

Dirk Apao
Chair

Lawrence Chaffin Jr.
Vice-Chair



Members:
Sandi Sterker
Arryl Kaneshiro
Glen Takenouchi
Laurie Yoshida

COUNTY COST CONTROL COMMISSION 2012 Annual Report

Overview

Established by Charter in 1988, the goal of the Cost Control Commission is to reduce the cost of county government while maintaining a reasonable level of public services.

The Cost Control Commission is charged with the responsibility to review and scrutinize personnel costs, real property taxes, travel budgets, and contract procedures with the intent of eliminating, consolidating or reducing overlapping or duplicate County services and programs. The Commission is empowered to secure, through the Office of the Mayor or the Chairman of the Council, any reports or information from their respective departments or employees that are appropriate to accomplish its work.

The Cost Control Commission conducted twelve (12) regular meetings and one (1) workshop on real property tax exemptions in the 2012 calendar year and is hereby submitting its Annual Report summarizing its recommendations which will be advertised as required in Section 28.05 of the Kaua'i County Charter.

I. RELATING TO COUNTY REAL PROPERTY TAX EXEMPTIONS

From June 2011, the Commission initiated a review of the County's real property tax exemptions to determine whether revisions to the existing exemptions would be recommended. The Commission reviewed in detail the multiple exemptions afforded in the Real Property Tax Code and realized the complexity of the Code. As a result, the discussion is still on-going. During the discussions with the Real Property Division staff, the Commission was made aware of the existing "bad check" fee as well as the minimum real property tax and the members decided that these needed to be increased.

The members of the Commission would like to thank the Finance Department and the Real Property Tax Division, with special acknowledgement of Steven Hunt, for the information provided, assistance and cooperation.

The Commission made two (2) recommendations in 2012 that were forwarded to the Administration and County Council for its consideration:

Findings:

1. The Commission learned that the fee charged by the County for “bad checks” received has been \$7.50 since 1985. It was also disclosed that according to Hawaii Revised Statute charging up to \$30.00 is allowed.
2. The Commission was informed by the Real Property Tax Division that the County minimum real property tax exemption of \$25.00 has been in effect since 1975-1976. The Commission was also informed that the minimum tax exemption on Oahu is \$300; for Maui it is \$250; and for the Big Island it has a tiered system where most of the tax payers pay \$100.

In addition, the Commission inquired and was told by the Real Property Tax Division that the cost to assess and collect taxes, including work done by the departments, amounts to approximately \$71.76 for each taxable parcel.

Recommendations:

1. Increase the service charge assessed relating to payments made to the County by check or negotiable instrument, subsequently dishonored. (Section 6-5.1, Kauai County Code 1987).

The Commission recommended that the service charge be increased from \$7.50 to \$30.00.

2. Increase the minimum real property tax. (Section 5A-6.3, Kauai County Code 1987)

The Commission recommended that the minimum real property tax be increased from \$25.00 to \$150.00.

II. RELATING TO COUNTY EMPLOYEE TRAINING AND CONSOLIDATION OF PERSONNEL FUNCTIONS - UPDATE

The Cost Control Commission recommended in May 2011 that the Administration conduct an internal review to determine the feasibility and cost implications if personnel from the various departments who were performing personnel and/or human resources functions were transferred to the Department of Personnel Services to consolidate responsibilities and eliminate the duplication of work.

In June 2011, the Mayor established a Human Resources Task Force made up of five (5) members. The Taskforce members spent eleven (11) months and many hours in its research, review, and determination of the best and cost-effective way to consolidate the personnel functions of the various departments into the Department of Personnel Services.

In May 2012, the Human Resources Task Force published a report on its findings and recommendations and presented it to the Administration and the County Council. In

addition, the Task Force also made presentations before the Civil Service Commission, Charter Review Commission, and the Cost Control Commission.

