say—if it takes the average six (6) to nine (9) months, in the case of the Transportation Planner a year and a half, what is that we want to get to? What would be the best turnaround time, whether it is two (2) or three (3) months? I am not sure, but I think that should come from the Administration.

Mr. Carvalho: Well as far as I am concerned, as soon as possible, right?

Ms. Nakamura: Right, but what is really realistic?

Mr. Carvalho: I know with the Human Resources now in place and their presentation, they are going to come in with some overall goals and objectivities that will really show "what are some of the targets areas? What are we looking at in training? How are we handling new employees overall?" I think that will be the point—if you are asking us, me personally, I think we have moved. As you can see, a lot of the police positions have moved where we are getting orientations. We are moving in that direction of being more efficient in the timely manner. Realistic would be thirty (30) days maybe? I am not sure.

Ms. Nakamura: I would like to know what our baseline data is for how long it is taking. I think when I asked staff, I got different response from talking to different Directors. What is real is what is— and what is that we want to aspire to? That was one (1) of the areas under "efficiency." Another one is people also—Directors also talked about the lengthy procurement process. Just last week, I think we met with Ian Costa about the priority needs at Po'ipū Beach Park and from the time the Mayor went over there and said, "This is a priority," it is six (6) months later and it is still in procurement. It will not be done until June which is the most recent projection. How do we address that process? What are the stumbling blocks that are making some of these important needs to sort of just not get done sooner?

Mr. Heu: If you are looking for an answer right now, we could either call up Ernie Barreira or just in global terms, I think number one (1), I have seen an improvement in organization and process. In other words, very early on in the Fiscal Year, Ernie will shoot out an E-mail to all Departments in terms of "these are the deadlines for various types of procurements." Everybody has a head's up early on if you have a procurement of "x amount" of dollars for this type of project, then that request has to be into procurement by Department fails to meet those deadlines, then the consequences are that it could be an extended period of time before that procurement is secured.

Ms. Nakamura: I think this is a Parks and Recreation situation where somebody from the Administration says, "This is a priority to get the Po'ipū Beach park..."

Mr. Carvalho: Yes, I said that.

Ms. Nakamura: It is a priority and yet from October to now, there have been many delays from what we were briefed in the whole process. It is the procurement and delivery of that. That is the most well-used beach park by residents and visitors and has really has substandard restrooms. The question is if you see that as an issue because maybe it is not from your perspective.

Mr. Carvalho: No, definitely.

Ms. Nakamura: You do?

Mr. Carvalho: Definitely. I think as we progress through our discussions, you will see some of the progress that has taken place, some of the initiatives and commitments we have made, whether it is new software, going paperless, or all the parts that can help it move more quickly. Of course, there are other issues that happen on a daily basis in the procurement world. When there are areas that need immediate attention because it affects the people who utilize this particular facility, it should be taken care of in a timely manner.

Ms. Nakamura: Right.

Mr. Heu: Councilmember, just one (1) real quick thing because we are talking about that specific instance. I think we would all have to have a good understanding of the specific set of circumstances related to that facility. My recollection of it was although we may want to talk about the procurement process, I think there were some permitting issues that were also part of the delay in that whole process. To be quite honest with you, I do not have a full understanding, sitting right here of what all of those specifics were. I would say there were other circumstances involved, too.

Mr. Carvalho: I think your question was for us; the Administration and the Mayor's Office, "How do we perceive this working?" That was your question.

Chair Furfaro: I wanted to expand on this a little bit. It was very concerning because both Nadine and I met with certain staff members because the issue keeps coming back to the Council with some urgency. After it was explained to us some difficulties with the permitting process and so forth, we were almost assured that things were going to move quickly. I want you to know Mayor, they gave us a date for July that they would have it done before the start of summer. There was a little bit of pointing fingers which was not good.

Mr. Carvalho: That was not good.

Chair Furfaro: There was pointing fingers about procurement and who was doing what, when. That certainly expressed to me of the importance your Department Heads are the ones who need to take care of their own internal customers. Department Head to Department Head is an internal customer. The citizens are our external customers.

Mr. Carvalho: Totally.

Chair Furfaro: I just want to tell you that it did not sit very well with me. Vice Chair Nakamura did extract a commitment for a date. You should look into that, please.

Mr. Carvalho: Yes, we are.

Ms. Nakamura: Under the whole goal of government efficiencies, and this cut across many different Departments as well, was the whole records system for personnel management information, overtime, sick-leave, and not really knowing the retirement benefits. It is something that cuts across all the Departments. I am not sure whether that is going to be in Personnel's strategic plan or whether it is within your purview?

Mr. Heu: Actually, right now, there has been an internal team that has been convened. We have got representatives from different stakeholder groups to make sure that when we go out and procure a system, everybody needs are going to be met. Folks in HR may look at it from one (1) perspective and folks from Finance and Accounting may look at it from a different perspective. That team has been convened and they have been meeting.

Ms. Nakamura: Okay. Thank you. It seem like those are the objectives like reducing the hiring and procurement improvements. Those would be measurable objectives that I do not see in here. You mentioned the motor pool and trying to consolidate. Does that come under Finance or is that a joint, interdepartmental thing?

Mr. Heu: That is a joint discussion that is taking place right now. Most recently, our Finance Director has been in discussion with Glenn Sato, our Sustainability Manager. We do not want to work at cross-purposes or duplicate efforts, but it is obviously of common interest from both the Finance perspective as well as a sustainability perspective. Councilmember, just for clarification purposes, the goals that were set out here were very specific to carrying out the mission for the Mayor's Office, specifically. We did not do the twenty thousand (20,000) foot level type of goal-setting only because some of those goals are already imbedded in the various Departments.

Ms. Nakamura: We could probably expect to see these goals in the Departmental Strategic Plans?

Mr. Heu: There is a good possibility.

Ms. Nakamura: Okay. We will be looking out for that and just to make sure there is a home for it and that it is being addressed.

Mr. Heu: Yes.

Ms. Nakamura: The other thing that you mentioned in here has do with the Endangered Species Probation Compliance that we have met the conditions of probation, and we have been deemed by the court to be in full compliance. I wanted to find out what does this mean and what do we need to plan for moving forward?

Mr. Heu: Let us see. I believe the County Attorney's Office was here not long ago and they provided you folks with a briefing. Did that briefing include the specifics regarding probation? I think you guys went into Executive Session on that.

Ms. Nakamura: Yes. I think they were waiting for some final court decision.

