

Department of Finance

Honorable Mason K. Chock
Honorable Ross Kagawa
Honorable KipuKai Kualii
Honorable JoAnn A. Yukimura (*present at 10:16 a.m.*)
Honorable Mel Rapozo (*present at 9:02 a.m.*)
Honorable Arryl Kaneshiro

Excused: Honorable Gary L. Hooser

The Committee reconvened on April 10, 2015 at 9:00 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget and Finance Committee and the Fiscal Year 2015-2016 Departmental Budget Reviews. On the schedule for today, we will be hearing from the Department of Finance who will be taking us through their various divisions. Let the record reflect we have a quorum. Councilmember Hooser is excused for today and Council Vice Chair Kagawa will be departing later this morning and Councilmember Kualii will be departing at approximately 4:00 p.m. As we do each morning, we will take public testimony, but there is no one in the public. So we get to skip that. For today's review, I would like to call Ken up, the Director of Finance, who will be walking us through the different divisions...Ken is up already. Depending on the schedule, I know Councilmember Yukimura wanted to be here for the IT section. So if we get through the schedule fast and we get to IT, maybe we will take other divisions, and go back to it when she is here. She will be back around 10:00-10:15 a.m. So with that, I think you can do your presentation and we will go through the divisions.

KEN M. SHIMONISHI, Director of Finance: *Aloha*, Committee Chair Kaneshiro and Members of the Committee, Ken Shimonishi, Director of Finance. What we have is a brief presentations which are just the highlights of the Finance Department overall. I apologize to my Division Heads if I have not covered all of their most important parts. I just try to glean some of the information to give us a feel of what the Finance Department is made up of, what are the successes, goals, and challenges, and overall budget that we are coming before you for Fiscal Year 2016. The Department of Finance, the administrative mission is to provide effective financial services to the people of Kaua'i, and to all we serve by establishing and maintaining a financial system that can properly account for its activities.

(Council Chair Rapozo was noted as present.)

Mr. Shimonishi: Within each division, they have their own mission statement as well, but this is kind of the overall for our financial administration. The Finance Department consists of nine divisions, our Administration which has three employees, zero vacancies. Our Accounting Division which has nine employees, of which currently one is vacant and in recruitment. Our Information Technology Division has 13 employees, no vacancies. Treasury with two employees, no vacancies. Drivers' License 13 employees and no vacancies. Motor Vehicle, 10 employees of which one is vacant and interviews have been completed. Our Real Property Assessment at 19 employees of which three are vacant. One is for the purpose of TAing a position, two currently are being recruited and although it is not considered vacant, we have one out on a workers' compensation claim. Real Property Collections, six employees of which one is on a workers'

compensation claim and we hope to have that settled relatively soon. Our Purchasing Division with ten employees, of which one is currently vacant and being recruited. That was my past position as a Budget Analyst. In total 85 employees within the Department of Finance.

Some of the successes and achievements achieved in the past...over Fiscal Year 2015 in our Administrative Division was the creation of a Grants Manager position to allow for assistance to the departments reviewing grant opportunities, and training to assure proper procedures and compliance. You know, when I first came to the County, Ann Wooton was the Budget Analyst who trained me in the systems, procedures, the ordinance, the budget process, and so on. The first year we did the budget and sent the budget in, it was a little rocky. The predecessor had been here some...I believe 40 plus years and abruptly left giving two weeks' notice and Ann stepped in to fill that void and together Ann and I worked to put together the budget. If you look at where we were in the first year, compared to where we are now, the whole budget process, I think has improved tremendously. But in improving the budget process, I think we saw a need to refocus back on our grants portion and to look towards maximizing opportunities that are out there as we continue to seek ways to turn the County's financials into the best position that we can. Our Accounting Division Government Finance Officers Association (GFOA) awarded the certificate of achievement for excellence in financial reporting to the County of Kaua'i for its Comprehensive Annual Financial Report for the Fiscal Year ending June 2013. The 21st consecutive year receiving this award and I know that the staff in Accounting worked really hard to produce the CAFR. The CAFR is only as good as the people that put it together, of course, are excellent, but I think the point I would like to make is that we really need to take our time to understand the story that the CAFR is telling us, and how that translates to our financial decisions going forward. Information Technology, headed by Brandon Raines. If you have looked at his division presentation, it is very detailed and quite comprehensive and I am not doing him any justice by these few lines, but some of the achievements were multiple online initiatives, improving public awareness of the online services available, County website overhaul, centralized online directory of key County personnel, and so on. Again with Information Technology, one of the achievements was to look at the forms management and workflow and completed the research on vendors and products and developed system requirements to ensure that the County can procure a solution that meets our needs and maximizes our investments. I think this is a big piece of what will help us become more efficient. There are just enormous amounts of paper shuffled between the various departments and divisions and so to try to get a handle on that would really improve in our efficiencies. Our Motor Vehicle print on-demand program for all registration renewals. Saves costs and time greatly reducing manual need to stamp and staple these emblems to the registration. We are now printing it out and it is right there all coded and labeled properly according to the vehicle. Our Drivers' License Real ID Act of 2005 in conjunction with Homeland Security which we achieved full compliance in August 2013. And still with Drivers' License, legal presence enacted by the State of Hawai'i to verify that a person applying for driver's license is legally present with the State. So here we have outside agencies kind of dictating on how we have to operate or comply with these new mandates. Our Real Property Assessment, continue to improve property data integrity with investments in pictometry and assessment analysis to assist finding additional property improvements to be added to the assessment list. An area that we need to ensure accuracy and basically, I think, provide fair treatment to all of our taxpayers. Real Property Assessment continuing implementation of market modeling, increasing efficiency and accuracy in assessing residential properties. On our Real Property Collections we are able to reduce the delinquency rate from 6% to 5.8% a small reduction, but nevertheless a reduction year-over-year and decreased the amount of

delinquent taxes by arranging payment agreements with taxpayers or executing foreclosures, sort of as a last resort. Our Purchasing continued training for pCard users with particular focus to meet with Department Heads, Deputies, and Fiscal Officers. I know Mr. Barreira will step-up this training to our Department Heads, Deputies, and Fiscal Officers given the current circumstances. Challenges. The common theme running through, I think, a lot of County departments and agencies...not just Finance, but limited staff and the ability to cross-train and succession training. Unexpected vacancy and increase in demand with limited resources. Goals and objectives: so when I was offered the appointment and came into the position, I was asked what do you think...what are your ideas? And without a doubt, the first thing off the top of my head was we need to improve the County's financial position or financial condition. Having four years' of consecutive General Fund fund balance decline is just something that we need to get turned around and can hopefully make headway in the next few years. In order to achieve that we are looking to execute the long-term financial plan with GFOA to provide a multi-year financial outlook and expect to initiate that next month. Also to create a program and process which provides executive level staffing and labor information to better manage our staffing resources. We have seen how much it costs us in terms of our staffing and labor benefits. One of the things that I see that is missing is good information about that to the Department Heads, to the Administration, and the Council. You know, in any organization that I have worked at, you have had some sort of labor report analysis. How many productive hours are we paying each pay period, each month? How much non-productive? Vacation and sick and so on and that is something that I want to focus on and get going. We are also looking at launching and implementing a web-based financial reporting subscription with the organization called Open.gov. That is really fascinating stuff and will help us to be able to quickly analyze the data. I know that each month Accounting sends over the financial data as far as the detailed budget report, the revenue report, and that is great is if you are administering it at a Department-level or a fiscal person looking at that, but in general, that is really just too much information to be coming across. It is always available, but in terms of having a good, quick, dashboard for what is happening, it is quite cumbersome. I do want to point out Open.gov was referred to us by Council staff, Mr. Scott Sato. We are look at getting that up and running also probably within the next couple of months. We have loaded our monthly and annual information since 2010 already on the system and we are kind of in the final steps of trying to get what kind of reports we want out of this and how does it look like? Goals and objectives for our County to report accurately and timely, all financial information, strive to promote transparency, streamline processes, increase efficiencies and consistency throughout the countywide operations. Real Property Assessment, complete testing and migrate to a new assessment software, procure field tablets to allow appraisers data entry directly at site versus them having to write notes on cards and having to come back and do the data entry in the office, and to implement the ESRI Canada assessment software that was put forth before the Council as a money bill to identify omitted properties and so on. Purchasing, continued expansion of electronic procurement and paperless initiatives. Again, any way to streamline our processes and become more efficient, I think we are all in favor of. The Department as a whole saw a roughly \$200,000 increase in its budget. Roughly 1.8%. In Administration, the decrease is primarily due to the movement of four positions, Budget Analyst, myself, and the Budget and Assistant Chief Procurement Officer Ernie, we were moved from "Administration" into "Purchasing." The other Budget Analyst as I said, Ann Wooton is now the County's Grant Manager and is moved under "Accounting." The Risk Management Coordinator position was reallocated to Real Property Assessment and that is making up most of that decrease in the Administration that you see. Accounting, as I mentioned the movement of that position accounted for the increase. Information Technology, increases due to union negotiated salaries plus an adjustment for benefits that was previously short-

funded or I guess under budgeted in the prior year. The other divisions make up some small increases in Treasury that is salaries and benefits. Drivers' Licensing, and again small. Then our Motor Vehicle decrease is due to the reallocation of staff positions. Real Property Assessment, the decrease is primarily due to the prior year having software conversion budgeted which is nonrecurring this year. Real Property Collections, a small adjustment to our staff budget. And our Purchasing increased due primarily to the movement of the two positions from "Administration." Again, looking overall on the salary line, a slight decrease for the Department in total. And in operations, a decrease as I mentioned, software conversion data, and decreased allowance for general liability by \$50,000 and sewer credit by \$25,000 and our special projects for the Kaua'i Humane Society was reduced based on their projected dog and cat licensing projections. This is actually a wash between expenditures and revenues. It is not an actual decrease overall to the budget, but a decrease in expenditures in the Department of Finance. And that is my presentation.

Committee Chair Kaneshiro: Councilmembers we will open discussion on the presentation, but if you have any overall questions regarding the total Department, we can go over those type of questions real quickly. If you can place your questions in the particular division, then I would rather just go straight into the divisions and hold the questions off as we are in that division. If there is any questions regarding the overall budget, if not we will move into "Administration." I think we already have a rough draft of what was going on. We had our budget presentation packet, also. I do not think Ken is going to say anything more regarding Administration. If we have any questions, we can go straight into questions Councilmember Kualii.