As stated in the report, “By consolidating and taking the core personnel functions out of the individual administrative departments and centralizing it under the Department of Personnel Services, the proposed structure is intended to:

- Centralize human resources functions and technical expertise within the Department of Personnel Services;
- Add technical staff expertise within the Department of Personnel Services to increase its capacity and capability to provide improved human resources support and advice equally and consistently to all departments and agencies;
- Eliminate the duplication of work effort between the Department of Personnel Services and the various departments;
- Streamline and improve employment processing for all departments and agencies including service to individual employees related to employee benefits, employee relations, recruitment, classification and pay, labor relations and employee development;
- Improve consistency in the development, implementation and interpretation of countywide policies and procedures throughout all departments and agencies;
- Reduce the demands of departments and agencies in performing personnel functions thereby affording the existing departmental staff formerly assigned human resources duties to work on other unattended responsibilities for the department/agency;
- Increase responsiveness to all departmental and agency needs;
- Coordinate and conduct countywide training efforts for all County employees;
- Expand the full range of human resources functions including employee benefits, workers’ compensation, health and safety, training, Americans with Disabilities Act and Equal Employment Opportunity; and
- Decrease cost over time through the mitigation of personnel risks and reduction in legal claims against the County.”

From August 2012 the physical and functional transition of the consolidation began and by the end of this year it will be completed.

The Cost Control Commission wants to express its appreciation to the members of the Task Force who included: Marc Guyot, Deputy County Attorney; John Isobe, Boards and Commissions Administrator; Karen Matsumoto, Personnel Program Analyst; Kris Nakamura, Human Resources Specialist 1; and Janine Rapozo, Risk Management Administrator.

III. RELATING TO COUNTY ENERGY SAVINGS – UPDATE

The Wastewater Division is currently in the process of negotiating an energy savings performance contract which, if successful, would yield significant energy savings across the treatment plants in Wailua, Lihue, and Eleele. Additionally, alternative energy sources are being considered under the same contract. It is anticipated that construction on the project could begin in early 2013.

Other Public Works facilities are currently being studied for efficiency retrofits, and efforts are being made to assure that energy efficiency is considered during any renovations or expansions. The Water Department is semi-autonomous and takes on their energy planning efforts independently.

The County continues to utilize the 2007 Energy Study as it develops a more comprehensive energy plan internal to the County. All departments have access to the Study and it has been discussed by the County's leadership. This Study will be referenced with the departmental Green Team members as they develop departmental level energy plans.

The County has formed the Departmental Green Team whose responsibilities will include developing policy, planning for more effective energy and sustainability practices, and moving related projects forward effectively.

A Staff Level Green Team was formed in early 2012 to stimulate a "bottom-up" change in awareness about energy savings and other sustainable practices that can be incorporated into County operations. This Green Team has selected several small but impactful projects to work on that help create awareness among employees regarding waste management, energy conservation, etc. The Staff Level Green Team held their first Open House in November that was well attended by other employees and offered another opportunity for them to share the Green Team initiatives.

The Commission wishes to thank Ben Sullivan, Economic Development Specialist-Energy, for briefing the Commission on the County's on-going efforts in energy savings.

IV. RELATING TO COUNTY PARK AND RECREATIONAL FACILITY FEES

The Commission requested an update from Lenny Rapozo, Director of Parks and Recreation, on the fees charged for use of county parks and recreational facilities. Mr. Rapozo indicated that in 2007, increases in fees and deposits were proposed but they did not pass. The Department decided that due to the economic conditions on Kauai, it is deferring any recommendation of increases at this time. After the presentation from the Director and based on his recommendation, the Commission decided not to recommend any increases of deposits and fees charged to the public. The Commission would like to thank the Director for his participation in their discussions.

Respectfully Submitted:

COST CONTROL COMMISSION

By _____
Dirk Apao, Chair

Lawrence Chaffin Jr., Vice Chair

Arryl Kaneshiro, Commissioner

Sandi Sterker, Commissioner

Glen Takenouchi, Commissioner

Laurie Yoshida, Commissioner

Date Approved: December 10, 2012