Mr. Heu: Okay. That has now been completed. We are no longer on probation. What that essentially means is that we are currently at-risk. The County is currently at-risk because we have no permit. We do not have a license to "take" and they explained what "takes" are to you folks. As we enter the upcoming fledgling season, if the County does not have a license to take and an approved Habitat Conservation Plan. If a bird was to come down near a County facility and the Fish and Wildlife folks and the Department of Justice folks were able to prove and make the connection between the downed bird and our facility; we could be fined. The Department of Justice could once again come after us. The one (1) thing that may provide the County some coverage at this point in time is the fact that we are still engaged in attempting to work towards a permit. That did not necessarily stop the Department of Justice from taking action against Kaua'i Island Utility Cooperative (KIUC), even though they were actively pursuing a permit. We have been working closely with the State Department of Land and Natural Resources (DLNR) and the Fish and Wildlife service to attempt to move forward and get a permit. It has been an incredibly long and drawn-out process and somewhat expensive. The fact of the matter is that currently there is an applicant's group here on Kaua'i, collectively trying to get a permit. Andrea Suzuki and Jodi Higuchi are two (2) of our Deputy County Attorneys who have led this project for a few years now. Lynn McCrory was part of this group. As we all know Lynn has moved on so now Jodi and Andrea have stepped up, and they are now kind of taking the leadership role for that group. My understanding is that there is going to be a meeting probably within the next couple of weeks that will give us a better fix on where we stand. The bottom line is that currently we are waiting on DLNR and Fish and Wildlife for a draft plan. We still have nothing concrete to hold onto, and part of the great frustration that I have personally being involved in this over many, many years, is that it has been many years and we have been unable to come to an understanding of what the cost of that permit would be for the County. That has always been a concern for me because I said without decision-makers and policymakers such as you and the Mayor, and without knowing what that number is and what the exposure is the County, how can we possibly understand if we are on the right track in seeking this permit? Obviously, the alternative to seeking a permit is that we shut down all of lights and there would be no evening activities. That provides the greatest protection for the County and minimizes the County's risk, but I do not think that is necessarily an acceptable type of decision at this point in time, not understanding the costs. If someone was to come back to this body and to the Mayor and say, "well, in order to obtain that permit it is going to cost the County thirty million dollars (\$30,000,000) a year." We are probably going to say, "You know what, we are going to turn off the lights." But we do not know. We do not know what that number is. When you ask "what are next steps and what can we anticipate?"—that is the next step we have been waiting on for a number of years now. I wish I could say that we are very close, but I do not have a real good sense of that at this point in time. Until we do get to that point to either shut down the lights or pursue the permit, again, I think as a County we are somewhat exposed.

Ms. Nakamura: Is the approval of a Habitat Conservation Plan the next step and then from there you apply for the permit?

Ms. Nakamura: The approval of the plan would lead you to acquiring the permit. I think before we even get to that point that we are saying, "Let us push forward with this Habitat Conservation Plan," personally, I would want to know what the number is. Why go through that whole process if the number is something that collectively we cannot tolerate?

Ms. Nakamura: Who determines that number?

Mr. Heu: That would be Fish and Wildlife and DLNR.

Ms. Nakamura: And DLNR?

Mr. Heu: Yes.

Ms. Nakamura: Have we had conversations with them about what that number might be?

Mr. Heu: Yes, we had exhaustive discussions over the years and the number has been all over the place. We cannot get a good fix on it. It is a frustration that I have discussed with our consultants over the years. We have had this discussion with Fish and Wildlife folks, as well as DLNR folks. It has been year after year of the ground shifting on us. Hopefully, we will get closer this time around, but I could not give you an exact date as to when we could anticipate that and I certainly could not even take a shot at giving you a number in terms of what the cost would be to the County on an annual basis.

Chair Furfaro: Are you finished?

Ms. Nakamura: I am not finished but I think Councilmember Rapozo has a follow-up question.

Mr. Rapozo: Thank you, Mr. Chair. Years ago the Council funded the Habitat Conservation Plan. That was years ago, and I believe we put in two hundred fifty thousand dollars (\$250,000). What is the status of that?

Mr. Heu: I do not know if you folks recall, but through the years—initially we were going to push forward with our own plan, and then DLNR came to us and I think they were in front of the Council at one (1) point in time, advocating for a permit that would be sought by this collective group of applicants. At first we were not that open to that suggestion because we thought it is possibly just so much easier for us to...

Mr. Rapozo: I remember that discussion. It was you up here and we had three (3) options. Option A was the big one collective with everyone. Option B was the County alone. Option C was "do nothing." I voted for Option A but majority passed Option B, which we wanted to do it on our own. We did it on our own. Now, years later, where are we on the Habitat Conservation Plan? Have we even started on that plan?

Mr. Heu: As far as the collective one?

Mr. Rapozo: No, whatever. I guess I am confused now because I thought that process for the HCP or the Habitat Conservation Plan was in motion. I just thought that was the case and it was taking a long time. I guess my question

is, "Have we even started? Have we applied? Have we hired anybody to help us with the plan?" I know we put in that quarter million bucks years ago.

Mr. Heu: We had a consultant. A lot of the expense involved in developing a plan is just a lot of data collection. They were assisting and going through that process. I would say we were probably a good sixty-five percent (65%) and seventy percent (70%) into the process. We had not gotten to an actual application yet. At that point in time throughout that period, we were being constantly encouraged by DLNR to participate in this larger effort. It was pitched to us that it would be probably an easier process because it is something that Fish and Wildlife, as well as DLNR endorsed.

Mr. Rapozo: We would have had access to technical support and access to possible Federal funding. That is how it was presented.

Mr. Heu: That was all part of it.

Mr. Rapozo: Right.

Mr. Heu: Finally, KIUC signed up as did the County. We said, "Okay, if this gives us a better opportunity at securing a permit in a timelier manner, which is not a bad thing." Especially at that point in time we were going on probation. I guess I am trying to be diplomatic about this.

Mr. Rapozo: The real simple question is, are we in the process of getting a permit? Really, if we are, what are we doing? What I am hearing today is that there will be no lights. It is real simple. We are not going to get a permit before the fledgling season. There is no way.

Mr. Heu: No.

Mr. Rapozo: I think it is safe to say to all the public watching that we will not have lights again. Obviously, we are not going to have. I think the misconception—and I apologize because I was not here for the meeting or the briefing; was that once we get past the probation, we would be able to resume normal operations and that is just not true.

Mr. Heu: Yes, I think that was a misperception. As we have been going out to do our community meetings, this has been part of the presentation to the communities that we have gone to is that we had a segment done on endangered species of birds, in part because we need to help with an educational program that helps the public understand that just because we are on probation does not wind things back and mean that all of a sudden we are going to have all night games again.

Mr. Rapozo: Right. I guess how far are we away from getting a takings permit so we can resume the night activities?

Mr. Heu: I wish I knew the answer to that question. I do not because if you told me five (5) years ago we would be sitting here and still without a permit, I probably would not believe that.

Mr. Rapozo: Where are we in the stage?

Mr. Heu: We are in the stage that we are waiting on a draft plan.