Councilmember Kualii: First of all, I thought it was a great presentation, very thorough, and answered a lot of questions that I might have had or had. And I think the other Departments watching should pay attention to how you did that presentation and that is how they should do it. Just in 15 minutes, you went over all where the vacancies were and the status. It was a very thorough presentation. In one of your slides on the successes and achievements you talked about the creation of the Grants Manager position and grants in general. I have a global question in the sense for the Countywide, if we could...if I could see the County look at especially with Grants Manager position some compilation or reports of all the grants? And maybe in the future and maybe you are looking at it, to move into the direction where it is sort of like candled in one place. We do see pockets of little chunks of money showing up in all kinds of budgets. I guess, if it is assigned there, maybe it is fine that the money is there, but how we learn about it could be all-in-one place. How you report to us about it. We know there is a chunk of grants in the Office of Economic Development and in the Mayor's Office and a tiny one for Good Beginnings, transitioning to Child Family Services or something, for pre-kindergarten programs before the Summer Fun programs. Maybe it is because I think of the grants on both sides, right? We are going after big grants to bring revenue to the County, but then on the flipside, we are giving out these small grants. It is not really clear what the logic is and what the process is on how those grants are given out. I think it needs to be consistent, so we as a Council can see what we are doing more clearly and the public can see what we are doing more clearly and the public can be aware of the availability of those smaller grants and how they can access those smaller grants? Sorry, that was like a long question.

Mr. Shimonishi: Thank you very much. You know, one of the things I did not mention is that we are in the process of also initiating a grants management software program that Ann Wooton is heading called "Amplifund." I know that the intent is to do the grants from our State, Federal, and I believe there is a

component to also administer the in-house grants that we give out, the application process and just exactly what you are talking about. I am hopeful that the software would include that component, but I will verify that.

Councilmember Kualii: It is not just a matter of the tracking of the data and everything, but it might be a matter of coming up with a policy of how...what the process is? And if the Council needs to help the Administration by passing any kind of process, I would be happy to help with that.

Mr. Shimonishi: I believe there is.

Councilmember Kualii: Mr. Chair?

Mr. Shimonishi: An in-house policy on grants.

Councilmember Kualii: Yes. Mr. Chair brought up the other day that I think he was asking the question and might have even got an answer from you over the ability of the Mayor's Office or the County in general to give out small grants to non-profits or whoever without a process. Many of these grants have an application and a review and they get awarded, but some of them do not. I think maybe as a Council, for me at least to have notification to the public, fair and equitable to the public in the same way.

Mr. Shimonishi: Understood. Thank you.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Other questions? Councilmember Kagawa?

Councilmember Kagawa: Thank you, Chair. Special Projects account, went down about \$57,000 maybe. So trying to get where the changes are. The disaster trust account? What is that? \$75,000.

Mr. Shimonishi: That is in case that we need to access funds on an immediate basis after an event. We have that flexibility.

Councilmember Kagawa: To use it for Finance?

Mr. Shimonishi: Well, for countywide, yes.

Councilmember Kagawa: Countywide?

Mr. Shimonishi: Yes.

Councilmember Kagawa: Was that the same number about as last year \$75,000?

Mr. Shimonishi: I believe so. I do not recall us changing that.

Councilmember Kagawa: What about these GFOA long-term financial fees?

Mr. Shimonishi: That is what I mentioned, one of our goals is to initiate that contract coming up and then to keep that going forward. I think if you are asking about the reduction, the reduction comes in the dog and cat licenses, were overstated last year by the Kaua'i Humane Society about an \$82,000 decrease in that line item.

Councilmember Kagawa: Okay.

Mr. Shimonishi: The sewer credit was previously budgeted at \$200,000. But as I look back at the historical amounts it never exceeded \$170,000, so we shaved off \$25,000 from there.

Councilmember Kagawa: Okay. Then I remember the sewer being the annual payment, like being 660. Now it is 760.

Mr. Shimonishi: The Kaua'i Humane Society, last year the Council approved a \$100,000 increase to that.

Councilmember Kagawa: Just trying to remember if my memory was right or not. Okay. Well, we will discuss the Humane Society at some point, at a later point, right?

Mr. Shimonishi: Right.

Councilmember Kagawa: I will hold off until then. Thank you.

Committee Chair Kaneshiro: I have a follow-up question and I have questions for the Humane Society, but a quick description on the dog license and the cat license amounts that we pay? What is that for? Or what is it based on?

Mr. Shimonishi: What happened is that we allowed the Humane Society to I guess, collect the dog and cat licenses. In return, they also get that revenue. But the money has to flow through the County to the Director of Finance and comes to us as the line item "dog and cat license" and we end up paying it back out in our Department of Finance. Only if they collect do we pay it. So it is only the budget of what they expected to collect in the next year.

Committee Chair Kaneshiro: So just kind of a pass-through?

Mr. Shimonishi: Yes.

Committee Chair Kaneshiro: It will end up washing?

Mr. Shimonishi: Yes, washing with our revenues and again only if they collect it, we only pay what they collect.

Committee Chair Kaneshiro: This is not a subsidized amount or anything? It is just the amount that comes in and goes to them?

Mr. Shimonishi: Correct.

Committee Chair Kaneshiro: Any further questions for the Administration? I have another quick question on “other services.” Our expenses increased by about \$31,000. We have a grants management system and financial reporting system, is that software we are purchasing or annual...?

Mr. Shimonishi: That is the annual subscription on the web-based software. That is an annual subscription.

Committee Chair Kaneshiro: So we already paid for the software?

Mr. Shimonishi: There is no software; it is just web-based.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: If you said it, I missed it. What happened with the telephone line item that says Countywide costs?

Mr. Shimonishi: Basically all the phone bills come to Accounting and we process it and pay it out of the Finance Department.

Councilmember Kualii: For the different divisions, they do not have the line item “telephone” you pay it all?

Mr. Shimonishi: Correct.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Kagawa?

Councilmember Kagawa: Just need some clarification on the general liability line item. So the Puhi Metals...Grove Farm liability for Puhi Metals Recycling is \$800,000. So where does that money...who does that \$800,000 go to? It goes to the contractor that is helping to clean up or the consultant, who does that go to?

Mr. Shimonishi: Yes, I believe it is going through the...

STEVEN A. HUNT, Real Property Tax Manager: Steve Hunt, Tax Manager for the record. I believe it goes to Grove Farm and they invoice us and they get a 15% management fee for taking care of working with the consultants and contractors.

Councilmember Kagawa: We are talking about the place that still accepts those white goods, right? In Puhi?

Mr. Hunt: I do not know if it is white goods, but it is the auto recycling.

Councilmember Kagawa: It is the same site that is accepting...so how are they cleaning up a place that is still accepting?

Mr. Hunt: That is part of the problem and why there has not been a spend-down. It is dependent on the price of metals and they have been stockpiling so to have a market that they are not losing money. Part of the issue in getting

to the contaminated area, there are stockpiles on top of the contamination. So it has delayed being able to remediate some of the contamination which is why we lapsed significant funding because they were not able to perform some of that.

Councilmember Kagawa: How is the \$800,000 making the situation better?

Mr. Hunt: Well, it is again an estimate of what is anticipated to be done in this Fiscal Year. And again it is weather-dependent, site-dependent and at this point contractor-dependent, which we do not have control of.

Councilmember Kagawa: So we are...it is an estimate, but we are paying it to Grove Farm?

Mr. Hunt: Only if we get billed for it. Last year we budgeted \$1.3 million and only spent down a couple hundred thousand in work that was done.

Councilmember Kagawa: I can get this crystal clear, we are paying Grove Farm as they bill us for doing work on cleaning up the contaminated area?

Mr. Hunt: Correct.

Councilmember Kagawa: But at the same time, we are still putting metals and cars back on top, in that same area, so it becomes contaminated again?

Mr. Hunt: My understanding is that they are doing that area at their own risk and taking additional precautions to protect their land.

Councilmember Kagawa: Okay.

Mr. Hunt: So it is not a repeat offense.

Councilmember Kagawa: Once they clean it they hope to avoid getting it contaminated again and taking the liability.

Mr. Hunt: Correct.

Councilmember Kagawa: Who is watching that to make sure that they are not...?

Mr. Hunt: That would be Solid Waste. I could not tell you individually.

Councilmember Kagawa: Solid Waste.

Mr. Hunt: There was an individual named Joe Tatayama that was actually there monitoring that on a daily basis. But if the work was not being done, there was no sense sending people there to monitor.

Councilmember Kagawa: Thank you. Great explanation, I can see clearly now.

Committee Chair Kaneshiro: Follow-up question.

Councilmember Kagawa: Go ahead. If it is about...you can go ahead if it is about the recycling.

Council Chair Rapozo: I think I am with you, trying to get a much clearer idea of what is going on there. So you are saying the contaminated area is covered by stockpiled junk?

Mr. Hunt: That is my understanding. To just...Finance is the area where claims come through. We are not the contract managers on this. So if you have specific questions, I would probably address them to Solid Waste who manages it. I will do my best to answer based on my knowledge.

Council Chair Rapozo: I would ask to have someone from Solid Waste because it is in your Department. We need to get those answers because we already have Solid Waste here and it did not show up in their budget.

Mr. Hunt: It would not, because claims are handled by Finance.

Council Chair Rapozo: I think it is important that we get that answered today. I guess my question is, are we creating a bigger problem? I mean, is it legal for them to stockpile the junk on a contaminated site? If you cannot answer...

Mr. Hunt: I cannot answer.

Council Chair Rapozo: Staff, can we get someone from Solid Waste that...not just someone from Solid Waste, but someone from Solid Waste that can answer the questions.

Committee Chair Kaneshiro: We will keep that question on the side until Solid Waste is here. I was going to ask a similar question on why the moneys are in Finance rather than in Solid Waste? But you answered it already.

Councilmember Kagawa: Can I state my preference? Because I do not want to hold up the Finance budget over this issue. I think I would like to put that Puhi site as an item in my Committee. I think to focus on that and to have Finance people waiting for that issue to be resolved, because I think it is probably going to take an hour or two to get a clear picture. Because it is been what? A couple of years and we are all not clear and we should be really clear.

Council Chair Rapozo: It has been longer than a couple of years.