Mr. Rapozo: From the consultant?

Mr. Heu: From DLNR.

Mr. Rapozo: How long have we been waiting?

Mr. Heu: We have gone through iterations. This was as far back as a year ago.

Mr. Rapozo: What we will do Mr. Chair—because I do not think it is appropriate for the Budget discussion. There is no budget item in here in this year's budget for HCP.

Mr. Heu: There are some lighting retrofits.

Mr. Rapozo: I think the bigger issue is the permit. Even if we do all of the retrofits, we still have to shut them off.

Mr. Heu: Yes.

Chair Furfaro: We are already entitled to from our discussion for another session with the Attorney's Office.

Mr. Heu: There is going to be a follow-up discussion?

Chair Furfaro: Yes.

Mr. Heu: Okay.

Mr. Rapozo: I want to hear from DLNR as well. That is who I want to hear from.

Chair Furfaro: We will broaden that as well.

Mr. Rapozo: If they are holding it up...

Ms. Nakamura: And United States Fish and Wildlife.

Mr. Rapozo: Whoever is the one saying that we cannot or what is the hold up? My memory says that we put the money in, we were supposed to get a plan, and we have not. That has to be about eight (8) years.

Chair Furfaro: I just want to caution us because you used the term "miscommunication." I do not want to go into any breach of Executive Session but I interpreted it as we were on our way. Let us leave it at that and include some of these others for a new posting. Acceptable, Mr. Rapozo?

Mr. Rapozo: Yes. Really, I want to have a public posting because I want the public to understand where we are at. The legal issues can be done in

Executive Session, but as far as the process and where we are at in the process, that should be done in open.

Chair Furfaro: Al, I want to remind you. We went into Executive Session because there was some possibility of concerns we might be breaching some conclusion to this. I thought we were entitled to a conclusion. I will sort through that and we will maybe set up two (2) sessions.

Mr. Rapozo: I believe that the Executive Session occurred at a time prior to the final court determination, correct?

Chair Furfaro: Yes, but we were supposed to get a follow-up after the court's determination which has happened so we need to have both.

Mr. Rapozo: We are off probation at this time and now I believe we can have open discussion in terms of where do we go from here?

Chair Furfaro: Your concerns are understood.

Mr. Heu: What I might suggest is that we coordinate that with the County Attorney's Office.

Chair Furfaro: I think I just said that, Gary.

Mr. Heu: No, in terms of the timing because I mentioned an upcoming meeting so the briefing for the Council would probably be best if it was after that upcoming meeting.

Chair Furfaro: I think that is what we are waiting for, which is to hear from them on the date that we have come to a final understanding. We will close this discussion now by saying we will post for two (2) briefings.

Ms. Nakamura: Another item on your page 8, at the very top, "the Kekaha Host Community Benefits." There is discussion about a second round of soliciting proposals and I was just wondering, what is the balance of grants in the grant account?

Mr. Heu: We are going to ask Beth Tokioka to come up and address that.

Ms. Tokioka: *Aloha*, Beth Tokioka, again. The short answer to that is the balance that they have available to grant at the present time is one hundred fifty-seven thousand two hundred ninety dollars and eighty-two cents (\$157,290.82). They have one hundred twenty thousand dollars (\$120,000) in grants that have already been approved by the Mayor and dispersed. They have a pending recommendation of seven hundred eighty thousand dollars (\$780,000) for the photovoltaic project, which has been recommended by the Citizen Advisory Committee (CAC) and Mayor's approval is pending more details on the plan and the rollout of that program. They have basically one hundred fifty-seven thousand dollars (\$157,000) right now that they could grant out.

Ms. Nakamura: Okay. For the consulting firm Smith, Dawson and Andrews, what was the contract amount? One (1) of their deliverables are something

that they did was to draft a successful grant application. I was just wondering what grant was that?

Mr. Heu: I think it identifies it there. It was the Technical Assistance Grant for the Housing Department via Housing and Urban Development (HUD).

Ms. Nakamura: Okay. I see.

Mr. Heu: I believe that the current funding was fifty thousand dollars (\$50,000), if I am not mistaken.

Ms. Nakamura: Do you feel that have you gotten good value out of this contract?

Mr. Heu: Absolutely. The main purpose of retaining this consultant firm was knowing that earmarks had gone away and we were going to have to place a lot more focus on grants. We needed to better understand the lay of the land and get perhaps a little more technical assistance in term of us writing more successfully for grants. What we found as far as the services that SDA provides is that one (1) of the first things that they told us is when we apply for a grant, a lot of times we will not be successful on the first go around for any number of reasons. What they helped us to do is once we were notified that we have been unsuccessful, they immediately go back to the agency that the grant was applied for with, and we ask for an agency review. They will walk into this agency, be around a conference table with them, conference call us in, and we will step through the application with the agency. We found that to be a very, very valuable tool in terms of maybe improving our opportunities for success. That was one (1) of the things that we had never, ever done and in fact, one (1) of the first things that we raised to them was—I am not sure if you folks remember, but a couple of years ago we applied for a sustainability grant. We had Marie Williams and a bunch of folks working on that and working really hard, but ultimately we were not successful. We asked if we could have a review of that particular grant. Unfortunately, I guess these agencies have a set period of time in which they will discuss those applications with you. We fell on the outside of that but we feel very strongly that having that type of tool available to us will help us to become more successful in the future. Most recently, we had a safer grant that we had applied for the Fire Department and once we received notification we were not successful in that application, I would say that we were in a Teleconference Agency Review with them probably within a week after notification. In fact, I have a report from them. I think we received it in January sometime of the activities that they were involved in with the County maybe for the first six (6) months of the contract. I can forward that onto Council so if members are interested in seeing the type of services and values that we are receiving that Washington, D.C. consulted.

Ms. Nakamura: Thank you very much.

Chair Furfaro: Before we go any further, I have a couple of housekeeping notes. It is our intention to end these Budget sessions at 4:30 p.m. If we have a need for Call-Backs, we have several open dates. I just want to make that announcement. I do not want to exhaust our entire staff by going beyond 4:30 p.m. every day so our sessions end at 4:30 p.m. Number two (2), I neglected to inform you folks that Mr. Bynum had made contact with me after lunch. He was a bit under the weather so he has been excused for the second part today. Those are just the housekeeping announcements.

Ms. Yukimura: One (1) quick one is on your goal number 2, "facilitate regular internal stakeholder meetings." You may have mentioned who that is but I was not clear.

Mr. Heu: It is the weekly Department Head meetings and then the monthly administrative/professional meetings.

Ms. Yukimura: Okay. That is the generic category?

Chair Furfaro: I used the same terminology, JoAnn, when I was talking about the procurement issues internally, as your internal customers.