Councilmember Kagawa: Yes as far as the clean-up.

Council Chair Rapozo: The clean-up, apparently I am hearing today is not being done and that is a concern. So let us do that, get it in Committee.

Councilmember Kagawa: Thank you. Thank you, Chair.

Councilmember Kualifi: I have a follow-up.

Committee Chair Kaneshiro: So we will not need them to come today and we will put it as a Committee item instead. Councilmember Kualii?

Councilmember Kualii: My follow-up question is just real simple. So the line item is general liability. There are two pieces. General liability insurance, \$750,000 and Grove Farm Puhi Metals recycling \$800,000. They are very different, correct? They are both under "insurance" and under "liability." The first line item, we pay an insurance company for liability throughout our facilities and what have you?

Mr. Shimonishi: No the first line item is for claims against the County for property damage and so on as they come through. The actual liability insurance.

Councilmember Kualii: Is it called "self-insurance?" Our own insurance fund and we pay out the claims?

Mr. Shimonishi: I guess you could refer to it that way as a deductible.

Councilmember Kualii: Okay. To pay out part?

Mr. Shimonishi: Yes.

Councilmember Kualii: The first line item is for things in general and second line item was one specific place that potentially costs a lot. So that is why we have this big amount of money. But it is just an estimate of what we might need? Because you did say that prior year...last year was \$1.3 million and we spent-down a few hundred thousand.

Mr. Shimonishi: correct.

Committee Chair Kaneshiro: Further questions, Council Chair Rapozo?

Council Chair Rapozo: Do you know if we have been receiving citations or fines for Puhi Metals that we are paying out of this account or any account?

Mr. Hunt: Not to my knowledge.

Committee Chair Kaneshiro: Next up we have Real Property Assessment. Questions regarding Real Property Assessment? I will start it off while you get organized. I wrote down that we have four vacancies but in the presentation it said three vacancies. Did we hire an Ag Inspector?

Mr. Hunt: No, we are still recruiting for that. I think one of the vacancies depends on how you classify it. We have one individual who is not there because of a workers' compensation claim and we do have two Appraiser I positions that remain vacant at this point. One of them again was moved from Administration, Finance Administration down to Real Property Assessment and the other is encumbered by an 89-day contract by Accounting so I cannot fill that. We were trying to accommodate a shortfall in Accounting when they had an employee go out. It was during a busy period of time for 1099s so we assisted by giving an 89-day contract. We anticipate getting this back

in July and attempting to fill it. The other position that is vacant is a GIS II which is that description is a temporary holding. This was the Appraisal Support Service Administrator. This was the supervisor that oversaw both tax maps and abstracting. That position is being redescribed to incorporate both GIS tax mapping and also some degree of title abstracting. So I am working on a re-description, but because it will be 40-50% of the job involving GIS mapping, that is how it is being as a placeholder right now. So I cannot fill it until the redescription and pricing has been completed.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. My questions are on training. I noticed that you have a reduction. So my question is about...I know you have this new software...this new system, assessment system. And do you anticipate any training needed?

Mr. Hunt: It is within the bounds of the contract. So the training related to the software upgrade will be included or is included in the contract. Some of the prior training had been misclassified because it also involves travel training. So we moved it into the appropriate account.

Councilmember Chock: Do you have any other additional training needs that are on the horizon?

Mr. Hunt: As far as staff development, again, depending on how our hiring goes, we may have some additional training needs. Some will be done in in-house and some, we like to attend the IAOA courses which are the International Assessing Officers Association. They actually have coursework and accreditation towards earning degrees in IAOA which is the standard for assessors. We do proactively do that. Maui fortunately has been getting licensed in some of the training. So rather than traveling to the mainland, we can travel to Maui to do some of our training to get licensure.

Councilmember Chock: And does HR handle any of your training needs?

Mr. Hunt: HR primarily handles training related to workplace violence, that kind of employee type of trainings, not specific to the job.

Councilmember Chock: Okay. Thank you.

Councilmember Kualii: What section?

Committee Chair Kaneshiro: Real Property Assessment. Councilmember Kualii.

Councilmember Kualii: It might have been said, but there is a dollar-funded position, correct?

Mr. Hunt: This position is funded in Fiscal Year 2015 and it is a position that was tied up because we have an individual who is an Appraiser IV who has been training as TA to become the Appraiser V Commercial Appraiser, but he is doing it from his position. He gets premium pay for the work that he does during the training, but we actually...we cannot fill the position until the transition has been made. So

essentially one employee ties up two positions. There was no need to have funding in that position, since we cannot fill it.

Councilmember Kualifi: For the entire year?

Mr. Hunt: Correct.

Councilmember Kualifi: But there was also a position transferred in? Is that why the budget is not less...

Mr. Hunt: Because we are primarily Unit 13, I believe we have four in Unit 4 and 3. The raises are all factored in, too. So not to mention that even my position, Tax Manager, was only funded seven months for this year, when I came back. So it is fully funded for Fiscal Year 2016. So we actually did...not an addition to moving the position, but also put in all of the raises for HGEA. I think what you are seeing to even keep it flat, we downgraded several positions. We did have an Appraiser II that vacated this year and downgraded it back to Appraiser 1. We had a senior-level supervisor over tax maps and abstracting that we downgraded to the GIS at a lower level, from an SR24 to an SR18. We have been resetting our salaries to lower levels because we do not anticipate being able to find someone with that special set of skills to work at those high-levels and will have to develop them over a period of years to get to that skill-level.

Councilmember Kualifi: Very good. Thank you.

Committee Chair Kaneshiro: Any other questions, members? Councilmember Kagawa?

Councilmember Kagawa: I can appreciate what you just said about trying to downgrade the positions. I am just troubled, I look at some of the pay of these professionals, like Appraiser II. For me, it is kind of disturbing it is so low in comparison to like again, a beginning police officer or fireman making almost double of these kinds of jobs. I am just troubled. Troubled that we are not incentivizing these skilled positions that perhaps our children can get educated, but at this kind of pay, I do not see it as an incentive for them to try to achieve these jobs.

Mr. Hunt: Point in fact, we it had our Ag Specialist go to Police, slightly because of higher pay, but because of other pressures as well. And we are now on our third posting for the position and have had no qualified applicants so far.

Councilmember Kagawa: I just wanted to state my thing, it can be a good thing as far as budgeting and money-wise to downgrade it, but to get qualified, good applicants, you know, could be working against by lowering or downgrading.

Mr. Hunt: I see your point. It is challenging, but at the same time, we have fiscal realities and we also have some of these positions are very skilled. And it is not something that you can hire off the street. We have to develop them.

Councilmember Kagawa: Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo?

Council Chair Rapozo: In line with what Councilmember Kagawa was talking about, what is the requirement for an Appraiser, say Appraiser II?

Mr. Hunt: Appraiser II I believe is about a year of working experience as an appraiser. Or in a related field. Normally if you start with an Appraiser 1 within a year's time you migrate to Appraiser II.

Council Chair Rapozo: Do any of these appraiser positions require college?

Mr. Hunt: Yes.

Council Chair Rapozo: Which one would that be?

Mr. Hunt: I think all of them.

Council Chair Rapozo: They all require a college degree? An Appraiser I, it is hard to make out because depending on their time, yes? So you have an Appraiser I making \$39,000 and Appraiser II making...I am looking at Appraiser II makes \$46,000.

Mr. Hunt: That is a contract position. It is a T-position?

Council Chair Rapozo: Yes.

Mr. Hunt: It is not a Real Property Appraiser II. It is an Appraiser II. This position came as part of some of the continued reform, if you will, that required additional work to support some of the legislative changes.

Council Chair Rapozo: Some of the secretaries in the County are making \$80,000, assistants making much more. If it requires college, is that something...a contract that sets the salaries for these positions?

Mr. Hunt: It is collective bargaining. The SR rating of the position and the terms the position and the bargaining unit that is negotiated. You can hire at above step. Obviously you need funding and I would have to come to the budget to ask for more and sometimes that happens. We go out and cannot find any qualified individual or find a qualified individual, but will not work for the pay being offered. We would say it is a hard to fill position after so many months of position to come to you or Ken to say I cannot fill it because of the pay, can we hire above step, D or E or something to get us to fill the position.

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: I have a follow-up question. It is all related. I am probably going to ask this for all of the departments because it is real clear looking through the salaries and positions, you guys are hard-strapped. My question is does the position and salary structure provide for appropriate succession planning?

Mr. Hunt: No.

Committee Chair Kaneshiro: I figured that was the answer. Maybe in the future you can maybe try and put a plan together as far as what would be good succession

planning? And kind of step-up because right now looking at, this I do not see much motivation in people filling these positions. And I am worried, you know? You guys are hard-strapped for employees and I just do not see the motivation in people wanting to step in there.

Mr. Hunt: Again, it is serving two masters. I understand and more so probably than others having been in that position, the fiscal constraints that we are under. So to incentivize and to have the ability for people to be promoted and to have that ability expands and inflates the budget. To have the luxury of having succession planning would mean more bodies. I would have to have apprentice-trainee types to move up and provide that, but that is added costs.

Committee Chair Kaneshiro: Yes, and you know, we are here trying to cut as much costs as possible, but we have got to be...we have got to be reasonable also. And we need to look at the future and we need to be sure if we start losing employees that we have people who are willing to fill it. I see a lot in the Finance and Real Property Tax sections where the amount of people we are serving is doubled the amount it was in ten years and we still have the same amount of employees. So it really is that you are doing a lot more with the same amount or less employees. So it is a little frightening for me, going through the numbers and seeing that if we lose any more bodies, I do not know how we can almost function as a Department? Although, we are looking at cost-cutting, we need to be reasonable also and say how do we still provide the amount of services that we need as we get added responsibilities?

Council Chair Rapozo: I am still trying to understand and I should know this by now, but when you say the SR22 that is countywide? Or position?

Mr. Hunt: It would come from the bargaining unit, I believe it is countywide all bargaining unit 13 SR22s are priced the same way.

Council Chair Rapozo: Is it a big range? I see in the Mayor's Office an SR22 makes \$68,000. And in Finance, the SR22 makes \$48,000, \$20,000 less.

Mr. Hunt: It depends if you are civil servant employee you have certainly a lot more security with the job and they are priced accordingly. There is more flexibility, I guess on the appointed than the civil service. Civil service is very rigid in terms of pricing. You just follow the bargaining unit.

Council Chair Rapozo: Okay. That is quite a gap, \$20,000. In the same SR.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Just quickly, I am not clear, because you did say especially difficult to fill positions, possibly at a higher level and mentioned B or E. Would each like SR22, there is a dollar figure, but it does not tell us whether it is A, B, C, D, or E?

Mr. Hunt: The ones that are vacant are all hiring, I believe step A, which is the first step. So where we had a vacancy, we basically moved it back to a new employee starting. As you move up in SR from promotions to higher positions or length of service, every year you are getting an additional step potentially. Those get reset

and potentially an employee with the County for 20, 30 years in the same SR rating would be making significantly higher than someone starting out fresh in the first year.

Councilmember Kualifi: So it does not end at E?

Mr. Hunt: I believe it is F...is it F? F is the final.

Councilmember Kualifi: Whatever that letter is, it does not end there. You do not top out. You can still keep adding raises.

Mr. Hunt: On steps there is...eventually there is a top-out, I believe it is F now, if I am not mistaken.

Councilmember Kualifi: I guess when we look at this column on what the salaries are, it is hard to say it is high or low and compare between one position versus another, unless we know what that step is.

Mr. Hunt: And the length.

Councilmember Kualifi: Because A is entry-level, if you will. And length of service, exactly.

Mr. Hunt: Correct.

Councilmember Kualifi: That might be something interesting going forward as far as when we look at all of these positions, whether they are occupied or vacant? To not only see the salary, but to see the grade...the step, as you called it. And length, length of service. Thank you.

Committee Chair Kaneshiro: Any further questions for Real Property Tax Assessment? Councilmember Kagawa?

Councilmember Kagawa: My last one is basically an open question. Are you open to working with this Council and trying to look at our tax system? If it includes some members of the community, who have offered to try and help us, and this is because of the...I want to see now that we took the cap off, is the ad valorem system working? And working for our people with multiple properties? Local people that may not have that much cash or what have you? Just to overall look at trying and verifying by use some examples in certain areas to see if our real property tax system is the way to go going forward? Or do we have to look at tweaking it a little bit? And some of the thoughts Councilmember Rapozo brought up that I agree that may be a good route is to use costs as a starting point. Say if you owned the house ten years or whatever, there can be a percentage for inflation or what have you? But I think that is certainly...I think that was kind of what California was based on, Prop 48.

Mr. Hunt: Prop 13.

Councilmember Kagawa: Prop 13. So I wonder going forward, after we get through the busy time of sending our bills out and to validate that the system is working as a whole? Because I can pull out the information...I do not know how to pull out the information from each area. So are you willing to?

Mr. Hunt: Without over committing and underserving, yes, I would be willing to serve, but I would like to get through some of our major hurdles of software conversion and get IAS World...right now are my highest priorities. If we are talking maybe in the fall, I might have some time then, but not this summer.

Councilmember Kagawa: I accept the date. I just wanted to do it right here, because I think it is kind of irritating for you guys too, to not be at the meeting and always hear us say we have got to do property tax reform. We are actually asking the person who can help us get to that point. Now I can stop repeating myself.

Mr. Hunt: Since 1990, just looking at the RPA ordinances that have passed, there have been 66 ordinance changes to real property assessment. So I view the constant flux as reform. It has never not been in reform in my mind. We are always working towards a better system.

Councilmember Kagawa: I think we cannot really say that last year we gave it a shot. Because we did it and slapped on how many Band-Aids on this thing? This year is good, we have not slapped any Band-Aids yet, right?

Mr. Hunt: Right.

Councilmember Kagawa: So we are going to see how this system works this year. I have not gotten any calls because nobody has gotten their bill yet.

Mr. Hunt: Yes.

Councilmember Kagawa: But the exemptions, as you said, because I looked at my own case, and whatever you told me, was your gut feeling on these people, in the Homestead class is probably most of them stayed the same or went down a little bit was true. But it is still...we have not seen the full impact on the other classes, especially the ones with multiple homes. Some of them you gave them advice, your office gave them advice, what route to go to minimize their taxes. So we are really going to see this year the true effect of the ad valorem system. So I am kind of excited and a little scared. But you know, sometimes you have got to just let the chips fall. Because if you are not sure, then you do not want to throw Band-Aids on it if we are not sure how it turns out. You throw on Band-Aids when it bleeds. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Along the lines of this discussion, the last time we had this discussion, the request was if there are any models or evaluative models that we can wrap our heads around? Because it is such a complex system. And in order to determine what is the criteria in determining one, if this is an effective system that we are moving towards? And I just wanted to know, have we had...do we have anything to look at? So the request is there for you to look at, but if we do not have a process to evaluate, then that is really why where we will be duplicating what we have already done.

Mr. Hunt: I think in my initial research in the system, there are cap systems and ad valorem and not a lot of in between. I think what you have seen in the byproduct of the cap system, you have seen a tremendous system to fees. So where property taxes used to be the majority, and have been capped and become a lesser percentage of the revenue, what you have seen is increase in user fees. Where user fees

may have been 10% of the budget revenue is now 30-35% of the budget revenue. So it is not like the total costs have gone down. The cost of running government is not going down. So in order to keep pace with normal inflation, assuming that no expansive services, but just inflation and normal growth, you still have to generate that revenue. If the cap system prevents properties from maintaining that pace, then you are seeing the user fees offset that. California in particular there is legislation to cap the amount of fees that you can charge too. So there is always the push and pull on the revenue and expense side.

Councilmember Chock: It seems to me, our County has to figure out in terms of talking about a sustainable budget, how it is that you want to create that fee for service? And if that is truly the direction we want to go? Because you are going to see huge disparities that we currently have. But again, kind of for me, in the end, I want to be able to look at some specific data that says this is effective because...and to have something to measure and I am not sure that we have that in place.

Mr. Hunt: We do not have that in place right now and anecdotally, I remember when we were discussing minimum tax increase to \$150 this year and pulling out a budget item like the Humane Society. If you actually took the \$770,000 divided by the taxable parcels, that is almost the \$25 minimum tax, no police, no fire and just covering the Humane Society portion was minimum tax. So if we start looking at what the real property taxes pay for in trying to come up with some sort of allocation, I mean the average tax bill, just dividing by parcel count would be \$26, \$27 per parcel. So we have to look at what you anticipate the property taxes paying in government.

Committee Chair Kaneshiro: Council Chair Rapozo?

Council Chair Rapozo: Along those lines, I think we know that it is not working and it is evident by the amount of changes and ordinances that we have done over the last decade. I do not know...you are talking about your priorities as far as the system upgrades and so forth. But that is as it relates to the ad valorem system?

Mr. Hunt: It could be used...

Council Chair Rapozo: For either?

Mr. Hunt: We would have some customization if we have legislation that changes that, but still, the ownership of property, the tax keys, the assessment.

Council Chair Rapozo: So whatever system we choose?

Mr. Hunt: Correct.

Council Chair Rapozo: Okay. And I think we have got to get to a place where the exemptions are stable you know? So that does not change. An exemption is an exemption and the onus should be on this body here and the Administration to adjust tax rates every year and not exemptions. It is really the political will. Especially Council, we want to do it in way that is not going to affect us politically and we try to give exemptions, and that has to stop. Really, we have to work within the budget that is at-hand. We talked about this year, what was the cut across the board? About 6% for everybody? Pretty much that was the guideline or the directive was everybody cut 6 percent, some could not and others could cut more. So, you end up with this number, right? And that is what the taxes

pay for. I think that is what we have to set. You said it right, Steve, the cost of government will never go down. I mean it just will not for whatever reasons. It is common knowledge that the revenues have to be increased every year. Is it safe to say that the cost of living 3-4% every year? Can government stay within that same...if we are expecting the people to cough up another 3.5-4% every year, the government has to be disciplined to stay within those confines.

Mr. Hunt: If all collective bargaining was based on COLAs, but they are not. Also we are having the increase in the resident base, the visitor base, at some point you cannot continue to operate with your same base employees. I think as Arryl said ten years ago you had the same count, but you have more properties to assess and at some point have to add bodies. You cannot hold the line forever and technology is great, but even that you have people that still work the technology. So we try to hold the line as best we can, but eventually is the point we have to add bodies.

Council Chair Rapozo: And that is why the system that we spoke about, based on the sales price, so you have that reset every year. The median price right now of houses in Kaua'i is ridiculous. That told me we sold a lot of parcels at a very high rate. That means that that would reset. So those people would be paying substantially higher taxes than the tax base the year prior.

Mr. Hunt: Well, if that is the case, yes.

Council Chair Rapozo: Yes.

Mr. Hunt: I tend to take some of the media stuff with a grain of salt because of major properties sold that skews everything.

Council Chair Rapozo: I think it is safe to say that very few properties will sell less than what they purchased for, less than what we are paying taxes on. I think generally as the market gets better, where we are going to start seeing an increase in the property, and I know we will talk about the Humane Society. I guess they are coming up later, but they were not asked to take a 6.8 percent reduction, right?

Mr. Shimonishi: No, they were not.

Council Chair Rapozo: And the reason why?

Mr. Shimonishi: We just did not get that word out to them and they are not in a department of County, but a contractor, a vendor.

Council Chair Rapozo: Right.

Mr. Shimonishi: But I think in hindsight we could have communicated that to them.

Council Chair Rapozo: We will, I will anyway. Because to say Solid Waste, Police, and Fire, you have to reduce and nothing against the Humane Society, but what is fair for one is fair...we are all having a rough time. I was just curious if there was a conscious effort not to touch it or oversight?

Mr. Shimonishi: I think it was an oversight not to ask them to reduce the budget expectation, but we did not want to put in any increase coming forward.

Council Chair Rapozo: Did they ask for an increase?

Mr. Shimonishi: Yes.

Council Chair Rapozo: Figure out of 6.8% on their budget, because really, we have the Police Chief up here talking about cutback all kinds of stuff, accidents, now complaints are taken over the phone. I do not see why we would not be...and again, I will get hammered for this, I will. I have a dog and I vote stickers will come out as they did in past. But we are trying to make ends meet. And I think that is just...I was just curious, when I saw the numbers, it did not look like it changed. I think we have to take a look at that. Thank you.