Ms. Yukimura: Right, as your internal customers. Thank you. On the Smith, Dawson, Andrews; that is our D.C. lobbyist's category or are you calling it a D.C. consultant?

Mr. Heu: We call them our consultants.

Ms. Yukimura: Is that in this coming agenda? The Budget?

Mr. Heu: It is not.

Ms. Yukimura: Okay, but it was a fifty thousand dollar (\$50,000) contract for this present year?

Mr. Heu: Present year.

Ms. Yukimura: It appears very interesting. You will not be doing any work into the future and did you cut this out because of the Budget limitations?

Mr. Heu: That is a good question. Actually, I am glad that you asked that question because although it is not reflected as a request in the Budget Fiscal Year 14, we are currently riding off of a contract that was executed at the end of last Fiscal Year. We are not actually using current fiscal year moneys for the contract that is in place right now.

Ms. Yukimura: I see.

Mr. Heu: In other words, it was an encumbrance. Actually with the current Fiscal Year dollars, we intend to procure services for the upcoming year, and hopefully things will shift and there will be funding for it in the subsequent Fiscal Year 15 Budget.

Ms. Yukimura: Okay. That sounds good. Do they ever come to the island or is this all consultation by phone?

Mr. Heu: Actually they were here in October for a very brief period of time, and we kept them busy from the moment they landed until the moment they left—I should not say "they" because there was on (1) individual who came down. She was doing an assessment with each Department to understand the needs and to be able to explore the possibilities for grant opportunities. Those meetings started very early in the

morning and went into the evening. Out of that came the report which was one (1) of the things that came out of the report—the report was one (1) of the things that came out of that visit.

Ms. Yukimura: Is there a chance that the Council could have some time with this person?

Mr. Heu: Yes. In fact, part of the contract is for them to make another visit. We do not anticipate that visit to be one of those wall-to-wall meeting type of things, and if we can coordinate that and have them here on a Wednesday then there would be an opportunity to come before Council and provide an on the floor report to you.

Ms. Yukimura: As you know, the money for the Multi-Modal Land Transportation plan came from this Council from a Council request. We have lobbied National Association of Counties (NACo) and Intergovernmental Relations, plus our relationships with the Congressional Delegation. That could also work into some of these monetary requests and our common County goals. Thank you. I noticed in your goals you do not have any sustainability goals articulated?

Mr. Heu: Again, these goals were not global in nature.

Ms. Yukimura: Were you going to discuss the sustainability goals in Economic Development? Is what that when it is going to come up?

Mr. Heu: Yes, and you will see there is also a segment in our presentation that involves sustainability. It time is permitting and if it is the desire of the Council, we can bring Glenn Sato up. Majority of the presentation will be part of the Office of Economic Development.

Ms. Yukimura: Okay. I can actually see in your goals. I like your basic breakdown because this is far clearer than we got last year or the year before, or the year before. I just on my own added a section of Boards and Commissions goals. It seems like another category, which is very much appropriate for the Mayor's Office is to move forward on initiatives that will prepare the County to meet the future, or maybe it is just to move forward on initiatives. Under that you have sustainability, the adolescent drug treatment, and a few others. I am just sharing with you that that is how it is coming across to me when you put you begin to categorize your goals. As to sustainability, if that is coming up in Economic Development, I will wait until then. I believe that was it. Thank you.

Chair Furfaro: Mr. Kagawa, then Mr. Hooser.

Mr. Kagawa, Thank you, Mr. Chair. I just have a couple of questions. I want to make sure we get to Glenn and Teresa before 4:30 p.m. You talked earlier in your presentation about protocol and how you wanted communications going through, and I was just wondering if there is some flexibility to that. Recently it was a Thursday and Waimea High School's baseball coach gave me a call and said, "We have a game on Saturday and I guess in talking to the stadium manager at Hanapēpē, he said that the scoreboard was not working." If I send a communication over through you on Thursday, you probably get it in your box maybe next week. I am just wondering if at that point, if there is flexibility for myself because I was hoping that I did not break the rule that you

want. I called Lenny and he got someone out there quickly and it was fixed. Is that kind of request okay?

Mr. Heu: Again, that is why I said the protocol is a challenge to manage because you do have situations like that, even the day you called me up with for the permitting or...it had to do with the Genetically Modified Organisms (GMO) issue. To me, that is part of our job, to take on those unanticipated, urgent kind of things. The bottom line is just like you did that day, you can give me a call and swoop into action and make that happen.

Mr. Kagawa: On that one, it kind of felt like the protocol was met because basically, I was informed that when we have requests, we have to make sure we go through you or the Mayor.

Mr. Heu: Yes.

Mr. Kagawa: I felt like that one was okay. On that other one, I simply called Lenny and I was hoping that I was not violating any big rule. Even if I am a member of the public, before I was elected I would call whatever Department and say, "Oh, this bathroom is broken." We have some flexibility.

Mr. Heu: I defer to the Chair also. For us, I think we need to be flexible. Understanding why the protocol was put in place, imagining a Department Head getting pulled in seven (7) different directions because he was receiving calls and requests from everybody. That was just a way to try to kind of give it more structure in terms of how these conversations take place.

Mr. Kagawa: Understood. I just wanted to clarify. I did not want to interrupt Councilmembers Rapozo and Nakamura. It is my recollection, and my recollection is not always one hundred percent (100%) accurate, but after we had the meeting on the shearwaters that after the agreement was met or complete, we would meet back in my Committee with an update. Even prior to that, I talked to Thomas Kaiakapu at DLNR and he expressed his willingness to participate. We could call Thomas and have everyone there so we can discuss—my goal personally, and I know there is nobody that wants the night games to happen more than our Mayor. He is one (1) of the most famous players to come out of Kaua'i, if not the most. It is those night games that really attract our youngsters to work hard and try to be something special like Jordan Dizon, and I think the Mayor helped paved that way. To me, if we could have a goal by—maybe not this upcoming football season but the following season, maybe in 2014. Let us have that as a goal where we can have our night games back like we have had for the past sixty (60) years or whatever.

Mr. Heu: Councilmember, just so that I am clear, when you say "full night games," are you anticipating games that go to 8:00 p.m. or 9:00 p.m.?

Mr. Kagawa: Well, like we used to. We had all of our night games played in the KIF season. I think if we work on that and get that management plan down, we can at least get whatever they will agree to, I guess. I just wanted to give it that full effort because I think I do not want to be the only island that does not have night games for our youth. I know the Mayor feels the same.

Mr. Heu: Just as a matter of full disclosure, I am not saying that cannot happen but it is a matter of how much is the County is willing to pay for those full night games. For the last couple of years, we have been calling night games that start at 4:30 p.m. and end right when the sun is going down by 6:30 p.m. or 7:00 p.m. If you are talking about going back to a time that the games were played totally in the evening, then that can probably be done, but then the cost to the County will increase accordingly because the exposure is greater in terms of us actually taking birds.