Committee Chair Kaneshiro: Any further questions for real property tax? I know as we go through and as we get through the tax season and budget and you have more time, we can start to meet more on our real property tax policy. I do not know if it will be through a workshop or Committee meeting, but we can discuss that later. Let us move on to Real Property Tax Collection. Any questions for Real Property Tax Collection? I have a question on delinquencies. We are able to lien houses and foreclose on them. I am sure any time a house is sold, is there a guarantee if there is a lien to collect our property taxes?

Mr. Hunt: We are in first position.

Committee Chair Kaneshiro: So although our delinquent accounts are really high, it is just a matter of time that on the certain ones that we have filed for foreclosure, it is only a matter of time for that house to sell and we will be able though recoup our real property taxes and penalties?

Mr. Hunt: If the house does not sell and depending on the length of delinquencies, by the time it is three years of delinquent, we are forcing the foreclosure on tax auction sale. I know it was presented that we have delinquencies and dated as when the report was done from 6% down to 5.8%. As of March 31, 2015, we are down to 3.27%. So I think I spoke yesterday, when they asked what the typical delinquency, I said between 3-4% and this year it is 3.27%.

Committee Chair Kaneshiro: I have another question. As far as delinquent accounts, is that residential, commercial, industrial properties?

Mr. Hunt: They vary. Primarily we deal with properties that have issues with title, landlocked. Those are the ones that people have multi owners and somebody does not want to pay or argue who has to pay. Sometimes it is almost a benefit for to us take care of it for them, especially if there is any excess and there are residential properties that just have fallen behind. I know some of the properties at Kulana that are far behind that the AOA now owns.

(Council Chair Rapozo was noted as not present.)

Mr. Hunt: It is a hodgepodge and typically we do not see many industrial or commercial properties go in there, especially if they are income-producing. It is vacant land and houses in poor conditions that have fallen into arrears.

Committee Chair Kaneshiro: Any other questions? I think I have the answer, but I had it for Purchasing, but asked already as far as Collections go, I had another succession planning question on that one also. Government needs to grow at some point to accommodate the services or else we are going to lose services. It is really scary to look at the numbers. I think it is a recurring theme throughout all the divisions and Finance and instead of asking at every division, I will just say if you want to try to put together a succession plan...it is really scary to look at numbers with salaries in the \$30,000 range and we need to hire and I do not see much incentive of us getting it filled and I see the burden on the people that are already getting paid only \$30,000 and have to do more work with less resources. So it is kind of scary for me, looking at it. That was more of a comment than a question. Any other questions for Collections? Councilmember Kualii?

Councilmember Kualii: I would add the comment that I agree with our Budget Chair in that the biggest part of our revenue comes from real property taxes. So the work that you have to do is critical to the County. So processing, collecting, inspecting, everything that you do, if we have too many vacancies and that function fails, then the County fails. And we all fail. So it is important that we figure this out and I am fully supportive of the Budget Chair's comments.

Committee Chair Kaneshiro: Those were critical comments. If we do not have the staff to bill people or reevaluate assessments, we will shoot ourselves in the foot in collecting our main source of revenue.

Mr. Hunt: Collections actually does have one individual who is out right now on a workers' compensation issue as well and it will probably linger into Fiscal Year 2016's budget. We would like to fill that position, but do not have funding in the workers' comp account and may look at adjusting that in May, if I can get my Director to approve that.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I think I have seen elsewhere in the County that there is that "T" in front of a position?

Mr. Hunt: Yes.

Councilmember Kualii: That is because you are trying to take care of a situation temporarily?

Mr. Hunt: Ts are generally "temporary" and we have actually had our T for quite some time, because there has been continued work that has been created through new ordinances. So administering some of those takes additional...

Councilmember Kualii: I guess what I am getting at is that I do not see the "T" here with the account clerks. So if you needed one, I would like to see it there.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Just follow-up, since you brought it up, what would the request estimate be for?

Mr. Hunt: At this point, we would have to put moneys in workers' compensation because right now we would have to pay the claim out of that individual salary account that would preclude us from filling it, because we would not have salary available.

Councilmember Chock: How much is it?

Mr. Hunt: I would have is to estimate, but it would not be more than salary and fringe.

Committee Chair Kaneshiro: Any further questions for Real Property Tax Collections? We will move on to Accounting. Any questions for Accounting?

Councilmember Kagawa: What page is that?

Committee Chair Kaneshiro: I did not have any questions for Accounting. Let us see if Members have questions? Councilmember Kagawa.

Councilmember Kagawa: So I am clear, the "other services" account, City and County of Honolulu Drivers' Licensing computer usage. So we use their services to help us with drivers' license...I like our licenses. I think now they are nice, just a comment.

RENEE YADAO, Accounting Systems Administrator: Good morning. Renee Yadao, Accounting Systems Administrator, for the record.

Councilmember Kagawa: I do not know if you heard my question.

Ms. Yadao: Yes, I did.

Councilmember Kagawa: Okay. Just wanted to get clear.

Ms. Yadao: Basically we utilize the City's database system and that is basically the cost-sharing on County's part.

Councilmember Kagawa: Cost-sharing for?

Ms. Yadao: All the drivers' license accounts and all the data we use, the software system. We input various transactions from motor vehicles into the system. So that is basically our cost-sharing, the County's part.

Councilmember Kagawa: Thank you.

(Council Chair Rapozo was noted as present.)

Committee Chair Kaneshiro: Councilmember Kualifi.

Councilmember Kualifi: Accountant III position, 253, 205 and both SR22, but the one has a salary of \$67,000. And the other has \$49,000. Is \$49,000 A and \$67,000 F? Can you tell me that?

(Councilmember Kagawa was noted as present.)

Ms. Yadao: That is correct. The \$49,000 is at the beginning of the step.

Councilmember Kualifi: Yes.

Ms. Yadao: And \$67,000, she has been here 30 years.

Councilmember Kualifi: So that is the range there. And the 205 vacant since 01/31 under recruitment.

Ms. Yadao: Correct.

Councilmember Kualifi: When do you anticipate hiring?

Ms. Yadao: I just received the list. I have not received a schedule yet for interviews.

Councilmember Kualifi: Typically, how long does it take if there is enough interest?

Ms. Yadao: It depends on how fast we can interview.

Councilmember Kualifi: Receive the list means a list of applicants?

Ms. Yadao: Yes.

Councilmember Kualifi: So you have had applicants?

Ms. Yadao: Yes.

Councilmember Kualifi: For that salary-level and that position?

Ms. Yadao: Correct.

Council Chair Rapozo: Follow-up.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Is that something that you control, the time and scheduling of interviews is that something that your office does?

Ms. Yadao: We have three on our panel and it just depends on availability.

Council Chair Rapozo: Three on your panel, meaning from your office?

Ms. Yadao: Two from my office and Deputy Director of Finance.

Council Chair Rapozo: So it is really in your control?

Ms. Yadao: Depends on availability.

Council Chair Rapozo: I know, but you do not have to rely on outside departments or people?

Ms. Yadao: No, no.

Council Chair Rapozo: Okay. Thank you.

Ms. Yadao: Thank you.

Committee Chair Kaneshiro: Any further questions for Accounting?

Council Chair Rapozo: Well, I guess I have one more because of her response. Is your staffing affecting the availability, I guess I should say? Do you have enough people? I know it is a tough question to ask today, but I can talk to you offline. I hate putting people on the spot, but it is really the only opportunity that we have to know.

(Councilmember Kagawa and Councilmember Yukimura were noted as present.)

Ms. Yadao: Right.

Council Chair Rapozo: We do not...I know it is tough, too. Because you get everybody here. But it is really tough for us to know what the needs are.

Ms. Yadao: Well, it has been challenging. I have been here shy of five years, and every year it is been covering. So it is been challenging. I do not feel that at this time, because I have one position down, we do not have enough. So I am lucky to have a great team, who are willing to do more with less.

Council Chair Rapozo: I am in no position to judge, because I do not know what goes on in the individual offices, but I see some departments have so many people and some have so little people. I cannot expect these people to come to us and say hey, we need more people. I would just hope that the Administration is making sure that we get adequate support in the places that we need it. And I do not know how we figure that out here, at this table. But I know that a few years ago we had some issues and we did get involved a little bit. I am not sure if anything was resolved with that. I have not heard any more complaints from anyone. But that does not necessarily mean that everything is okay. And I think, I think we all should be able to tell the Council that we need more people, we need help. And we can work our way or try to figure out how we can help you folks with what you need. Anyway, I think I can read between the lines. Thank you.

Committee Chair Kaneshiro: With no further questions for Accounting we will move on to IT. Thank you. For IT we have IT and the IT CIP. I do not know...maybe we will just do IT first and then CIP questions. We can go through CIP questions and at the end, if there is remaining CIP, we will go through the list and look at them individually and

check them off. In the past we went individually through the CIP items, but we will go through the regular budget first. Any questions for IT? Councilmember Yukimura.

Councilmember Yukimura: I apologize for my absence up to now. Let us see, I guess I want to say first of all, that I am very pleased with the IT budget report. I remember three years ago... was it? When did you come on board, Brandon?

(Councilmember Kagawa was noted as not present.)

BRANDON RAINES, IT Manager: Almost five years ago.

(Council Chair Rapozo was noted as not present.)

Councilmember Yukimura: Five years ago. We had all of these mountains of IT work that had to be done in different areas, and a dwindling workforce and vacancies. And to see that you have filled them, even though I know there is still a need for more, and organized the efforts, the payroll, is ongoing. The GIS or land-based management is ongoing. It is really, to me, a positive sign of the work that has been done. Thank you very much.

Committee Chair Kaneshiro: I have a question, too.

Councilmember Yukimura: Go ahead.

Committee Chair Kaneshiro: I think I probably know part of the answer, but in the alternative IT funding / revenue, we have provide value-added services for our citizens, local businesses, and visitors as one of the things that we are working towards. What type of value-added services would those be?

Mr. Raines: We are just starting to look at potential revenue opportunities from the IT perspective and the fact is that the County has a lot of valuable data and in a position to bring that data to the form for residents and visitors as services...there may or may not be a revenue opportunity, but maybe just a service as we move forward. You do see around the country, people charging for things like background checks and other types of services that is not just necessarily my piece, but all kinds of information that may be value-added and may represent an opportunity. I am not saying that that is the case, but we should certainly look.

Committee Chair Kaneshiro: I know when I think of value-added, thinking of making it easy for people to pay their bills and might have been along the same lines, too. I was interested in what types of value-added services that the County would be able to provide. Thank you. Councilmember Yukimura.

(Council Chair Rapozo was noted as present.)

Councilmember Yukimura: I think it is a really great thought, Chair, in terms of increasing the efficiencies of the County. For example, people have wondered about those long lines for vehicle registration and so forth and wondered if people could do it online? It is not possible right now, yes?

(Councilmember Kagawa was noted as present.)

Mr. Raines: Actually...

Councilmember Yukimura: They can do it by mail?

Mr. Raines: It is very interesting that you bring that up because we did a citizen survey and looking at technology and serving our citizens and what came back was...one of the questions was if we could offer more services online, what would that be? And the top two kind of transactional-based things were can I pay my real property taxes online and can I pay my motor vehicle registration online? Can you add those? They exist today online and one of our challenges is outreaching to our citizens to make sure they are aware of that. Currently those transactions exist online. There is an e-services page, but we have to do a better job of raising awareness of what we already have. Clearly, if people do not know it is there, they are never going to use it.

Councilmember Yukimura: So people can actually pay taxes or vehicle registration online with a credit card?

Mr. Raines: Yes.

Councilmember Yukimura: Okay. And is there any way to put a little monitor...you know like when you check in for the airlines? A kiosk that people can do if they just get too impatient with waiting in line.

Mr. Raines: There is and, in fact they have put a little computer out there in the shared area of the offices. It is gone largely unused. I think the fact is that a lot of people have the computing power at home with their laptop or desktops or even their phones. So our challenge is to kind of raise awareness and make that available and perhaps a more user-friendly way as we move forward with making those services available. Can we look at a new and improved kiosk out there? Maybe, and that will be one of the things that we consider. Our previous efforts have been the more website-oriented type of things.

Councilmember Yukimura: Well, you have identified the problem area is not the availability of the technology, but the awareness of it. So that is obviously one area that we could work on. And the other one in terms of the kiosk is if you remember, Hawaiian Airlines had people out there, to help people learn how to use it. And that, I think, is a big help. Now in this time of scarce resources, paying for bodies might be difficult. But it is not a bad thought about a volunteer group, like the RSVP, the senior retired volunteer program. These ladies actually already sit there in the room, the big hall, where people come in. And maybe training them to teach might be a possible opportunity.

Committee Chair Kaneshiro: Follow-up question, Council Chair Rapozo.

Council Chair Rapozo: I think the awareness part...it says it on the notice. I just did it online and I paid an extra \$3.25 and it is just the most convenient thing, so wonderful. I do not like pay \$3.00 extra. Hawaiian Airlines does not charge you \$3.00 to use the kiosk. When they look at efficiencies, the more people they can keep off counter, and they pay for that, the people are paying for that. So it is costing them money, but they are doing it. I think that is one way. You incentivize online and number one you get more people to use it and number two you get more people off the road as JoAnn continues to talk about and I did not have to come in to Līhu'e to get my tax. It was great and several months ago when I had to do my daughters, I could not get it done, because the lunch break

was not long enough. The line was so long you had two people at the counter, during lunch hour. So that is a problem. And I do not know how that can be fixed, but to have two people there during the lunch hour and four people in the afternoon I think makes no sense. The idea is to get people to do it outside. So maybe you can incentivize it and for me it was worth it because it cost more than \$3.25 in gas to do it from home and it was beautiful and in less than a week I got it in the mail and it was awesome. Congratulation on that. Going back to the efficiency part using Hawaiian Airlines as the model and they make enough money on the tickets that they gouge us on, so they can afford to give back to customer service. You can put that in the paper, I do not care. Because it is true. So somehow getting people...I do not think it is the...because it is on the thing. I guess that was my point. It is on your slip, the thing you get in the mail, that your registration is due. So it is a matter of getting people to use it. I think when you log on, and you get...you go through all the information and says now you will pay \$3.25, maybe that turns some people off. But I know we have to pay for that service, too.

Mr. Raines: It is definitely a business and fiscal decision whether or not you are going to charge the fee? There is nothing to keep us from a technical perspective from removing the fee.

Council Chair Rapozo: If we waive that fee, what would be the impact be? Based on the numbers that we have now?

Mr. Raines: I think the usage would go up. My understanding is that...do you want to answer that question?

DAVE SPANSKI, County Treasurer: Sure. Dave Spanski, County Treasurer, the fees got up to \$300,000 back in 2009.

Council Chair Rapozo: For drivers' licensing?

Mr. Spanski: For real property, sewer, and motor vehicle registration.

Council Chair Rapozo: I am talking about the drivers' licensing?

Mr. Spanski: We do not do that online, we do motor vehicle registration.

Council Chair Rapozo: I am sorry, that is what I call "license plates" the registration.

Mr. Spanski: If we lumped it all together, maybe if I go back to my notes I would figure it out. Right now motor vehicle registration is approximately 250 cars per month, or 3,000 cars per year. We register 90,000 vehicles.

Council Chair Rapozo: 3,000 per year do it online?

Mr. Spanski: Correct 250 a month average.

Council Chair Rapozo: And our fee is...

Mr. Spanski: There is no fee. We do not charge them a fee.

Council Chair Rapozo: No...

Mr. Spanski: The vendor charges a fee.

Council Chair Rapozo: Whoever, I am paying the County.

Mr. Spanski: The vendor is charging \$2.50 no matter if you pay by eCheck or credit card.

Council Chair Rapozo: They charged me \$3.25.

Mr. Spanski: They charged you \$2.50 and \$1 because you paid by eCheck.

Council Chair Rapozo: No by credit card.

Mr. Spanski: So it would have been whatever your credit card amount was. So if you had a \$100 bill, it would be \$2.50 plus 2.2% approximately.

Council Chair Rapozo: So we do not pay a fee, but they have to collect a fee, the vendor.

Mr. Spanski: Yes, for keeping the infrastructure up 24 hours a day, seven days a week.

Council Chair Rapozo: Okay. So we really do not have control over that.

Mr. Spanski: No, we do not. Yes, we could say we do not want to use you.

Mr. Raines: Actually, we have control. We can have the vendor waive that fee, but we would have to pay it on the back end. We can hide it from the public and say no, do not charge them the fee, but the fee will be paid.

Council Chair Rapozo: I guess what I am asking if we did that, how much would the County have to pay to do away with that fee. I am just talking about motor vehicle registration. Do we know?

Mr. Spanski: I am just trying to tell you when we started this, the highest we got was...I had the budget \$300,000 for overlying credit card and eCheck fees.

Council Chair Rapozo: Okay, that still does not answer my question. I think I can do the math. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Is it a flat fee for the service or per transaction?

Mr. Spanski: You want to register your car, okay? You want to pay your property tax or pay your sewer bill, you are charged a convenience fee ...everybody is charge a convenience fee of \$2.50.

Councilmember Yukimura: Okay.

Mr. Spanski: Then if you are going to pay by eCheck, they add \$1.00. So you pay \$3.50. Okay? If you paid by credit card, you pay \$2.50 plus whatever, if it is a \$100 bill, 2.2%, you pay an extra \$2.20 plus the \$2.50 is your total.

Councilmember Yukimura: So you cannot negotiate that...which would then...the more the transactions we have, the cheaper it is going to be?

Mr. Spanski: You want to talk about negotiations, this is run by the State government. Any other vendor...

Councilmember Yukimura: This is run by the State government?

Mr. Spanski: By the State procurement. We are on their contract.

Councilmember Yukimura: I see.

Mr. Spanski: Okay. So if you want to go with one of the other providers, say the one for the IRS, if you pay with a credit card, you pay \$2...their percentage is 2.49% or 29 basis-points higher.

Councilmember Yukimura: So we are right now using the lowest-cost system?

Mr. Spanski: Correct.

Councilmember Yukimura: Okay. So is there a way to equalize things by making those who come in and use bodies to do the transactions to also pay a fee? It is sort of like people who park, versus people who ride buss? I mean everybody pays something for the actual costs.

Mr. Spanski: Do they not already pay that with property taxes and all of those other things? They are already paying.

Councilmember Yukimura: But not per the use, no. There are property tax owners who are paying for the people who park...who do not use the parking. That is the beauty of the user fee it targets the people who use the service. And that is just an analogy. So my question is can you put a generalized transaction fee on everybody? Because they are all costing money to have these transactions done and not necessarily full costs, but offset some of the costs?

Mr. Spanski: I would not want to pass that law.

Councilmember Yukimura: People are already paying, but only those who use electronic and we are talking about how you use incentives?

(Councilmember Kualii was noted as not present.)

Mr. Spanski: When we began paying the fee for the public, the user rate got as high as 15%...for real property and the charging fee is now down to 8%.

Councilmember Yukimura: Interesting. That is the experience with the plastic bag issue in the public. When they charge \$0.05 for a bag, the use of bags drops. And people start bringing their own bags. 5% makes such a difference in user behavior. It is really amazing. Because what is \$0.05, you know? But it affects behavior. You are saying the reverse is happening...not the reverse, but the exact same thing. It is affecting behavior, but in a different way. It is discouraging people rather than encouraging.

Committee Chair Kaneshiro: I think this is more of a policy decision. So I think note well taken and I understand that people are paying for a service through real property taxes and if you are going to pay online, you pay a service charge for the online fee. But if you come in, we are going to charge you an additional fee, even though you are already paying real property taxes on it. I understand both sides and I think we can always have discussion further in a Committee meeting as far as what kind of policy we want going forward with the credit card charges? It was really eye-opening because I was going to say that sometimes those fees deter me from wanting to pay my sewer bill online, but I understand it is not the County charging a fee, but the service fee for having that available. Thanks. I think we will move on. Any other questions for IT? Councilmember Chock.

Councilmember Chock: Thank you, Chair. This is kind of along the lines of goals and objectives. I have been trying to look into how we increase efficiency and capacity in interdepartmental and across the road here in terms of communication and so forth? I know you might have been in touch with this Lockheed Martin IQ system. I know the State uses its intranet forum. Have you had a chance to look at it in more detail?

Mr. Raines: We had some preliminary discussions, mostly in sales and marketing types of situations at this point. Salesmen coming in and showing us what they have. So we have done an initial evaluation. It is pretty pricy for what it does and a lot of it has to do with more constituent engagement. It is targeted more towards tying incoming and outgoing communications whether it is Council or the Administration and how they handle their constituent communications. It can certainly help there and it is helping around the country in different places, but for internal communication it is probably not really focused on that particular piece.