Mr. Kagawa: Just for me, and I have never seen a full stadium on these afternoon type of games. Look at last alumni game, where we had people who were reliving their past playing and we had a full stadium of six thousand (6,000) people. I know that the people do show up for KIF football. We do not have much night events and they really stepped up for the KIF games. I think as long as we are trying our hardest to do what we can, I think it is all we can do, really. With that, I am good. Thank you, Mr. Chair.

Chair Furfaro: Before I recognize Mr. Hooser, it might be better for us to use the last forty-five (45) minutes of the day to have your Anti-Drug Coordinator Department reviewed. Glenn can always come back during the Economic Development Review. I just wanted to point that out.

Mr. Hooser: My question will be kind of specific, maybe not short, but since we are here to talk about the Budget and our objective—the Mayor's Office has given us our Budget and we now need to evaluate that Budget and pass a Budget. If our goal is to pass such a Budget and minimize increases if you would, and maintain services, then there are different ways we could do that. We could just stamp your Budget and send it back. In my mind, that would not accomplish what we are supposed to do. We can go through, pick things, cut things, increase things, and fiddle with the tax rates and all of that kind of stuff. Would it be possible for—and this would go to every Department, actually—for you to suggest an additional five percent (5%) cuts to your *kuleana*, rather than have myself or the Council go through...if our objective was to cut further, no one knows better than how to do than that the Administrator in charge of that? Would it be possible for you to suggest an additional five percent (5%) as guidance for the Council?

Mr. Heu: You are talking specifically for the Mayor's Office?

Mr. Hooser: Yes. In round numbers, it is my understanding it is about ten percent (10%) that we have to come up with; fourteen million dollars (\$14,000,000) off one hundred fifty-eight million dollars (\$158,000,000) Budget, right?

Mr. Heu: You are talking about in terms of offsetting the proposed revenue increases?

Mr. Hooser: Yes.

Mr. Hooser: If we would look toward half of that as additional savings through cost-cutting measures, in round numbers that is about five percent (5%). I would think the most efficient way to accomplish that would be to ask the various Departments for their suggestions, rather than have us try to second guess what is needed and what is not.

Mr. Heu: If that is what the Council collectively decided, that would be something that we could contemplate. If you are asking me today, I could not tell you if there is an additional five percent (5%) reduction we could take out of Mayor's Office. We have people putting together our Budget but when we got down to the final 2012+10 exercise, it helped to facilitate that discussion. For the Mayor's Office, it was pretty painful. Like I said earlier today, if we cut something too short, we do not have that flexibility given the system that governs us to be able to quickly respond to that. It is a good question. I cannot give you an answer today. You can always cut but the question is, "What is going to be the implications of those cuts?" If we say, "These are all things that need to be done, so do we lose a body?" Those are some tough decisions that need to be made. I could not sit here today and say, "Yes, we can go ahead and do the five percent (5%) reduction. I think that we wrestled with getting to the point where we are at now. Like anything else, if we were in the private sector and somebody said to cut an additional five (5), we would cut an additional five (5).

Mr. Hooser: To be clear, I would think it would be used as guidance. I am not suggesting that—we could just require five percent (5%) and do it but in terms of guidance, the Council might be looking for guidance. If the Council collectively asked, then you would be able to provide your preference. I know it is painful and it is also painful on this side of the table also. That is an option, if we asked for it and you with look at it.

Mr. Carvalho: I think we have tried our best to really work internally in looking at all areas and trying to come up with a formula. The additional five percent (5%) that you are suggesting—it is difficult. We are going to look at different areas, maybe even bodies, which we do not want to do. We have laid out everything for you on what we have to go through, but at the end of the day it depends on collectively what you folks suggest or we can work together on. I think with the exercise we have placed on the table and really kind of stressed it to this point where we would not have to impact core services. I think that was the bigger part; services and staffing, which is needed to continue. I know.

Mr. Hooser: The point is would you rather us look into the various Departments if we were going to be cutting or would you rather offer up what you think would be the priorities? I guess that is the fundamental question. We can leave it at that.

Mr. Carvalho: Yes, let us leave it at that.

Mr. Hooser: That is point. It is a lot more efficient, I would believe, if you say, "I do not want to do it, but if you are going to do it this is what I would need; five percent (5%) off this and five percent (5%) off that and spread it around the way you want." Thank you.

Chair Furfaro: I want to get into Life's Choices. Remembering again, each meeting will just be recessing with the Call-Back schedule that we have. On that note, may I say thank you very much for our first day. May I ask Theresa to come up? Theresa and Life's Choices, I want to let you know there is goes to be a point here where I have to leave because I have my quarterly diabetic checkup. I will turn it over to Mr. Rapozo as the Vice Chair of the Committee of the Whole. Mr. Rapozo, remember when we get to 4:30p.m., I would like for staff's purposes, to keep it at that. The call will be to

recess the Committee and we will start again Monday with Public Works for the whole day. Mr. Rapozo, I will give it to you now so that I can slip out as quietly as I can.

Chair Furfaro, the presiding officer, relinquished Chairmanship to Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. Welcome, Theresa. We can start by identifying yourself for our captioner and then start with your overview.

THERESA KOKI, Life's Choices Kaua'i Coordinator: Theresa Koki, for the record, Life's Choices Coordinator.

Mr. Rapozo: You can start with your overview.

Ms. Koki: Our Life's Choices Office as you know was renamed from the anti-drug program to Life's Choices Kaua'i last year in April. Right now, we do have—in 2003 from a Resolution that actually the County Council introduced, our program was formed within the Office of the Mayor. I have to make a statement now on the correction of my body, which is physically upstairs with the Mayor's Office. My immediate supervisor is Gary Heu; however my Budget is still with the Office of Boards and Commissions because I changed mid-year into the Fiscal Year so it is still managed there. Our resource staff upstairs, Cathy, helps me with travel and Cindy does all of my purchases with the grants. My County Budget is still downstairs with the Office of Boards and Commissions. Last year, there was a position approved through the Office of Boards and Commissions to be my clerical assistant with my meeting minutes. The meetings that I manage are four (4) teams and one (1) is the Drug Action Team which consists of all of the Chairs of each of the respective committees, Prevention Enforcement, Treatment and Community Integration. Treatment and Community Integration are two (2) committees, but they meet on the same day at the same time because they really operate cohesively.

One (1) of our top priorities for the Holoholo 2020 for the Mayor's Office is our Adolescent Treatment Center, and right now I am managing consultant contracts for them. Most of you had either a summary or preview of the feasibilities consultant's first phase of their work. They are finalizing phase two (2) and it should be done by the end April in the first week of May. One (1) of our main goals this year is to update our Kaua'i Community Drug Response Plan which expires. I am also looking into researching some software tools to track our coalition and our committee's progress so we can have solid data on our accomplishments, as well as where we fall short. I continue to search for grant opportunities for our teams in prevention, treatment, community integration, and even enforcement. This year, we have been very busy with legislative tracking, as well as with all the marijuana, alcohol, and even prescription drug bills and the ingredients used to make crystal meth.