(Councilmember Kualii was noted as present.)

Councilmember Chock: I agree, that was my first take at it. But I think you get the point of what the need is. Because even as a Council we have a hard time with Sunshine Law, but the amount of work, like with our South Shore Plan. We have so many amendments to look at just to get through and create an effective system, where we can communicate and see amendments in progress, I think, would be helpful in moving our process along. So those are the kinds of things if you could help us look into, I would appreciate it and would work with you as well.

Mr. Raines: Happy to follow-up with meetings after budget or around budget.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Any further questions for IT? Councilmember Yukimura?

Councilmember Yukimura: In your narrative, on page 20, “performance measures” you talked about technical support services in the centralized help desk service.

Mr. Raines: Technical support services. So basically this has to do with the consulting that we provide we are refining policies. Basically we provide all of these support services. I do want to focus on customer satisfaction. We have a help desk ticketing system and we are starting to wrap that in a little tighter policies and procedures to get more data out of the amount of work that we are doing. Who are the frequent fliers? What are the frequent issues? And maybe we can take more proactive steps to drive down the volume by looking at the data and becoming more efficient. I think the team is doing a good job, but is it is overwhelming on days with the amount of staff and the amount of requests that come in on a daily system. We are starting to drilldown on the data and do operational reporting to look at exactly how we are doing it and opportunities for improvement.

Councilmember Yukimura: Well, it is interesting, because it is analogous to what we have been encouraging the Police and Fire Departments to do with their calls, to analyze the nature and source of the calls, to see with limited staff those can be addressed in other than the conventional ways? So that is commendable. Because I am a terribly needy user, as you know, and I have noticed a drop in services. Often when we call, people used to answer, but now they do not and they say they will call back and they do. But what about the concept...and you might have it elsewhere, I know we did it in the very beginning when we started to computerize the County, the geeks in every Department that are really interested and the other day, Codie is not here.

Mr. Raines: Did you just call Scott a geek?

Councilmember Yukimura: This is meant as a compliment.

Mr. Raines: We are very happy that he is here,
Councilmember.

Councilmember Yukimura: The other day Codie from our Office figured out the problem for me and that is the kind of in-house help that might...as long as it does not get too burdensome can carry the load with more people. I do not know if that is an option. Related to that is your...I thought a great idea, you are doing it at a higher-level, but your Information Technology Steering Committee. I just want to say it seems like a really smart idea and I am glad you have done it. Then, on your citizens technology survey, I just wondered is there any cost to doing that? Are you finding it useful? You already mentioned how it revealed the nature of the blockage to electronic registration, vehicle registration. You do this annually?

(Councilmember Chock was noted as not present.)

Mr. Raines: No, this is the first time we have done it. What we are doing is we are actually...we have taken several projects, and defined from those survey results. We will be working on those and hope to finish those within Fiscal Year 2016. When that is done, we will probably do another survey to reassess how we are doing? And see where the opportunities and priorities with our citizens are at that time.

Councilmember Yukimura: So this project name sheet is the projects that came out of your survey?

Mr. Raines: Some of them are and some are not. You will see the citizen technology survey is listed there and then it has an asterisk.

Councilmember Yukimura: I see. I want to say this is a really helpful format to see what...

Mr. Raines: I am glad it is. I struggled with how best to present the information.

Councilmember Yukimura: Well, you know, for me, it is so clear what you are accountable for. That you have these projects and how much you finished, and how far along the ones that are unfinished are? And your commitments to when they are going to get done. It is really, if we could see this from every Department, that would be really useful. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: I may have missed this somewhere, but the two top positions E90 and 239. One is named Executive Assistant to the Mayor, one is named Computer Systems Officer. One is EX-, one is EM3 and one has salary of \$96,000 and the other with \$107,000. What are the differences between those positions?

Mr. Raines: The Executive Assistant to the Mayor is myself. The IT Manager.

Councilmember Kualii: Yourself.

Mr. Raines: And the other one is Mabel Antonio, who was formerly IT Manager and has been with County IT pretty much since the beginning.

Councilmember Kualii: Former IT Manager.

Mr. Raines: She is a senior-level IT person who has been there for a long time.

Councilmember Kualii: So you split up the duties?

Mr. Raines: I take over management responsibilities. That is fully mine. She works on complex technical projects. At this point we have kept the reporting structure in IT very flat and not introduced any kind of middle layers of management. That may change overtime, but right now I am handling it and would rather keep it that way, rather than hiring a manager. It is flat. I am the providing manager for the entire staff, for all 12 of us.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I just want to acknowledge Mabel, who is the one who built the basis of the IT system. When I was Mayor, she worked with the blue-ribbon committee and basically set up the AS500.

Mr. Raines: 400.

Councilmember Yukimura: 400. The various policies that helped to streamline the development of the process and given the fact that we are still using the system, it was well-grounded, but ancient now and I know you have done all kinds of creative things to make it work. But it has been a legacy, I think, of some good work.

(Councilmember Chock was noted as present.)

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Just touching upon KipuKai's question. So the EM3 is like top management salary?

Mr. Raines: EM3 was Executive Assistant to the Mayor?

Councilmember Kagawa: Mabel's one is EM3. That is management pay, right?

Mr. Raines: It is a senior management type of pay, she is managing projects and vendors rather than staff.

Councilmember Kagawa: Managing projects and vendors?

Mr. Raines: Right. So when we have projects internally she may lead a project while those staff may not report directly to her, she is managing the project with multiple people working on it. Same thing with the vendor project, even though the vendor does not report directly to her as manager.

Councilmember Kagawa: For me, it seems to have reorganized, but looks like the salary did not get reorganized with the reorganization. Right now she is making \$10,000 more than you and you are the boss.

Mr. Raines: That is working for government, is it not? If you perform well and stay for a long time some of the managers do not make the same as the staff.

Councilmember Kagawa: I am just saying that it seems that...and we have got the Human Resources Department now and hopefully we can get the boss to get the boss pay at some point. The second person should be under the boss pay. I just feel like if we accept the fact that it is unfixable, we will never fix it and this is one of the areas that I want to see if we can fix. Where if we in the past move, we had you as the head person, managing the department. And at some point, we decided that we wanted another person to do it, then let us give the person who is running it, the management pay and give the one who used to manage it the secondary pay. I am just trying again to get it right where we pay a person based on what they are doing. I do not think managing projects is managing the departments. For me, it is not the same. You are either the manager or you are not the manager. I have...and it is not a knock on Mabel. I am just trying to get Human Resources to try and work towards getting it right, and if it is unfixable, then it is sad. Because we should try to fix it. You fix it when they retire? You fix it? I think sometimes we do not fix it, they retire and we just fill it. The problem does not get fixed. So I hope you are listening, Human Resources. When she retires, fix it. Because we cannot have two top management pay in one spot.

NADINE K. NAKAMURA, Managing Director: Good morning, Nadine Nakamura, Managing Director. Yes, Councilmember Kagawa, there are a lot of situations in the County where this pay inversion takes place and that is why we are in a difficult and challenging, especially in the Fire/Police Departments, where people with long length of services have a higher pay than those in the top two positions. Why the difficulty of filling Deputy positions in those departments and in this situation, where just based on the civil service rules that allow step movements, whenever the union negotiations take place...and because of the length of service that over time we cannot bring down, but when that person retires, then we go back to the very bottom step of that pay grade. You can reallocate maybe from EM3 and go down to SR24, 26 and they start at the very bottom range of that. This is just due to length of service that civil service dictates the pay increases and we cannot make changes at this time. But at time of vacancy, that is when that evaluation happens. The reallocation can take place.

Councilmember Kagawa: Again, I think that was just my suggestion. Because I understand that we cannot drop her pay because she once was the manager, EM3. I am saying when she retires to drop it where it belongs, because Brandon is the EM3 manager now. We are just doing it in another way I guess.

Mr. Raines: I can tell you since I have been in the County I have filled three positions and in every case I have reworked the position description based on what I felt the Department needed the most. I will definitely be continuing that every time there is a vacancy, there is an opportunity to relook at how we are doing and also a Vacancy Committee at the Administration senior-level. So every time there is an opening I look very carefully at it and not just the way I might look at it, but the way they might look at it overall for the whole team.

Committee Chair Kaneshiro: Thank you. Council Chair Rapozo.

Council Chair Rapozo: Nadine, those two positions are exempt though?

Ms. Nakamura: They are exempt civil service.

Council Chair Rapozo: Both of them?

Ms. Nakamura: Not all of them. One is exempt. Appointed. And one is exempt civil service. I am sorry, excluded civil service.

Council Chair Rapozo: I guess, I was not going to say anything, but there was a point we had one IT Manager. Right? Right? We had one IT Manager. You have to talk because the mic cannot pick you up.

Ms. Nakamura: Yes.

Council Chair Rapozo: We made a conscious decision to bring in an Executive Assistant to the Mayor, to add that second high-level management position for the Department. I think as Ross is talking about, yes it is tough to correct now and we have to fix it before we make the mistake. You have a high-level manager and we create a whole new position at some point back in time. I think that is...now we are in a position you cannot fix it right now. I think that is what Ross is trying to say is hey, when we look at the Departments, IT is definitely a very high-skilled Department. You need high-skilled people. If you look at the pay, it shows there, reflects that, because it is all high-pay, very

high-pay and many of the other Departments are not. And you cannot judge the technical nature or expertise or the importance of a position by the pay. Because as we looked in other Departments the pay is relatively small, but the County cannot operate without them as well. HR does as part of their restructuring with the new HR, to look at each Department and doing management audits to say are we overstaffed? Are we understaffed? And reallocating resources where they need to be. You know last budget, Brandon, we had a position that was not filled, and you were having a rough time. So that is done? Which one was that?

Mr. Raines: 273.

Council Chair Rapozo: I am sorry?

Mr. Raines: 273.

Council Chair Rapozo: So you found the right person?

Mr. Raines: I did and another person with 20+ years' of experience and hit the ground running.

Council Chair Rapozo: Good. I just wanted to go through a few quick questions. Website redesign, where are we on that?