I think that one (1) of the things that is noted in September, my office of four (4) became an office of one (1) person. Like I said, the Mayor has since then established other people in place to assist me with our finance and our meeting minutes. One (1) of the biggest projects that we have and has been successful and we are continuing to expand is our County Data Bank Collection. We started with the Strategic Prevention Framework, State Incentive Grant where we tracked all of the underage alcohol consumption/arrests, alcohol poisoning in three (3) of our emergency rooms here, and now we are expanding that with suicide statistics, as well as other drug overdoses. In the beginning of this Fiscal Year, I was able to attend a national convention for the first time, which is a Community Anti-Drug Coalition of America in Nashville. That gave me a real big insight on where

prevention is moving towards. Other than that, we do celebrate national events like Drug Recovery Month with a health fair in September and Alcohol Awareness Month in April. We are going to have various events throughout the—we try to strategize with each Department of Education district, so we just worked with Kaua'i High School in "Shattered Dreams." We are going to be working with Waimea and Kapa'a in some town hall meetings for Alcohol Awareness Month. In the next couple of weeks, I am going to be working with Purchasing and a committee on selecting a vendor for the Office of Youth Services Grant for a youth suspension program that I believe was awarded this Fiscal Year. We were able to get—I think it was thirty thousand dollars (\$30,000) for starters for access to recovery for people to access treatment programs, as well as culturally based activities for their recovery process from the Alcohol and Drug Abuse Division. Also secured, was working with the Kaua'i Transportation Department and getting some bus passes for transportation for our people in recovery to get to and from where they need to go. That facilitated the process. We do not manage the grant here. It is directly managed from the Alcohol and Drug Abuse Division to the treatment providers. That stemmed from a million dollar grant that O'ahu got as a pilot program for the first few years. We went it various meetings and got Kaua'i to be the second leg of that grant. Hopefully, we will have better opportunities and more money coming into the County. Do you have any questions?

Mr. Rapozo: I am sure someone has. Councilmember Nakamura.

Ms. Nakamura: Theresa, thank you for the update. I was wondering, when you add up all the grants, current and future; what numbers are we looking at?

Ms. Koki: In the future, I cannot predict what numbers we are looking at right now. I can say that I have about seven (7) grants right now and it is very small. Other than that, we facilitate grants that come here that go directly to the service providers. I am not certain, but I can get you that.

Ms. Nakamura: Yes, maybe if you could do just get a follow-up and summarize in a table format the source, the amount, and what the proposed use of the grants would be.

Ms. Koki: Okay.

Ms. Nakamura: I wanted to ask you about the community drug response plan. I wanted to ask that although it is 2008-2013 plan, have all of the goals been accomplished where you feel there is a need to update the plans?

Ms. Koki: A lot of goals have been accomplished or it is goals that with this Fiscal, we do not think we can accomplish it. That is one (1) of the important pieces I am seeking, which is a survey tool so we can track our successes. It has been really hard to get data from all of the providers. We try to do it in our meetings and it is hard to collect that information, but we believe we wanted to have a facilitator meet with each of these groups—service providers I should refer to them as, to get what we accomplished with each committee in their respective areas as well.

Ms. Nakamura: You think that most of the objectives have been accomplished?

Ms. Koki: I would not say most of them have. We are still working on some.

Ms. Nakamura: Right.

Ms. Koki: It needs to be updated.

Ms. Nakamura: One (1) of the things that the Council approved this Fiscal Year was a one hundred fifty thousand dollar (\$150,000) grant pilot program which we had some discussions with the Hawaiian Community Foundation. They were looking into matching those funds. Has there been any follow-up with actually implementing this pilot program as a way to leverage County funds and as a way to find alternative programs for our youth?

Mr. Heu: Councilmember, in response to your question, as Theresa indicated, she is now a one (1) man shop. I do not believe she has the capacity to take that on at this point in time.

Ms. Nakamura: That was the reason why we looked at Hawaii Community Foundation, recognizing that the County does not have the resources. It really does not make sense to hire a body to do this, so what the Hawai'i Community Foundation would do because they do this on an ongoing basis, is work with an advisory committee that would help to direct the funds and do the paperwork. They do this all the time with State grant programs and tobacco-free funding. They partner, so you do not need to hire bodies to do that work.

Mr. Heu: You envision a process in which the County has—in other words, this would be just be money that would be granted out to Hawai'i Community Foundation?

Ms. Nakamura: You would do a request for proposals. They might be one (1) that could apply. You pay a service fee but they do all the work and they grant it out—it was afterschool and preschool programs.

Mr. Heu: Kind of the bigger picture is that if it was just a matter of handing the money over to somebody, and there is really no management of those funds by the County, I think that is one (1) thing. I think that is why we were initially—I think we all would like to enhance the Life's Choices program. We were in discussions to look at ways that we could actually not only provide additional monetary resources, but also Human Resources to that program. We were engaged in at least two (2) formal discussions with stakeholder groups. I think you were involved in at least one (1) of those meetings, as well as Councilmember Yukimura, when we were kind of looking at big-picture. "Where do we see the program going?" "How can we provide additional resources?" Unfortunately, we got into this situation where realizing the fiscal condition and understanding that as much as we wanted to do it, we were not going to be able to propose a "new position" to help accomplish this work and further enhance the Life's Choices program. I am not saying that we have given up on that because as we have been talking to other Departments, we are seeing that when we go across the street and propose a Budget to Council, we are not going to add any new bodies into the organization.

Ms. Nakamura: I do not think the pilot program was going to add bodies. That was never the intent.

Mr. Heu: Yes, but I am just saying this from my perspective. I still think it would have taken some effort on someone's part to make that happen. I guess what I am saying is that as Theresa's immediate supervisor, I do not think she has the capacity to do that and still try to accomplish all the work that she needs to do in any given day. I can understand the frustration of having budgeted those funds and not seeing it move. On the other hand, we are also looking at it as—given our fiscal situation, when we are looking for opportunities to actually cut back on spending to create a Fund Balance that will help us balance the Budget in a future year. These are the kind of opportunities, and I use that loosely, that we look for. I did not see that we were going to be able to spend that money so that becomes part of the Fund Balance that we move forward to help Budget Fiscal Year 15.

Mr. Rapozo: That money was not used?

Mr. Heu: No.

Mr. Rapozo: Are there any other questions for Life's Choices?

Ms. Yukimura: As a cosponsor of that program, I guess I want to express my disappointment that this really innovative program with some real prevention possibilities has not been implemented. I do appreciate the discussions that the Mayor's Office participated in, and I hope that we can move out of those discussions into a clear direction that is going to be able to move programs like this. I wanted to ask about the data. Do we have similar to what...I think Kaua'i Planning and Action Alliance (KPAA) did in terms of children data when they made their presentation before the Council recently. Do we have a data framework that has identified the indicators that you are looking at and what we are going to measure in terms of program effectiveness and achieving the goals of the Life's Choices Office?

Ms. Koki: I believed I mentioned earlier in researching for software. Councilmember Yukimura, each grant has different indicators. Some are regarding alcohol, age of first use/consumption, and others are regarding suicide data and things like that. Are asking if it is incorporated in the Drug Response Plan?

Ms. Yukimura: No, I am asking if—it sort of relates to Council Vice Chair's question about whether we have achieved the goals of the plan. The plan was in 2008-2013—the one (1) that you are saying that now is time to update it.

Ms. Koki: You are asking about the Kaua'i Community Drug Response Plan? That was my question. We do not have a tracking system to measure our success.

Ms. Yukimura: If you have a plan, you need to know the goals and objectives that are hopefully measurable and you want to know how you are going to measure whether you are achieving your plan. We need to identify the indicators that would give us this data or this feedback, right? I think we had this discussion at our last drug summit last year. In order for us to know how we are going to update the plan, we have to know how much of the existing plan we achieved. If we did not achieve much, what went wrong or what did not work? Then, for the next five (5) years, you will know what your strategy is going to be to get to those goals or maybe you got to those goals and you can

celebrate that and say, "What is the next step?" You sort of need those measurement systems and the question is whether we have such a measurement system.

Ms. Koki: In each section of the Drug Response Plan, there is a measurement tool on the bottom but I do not think was very successful. Before we craft a new drug plan or update it, like I mentioned, we were researching to see if we can track all of that data prior to measure our success. That would be part of the whole proposal before we craft the new drag plan or update and the collection of the data first.

Ms. Yukimura: All Right. Usually, you want to have that sort of data collection system in place in year one (1) of the plan so for years two (2), three (3), and four (4), you get guidance and even change your plans throughout the five (5) years. I was part of that planning process. We did not do that. It is hard to go back because you do not have a baseline from the first year to see where you are now in the fifth year. We need to do that for sure if we are going to do a plan update. My other question is about the Adolescent Drug Treatment Center. You said we are done with Phase 1. I think we were all briefed that there is a need for six (6) or eight (8) beds, I think. The next phase would be to look at programs and what would be the best way to respond to that need. That part of the feasibility study is going to be completed by, you said, either mid April or the end of April?

Ms. Koki: Their contract is until the end of April but there is this thirty (30) day period where if they submitted Phase 1 and they were waiting a couple of weeks for me to review, then we could extend that into May. They are going to be having a community meeting in May before they sum up the final plan.

Ms. Yukimura: When does the Council get to see this?

Ms. Koki: As soon as they are done with the second phase, so probably the end of April.

Ms. Yukimura: Okay. We were holding back on the moneys for Architect and Environmental Impact Statement (EIS) because we did not get a clear idea of the program response to the need. I am assuming those moneys are still intact because we have not really developed what the program is going to be or what form. We are not even clear if it is a facility or not. I hope we are not designing and spending money on something that we do not know that we need yet. Is that the case? If so, how much money is left? I understand that it is encumbered because it has been given to the architects but they were not given a Notice to Proceed and they were told that was not going to happen until the second phase of the plan.

Ms. Koki: We are here in the second phase of the plan, so we did give the Notice to Proceed to both the Architect and the Environmental Assessment Consultant; however, no moneys have been expended yet.

Ms. Yukimura: If they are starting work on it, we are obligated to pay, if we have given them a Notice to Proceed.

Ms. Koki: Yes.

Ms. Yukimura: I am concerned about that because if the program's second phase is not done, we do not know what form our response to the defined need is going to be.

Ms. Koki: First of all, there is a procurement process of when you go through whole procurement process and select consultants that you have to award in a certain period of time. Secondly, these consultants have to get their presentations as well, from the feasibility consultants of where they are right now. In order to meet with these other consultants to even discuss what is going to happen in the future, you have to enter into a contract award with them.

Ms. Yukimura: You are saying that any work on these contracts of the Architect and the EIS Consultant will be for meetings to meet with the feasibility Phase 2 report out right now?

Ms. Koki: Yes. Both contracts, as I did submit them to you when I came to discuss it, shows it is in five (5) different phases, so there are stop and go periods. If the scope of feasibility consultants does not prove that it is affordable or sustainable, then the other two (2) contracts would be canceled.

Ms. Yukimura: Okay.

Ms. Koki: There is verbiage in the contract that I worked with the County Attorney to state that specifically in there.

Ms. Yukimura: I am glad to hear that. I look forward to hearing about Phase 2. I think it was a wise move to get a feasibility consultant. They appear to be very qualified, and I actually trust that the information that they will be giving us will enable us to address Adolescent Drug Treatment needs. Thank you.

Ms. Koki: Thank you.

Mr. Hooser: We did not have a chance to meet yet but I did look at the first phase of the report, which I need the second phase to know because the feasibility study will show whether it is affordable or sustainable.

Ms. Koki: Correct.

Mr. Hooser: The first phase seemed to say that, "Yes, we need one," which I thought had already been decided years ago. What you are saying is that the architect our any work will not proceed until we find out it is feasible, affordable, and sustainable.

Ms. Koki: That is correct.

Mr. Hooser: Okay.

Ms. Koki: Right now, they are researching the service model options, which could be 24/7 treatment/residential, outpatient, or both.

Mr. Hooser: And who is going to pay for that, how is it going to be paid, and whether the funds are available...

Ms. Koki: Yes, and where the money comes from and they are checking with all of these funding sources, as well as people who have provided treatment in the State of Hawai'i and the mainland, and how they have done it successfully.

Mr. Hooser: To see if there a willing provider, if you would, or who is willing and able to do it?

Ms. Koki: The funding source, yes. The provider itself comes later on in another Request for Proposal (RFP) to bid for the center itself.

Mr. Hooser: Once the funding source is identified?

Ms. Koki: Yes. In their scope, sometimes they do find someone who is very interested in doing it but we cannot have those discussions because of procurement laws.

Mr. Hooser: Okay, got it. You had mentioned that you track drug bills at Legislature?

Ms. Koki: Yes.

Mr. Hooser: I know there is an Adult Decriminalization for small amounts and then there is medical marijuana, shifting it from the Department of Public Safety to the Department of Health.

Ms. Koki: Yes.

Mr. Hooser: Does the County have a position? Are you offering testimony on those bills?

Ms. Koki: Yes.

Mr. Hooser: What is your position?

Ms. Koki: On which one?

Mr. Hooser: On both of them. The decriminalization first.

Ms. Koki: Of marijuana?

Mr. Hooser: Yes.

Ms. Koki: We are opposed.

Mr. Hooser: And the medical marijuana shifting from the Department of Public Safety to the Department of Health?

Ms. Koki: I did not provide testimony on that because I did not feel it was up to us to say which the Department of Health and Public Safety should do,

but I do believe that the Department of Health is already overburdened with what they have to do.

Mr. Hooser: You did not provide testimony on that one?

Ms. Koki: I did not.

Mr. Hooser: Okay. With the decriminalization, is that a policy of the community group or the County, or is that the Mayor's position? How is that position worked out?

Ms. Koki: What we do is we discuss it in our committee meetings, and then I do advise the Mayor and then he says after the committees give him some information, he will meet with the other mayors on what their take is through HCOM. The decriminalization of marijuana is believed by the Senate to be appropriate that it is just going to be a one thousand dollar (\$1,000) fine. In our committee discussions, the people that are going to be caught with less than an ounce could probably not afford their one thousand dollar (\$1,000) fine, so they still would not free up the courts which is what they are saying is going to happen. In my discussions with the Police Department, it is really going to tie up the police to arrest the person, bring them to the station, and measure their marijuana and then release them, arrest them, or give them a citation for one thousand dollars (\$1,000). It is just going to start more crime, I believe.

Mr. Hooser: I was just interested to see if you had a position and what the position was. Thank you.

Mr. Rapozo: Thank you. Are there any more questions?
Budget questions?

Ms. Yukimura: Yes.

Mr. Rapozo: Okay.

Ms. Yukimura: Well, it is about the marijuana bill. I just wanted to know what number it is and is there clear prohibition for youth in it?

Mr. Rapozo: Councilmember Yukimura, I just want to make sure because we have to end at 4:30 p.m. and I am interested in that discussion as well. As you know, we posted it yesterday with Mr. Kamita who could not make it.

Ms. Yukimura: Okay.

Mr. Rapozo: We will definitely entertain that because I think it is important, but not so much for the Budget. Are there any more Budget questions for Theresa? I have one (1). Theresa, you said you went from an office of four (4) to office of one (1) and you had three (3) staff members. They were all grant funded, right?

Ms. Koki: Yes.

Mr. Rapozo: I was not because the Council cut your positions, right? Those were grant-funded positions?

Ms. Koki: Correct.

Mr. Rapozo: I just wanted to make sure because we have two
(2) new Council members here.

Ms. Koki: In the very beginning, there was just one (1) general funded position under Mayor Baptiste and he had other resources in grant funds as well for an Outreach Coordinator and a Clerk. Recently, I had a huge grant. I think it took us over three (3) years. In the beginning of the second drug plan, I just came on board. It was already being crafted so that is why I am now looking into the survey measurement tool.

Mr. Rapozo: We appreciate what your office does. Personally, I would like to see more attention on drugs. I know we spent a lot of resources on alcohol, which is good as well but we do have some major—I realize that a lot of the funding that comes down is for underage drinking. I do not know what we can do to help that effort. I am disappointed as well with the funding that was set aside for the early learning or early education piece. I appreciate your response, Gary. I know it is very difficult. Theresa is spread very thin already. I do believe that the discussion was trying to partner up with another agency that could have facilitated the use of those funds so that is something we have to look at as we move forward.

Ms. Koki: I apologize, that what—it is hard to manage grants that are given out and it is not just—the procurement for me to write an RFP whether Hawai'i Community Foundation would apply for the money or not, will take me six (6) months going back and forth. There were a lot of loose ends and I am still trying to tie up with the Strategic Prevention Framework Grant. All of their staff left on September 29th and we are left with the audit and the responses. I have been spending a lot of time in that area as well. Equally as important, we have got a lot of stuff done with that grant that I do want to continue. It does take a lot just to manage the contracts. It is easy to score and give it out, but to write the RFP and later on then have them report responsibly is very hard regarding receipts, audits, and everything that way. That is one (1) of the other things that I wanted to make sure. I am disappointed as well that we were unable to help these people but it takes a lot to just manage—it took me six (6) months just for that approval of the Office of Youth Services Grant, and we still did not give them the contract. Then we have to extend it because it is almost the ending. It is hard.

Mr. Rapozo: We definitely appreciate your work and understand that it is tough being a one (1) woman shop.

Ms. Koki: I wanted to comment on the drugs. I know we did spent a lot on alcohol prevention, but for the age of first use for the boys and girls in Hawai'i; we have the highest on Kaua'i. I think it is equally important because at the same time they are doing alcohol, they are doing drugs.

Mr. Rapozo: I hope you are not getting the wrong message here...

Ms. Koki: No, I wanted to introduce this, that I have been collaborating with the University of Hilo Pharmacology School and they have interns here. I have talked with several doctors regarding the prescription drug epidemic, so we are going to form a group and start doing some publicity on warnings and things because the

medicine cabinet is in people's homes. We are getting together with some realtors who tell people when they have their house up for sale to take away their medications because that is where people are getting it from as well, when there is an open house. We are working diligently on that. Even if it is a party of one (1), I do have a lot of volunteers who are very passionate, to balance the alcohol and the drugs.

Mr. Rapozo: I think having heard what you just said, I think the value of what you are doing out in the community would definitely warrant an update to the Council at a committee meeting, just so you can cover all the basis; not just alcohol and marijuana, but all. I think what you are saying is exactly right. We are seeing so many kids being addicted. You said it best, that it is in the medicine cabinets now. There are grandmas and grandpas who are getting their drugs stolen from their own grandchildren because it is so accessible. The University of Hawai'i at Hilo School of Pharmacy—we just came from a Hawai'i State Association of Counties (HSAC) meeting or presentation that they are hurting as well. They are looking for State funding so we are going to be sending some testimony in support of a State Bill that can get them some funds. The interns are here on island so we can take advantage and utilize them as well.

Ms. Koki: Yes. If I may add, we are also working with the Emergency Room Physicians on what comes into their emergency room

Mr. Carvalho: I just wanted to acknowledge Councilmember Nakamura because we did speak about the one hundred fifty thousand dollars (\$150,000) and you did tell me and ask me if that was something that we could look at. I want you to know that I did look into that. It is something that I think we should continue to look at and work towards because it is important. Same with Councilmember Yukimura. We did talk about some other...I just wanted you to know that I acknowledge that and if we could actually get the program going, or at least the RFP process. I just wanted to make sure you understood that. Thank you.

Mr. Rapozo: Thank you. Are there any other questions? If not, thank you gentlemen and ladies. At this, we will recess until Monday morning at 9:00 a.m.

There being no objections, the departmental budget review recessed at 4:30 p.m.