Mr. Raines: We did the initial evaluation whether or not to do that job in-house or look to external services? In the interest of basically doing more with less, we decided to keep that job in-house. So we are in the process of upgrading our website platform. Progress over the year, we have rebuilt our infrastructure that allows to allow these changes for things like websites and anything else that would be public facing. That part is all procured and done and we are working on the foundation of the website overhaul. Once the foundation piece is done, we will reach out to individual agencies because the way we do business at the County is not that IT makes all changes to the website, but Departmental website editors are able to make the changes on behalf of the individual agencies. So that is where we are.

Council Chair Rapozo: Well, hopefully, I mean, on or before our last NACo Conference, I met with up with several designers of websites and I met up with the one that does Maui's. Maui's is so much more user-friendly. C

Mr. Raines: Civic Plus, yes.

Council Chair Rapozo: I am not sure if that is an option. I am not sure if it is cheaper to do it in-house. On our Council website, if you click on "Committee Meetings," if you do not know that you have to click the little plus, you go to the page and think they did not put it up. I find myself doing that early on and you see the little plus and you hit that and the window drops down. Is that something that we can fix?

Mr. Raines: Absolutely. What you are seeing is reflected by having an old platform that has been there for quite a while. What we are doing is bringing the website into the modern age with additional features to find information a lot more simply.

Council Chair Rapozo: Thank you for the WiFi access for the public here. That helps a lot, it really does. Everywhere I would go they would have it, but not here. Is there any way to keep it longer?

Mr. Raines: Longer?

Council Chair Rapozo: I use the public one, so I do not have to type in a password, but it shuts off and we go to a caption break and it is off. I do not know how long the time before it...

Mr. Raines: I will check on that. It should be up for several hours.

Council Chair Rapozo: I can tell you it is not several hours. It is not even an hour. It is relatively quickly, probably 15 minutes or so.

Mr. Raines: So you are saying you are getting dropped?

Council Chair Rapozo: Yes and it forces you to go back to hit the "agree" button. It is not a huge problem, but I would think it would stay a few hours.

Mr. Raines: You are experiencing that with the public one that we just added?

Council Chair Rapozo: Yes. I want to say kudos to your help desk. I use them quite often. They have always answered the phone and I always seem to get Jolene. I ask her, are you the only one working and she says no, Mel, we rotate. She has been a blessing, an angel for me. I already told her, but you can go back and say it is just amazing. I cannot complain about the service from the help desk. Thank you very much.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: So excuse me my ignorance what is "Sun Guard ERP?"

Mr. Raines: It is what is commonly referred to as AS400. It is our financial system that also has some community functions like building permits and the rest of that. And ERP is enterprise resource planning.

Councilmember Yukimura: Okay. I just want to note your statistic that the same number of IT staff were responsible for supporting...let us see...that is 2005, supporting 570 end-user computers and they are now responsible for supporting over 1,000 end-users.

Mr. Raines: That is correct.

Councilmember Yukimura: So you have doubled the users and you still have the same staff?

Mr. Raines: Yes. That was the point basically IT has grown and that is good, but we are still...and we try to be as intelligent as we can, as efficient as we can, but it is a great example of the sheer numbers of issues, servers, PCs that we deal

with and it is clear that the number of end users and computers in the County has doubled while we have maintained the same staffing levels.

Councilmember Yukimura: You also say that the County should consider hiring two more IT staff and you have explained how you will manage without it, but what are the two staff that you would hire, if there were the resources?

Mr. Raines: I think I put it in the report, but basically it would be...

Councilmember Yukimura: Excuse me.

Mr. Raines: One lower-level type of technician and "lower" not meaning less skilled, but more to help us from the help desk daily perspective and one more kind of senior IT Specialist that can help move strategic projects forward and take a complicated project, whether that is software or hardware implementation and push that forward on their own and manage that from start to finish. So one kind of each, if you will and following the in-depth challenges that we face day-to-day and some of the more strategic initiatives we try to pursue.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Any further questions? If not, we are going to take a 10-minute caption break and come back for the CIP. We will see if there are any remaining questions and come back for CIP.

There being no objections, the Committee recessed at 11:00 a.m.

The Committee reconvened at 11:13 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We will get started again. I know we ended a little quick last time, but do we have any further questions for IT, regarding their IT Department budget? If not...Councilmember Kualii.

Councilmember Kualii: It is just a quick overall thing looking back at salaries and the top two positions. I would just put forward and I need to find out for myself but maybe you can find out, too. When Nadine talked about the position goes vacant, you can go back to the bottom of the scale, and you can even reallocate. I would look at the use of reallocation and how you justify reallocation? I think it is based on operational needs. So I think a reallocation could indeed go up or down and it does not have to be when the position is vacant. So there are decisions made for personnel or political reasons sometimes, but I would look to see based on civil service of what is possible and not possible? That is all I would say. Maybe Ernie has an answer already.

ERNEST W. BARREIRA, Assistant Chief Procurement Officer/Budget Chief:

Good morning, members of the Council, Ernie Barreira, Budget and Purchasing Chief. The difference is if you look at an occupied civil service position, and you want to redescribe it to create a lower SR level, for example, you could do that and redescribe the position, but there is a red-circle provision where the salary, you could not bring harm to the incumbent with civil service status. Likewise, you have more flexibility with exempt position, but with civil service, to do it as a realignment or future adjustment intention. You have more flexibility when the position vacates as a result of normal or

anticipated/unanticipated attrition at which point the Vacancy Review Committee kicks in and you make the significant adjustments as necessary. There would be no immediate financial benefit in a situation where you downgrade a full-time equivalent FTE that is occupied.

Councilmember Kualii: Even though we do not have an opportunity for immediate financial advantage, we would have the opportunity of the Administration showing the Council that it is committed in moving in that direction of making the corrections. And that gets back to the whole idea about the Vacancy Review Committee, and how Chair and I and maybe others have talked about we want that to be more extensive in the sense of position and the Vacancy Review Committee. While clearly we have so many positions, I think it was 1,111, we are not saying to look at every single position. Clearly you would look at positions like these. Because it is odd, you know? And it stands out. Thank you.

Mr. Barreira: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura. I just want to preface, I know this whole Vacancy Review Committee might be a better discussion in HR. So I do not want to go too long on it, but Councilmember Yukimura.

Councilmember Yukimura: Yes. I just want to say that in the situation of IT, that we have been discussing, I do not think there is any need for correction. I mean, because the skill-level of the person in the so-called management position is high. Given the years' of performance, it is probably by private market standards, it is low, the salaries that are given right now. So I do not think there is anything to correct in this situation. Now I think it is true that when you have a vacancy you do have to set it at what your needs are. Especially given the pool of applicants that you are looking at, you would set it based on their skill-level and so forth and experience. I am assuming that you promoting someone into a position that has been in the County for a long time, it is different than a brand-new person. Just to be clear, there is no situation to correct here.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I just want to say, I am not trying to cause trouble here. Okay? SR20, \$50,000. SR24, \$66,000. There is one \$73,000. SR26, there is \$73,000, up to \$83,000 and there is a jump to EM3, \$107,000. I am not trying to cause trouble. Okay? When this position gets vacant, let us bring it back down to the SR level. There is fair justification to say a job should be worth \$24,000 just for one person. I cannot see the rationale. If we are talking about a Department Head who runs the office, and then there is a difference, okay? That is the job that Brandon is doing. So I am just saying this is...we have got to fix this at some point. You cannot fix it when the person is live in there, and this is meant...I do not think any comments are because we do not know what jobs they do. They do an excellent job a team. IT has come a long way. They are way ahead of at least my school and our computers and what we struggle with and the programs that we use. The County's system from when I was working in the County, in 1996 or 1997, we were backwards back in 1996-1997 and we have, I think, the way our computer systems are working now and the help we get, when we have problems, is tremendous. So we have come a long way, and your team, your whole staff is doing a great job. So this is not about...just bringing up the fact that at some point, if we have a chance to correct the wrong, let us correct it and let us not just okay, well it is a great opportunity to reward this employee at some point and give them that big jump. I think that leads to low morale in

the staff overall if we do not fix that problem. I am just saying that Human Resources watch those kinds of things and if management direction has changed for one reason or another, and there is a new way of dictating the Department Head, then let us just do it at that time. I hope we can put this to rest. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: And just very quickly, I just want to say that so I do not know names and personalities of who is in what position and I like it better that way. It is for you folks to decide as far as the skill-level and the operational needs and promotions and what have you? But I would say that as far as looking at this budget, it would be helpful if the SR26, because there are five or six of them and he just mentioned there are several salaries, if that also said what the level was? And then for me, the thing one step further would be the length of service. So if someone is newly-hired and has been with us for a year, it would jump out at me if they are at the F-level and I would ask and you would say they have 20 years' of experience at another IT place and we hired them at this level, but it would be an exception. Because I think clearly throughout the County and here, when you have the Information Technology Specialists I, II, III, and IV, I would like to see that you are using that to our advantage as a County to maximizing the type of people that we attract and also getting the productivity, for lack of a better word, the best bang for the best buck if you will and keeping those employees with morale and all of that by being in position to give the appropriate advancement along the way. If everyone is hired at Specialist IV, then we cannot give them the opportunity to grow from I to II to III to IV and the sort. I do seem to understand now that each of these steps, I mean each of these position-levels, I, II, III, and IV has steps within them through...so there is plenty of opportunity to give raises and promotions over time; if we start them, you know, at the appropriate...I am not saying it is not appropriate, but if we see a little bit more information, then the isolated instances, then maybe we can just get more information. Thank you.

Committee Chair Kaneshiro: Any further questions for IT? We will move on to the CIP and I know they provided a very good summary, project summary of all of their projects. If we have any questions regarding their CIP budget, they only have maybe five items, six items. Councilmember Yukimura?

Councilmember Yukimura: Yes. Thank you for the planning, zoning, engineering project. Which we all know has been long needed. In terms of electronic plan review, what percentage is being done electronically and what are the objectives in terms of finishing the project?

Mr. Raines: Last time I spoke with the folks in Buildings, I believe we are doing somewhere between 15-20% on electronic plan review, which is actually a pretty good step forward in terms of the goals going forward, obviously the long-term goal is to go more and more paperless. When and how we get there is a deeper discussion, both with IT and also the Buildings folks in terms of the process and procedure.

Committee Chair Kaneshiro: The system is in place already?

Mr. Raines: Absolutely.

Committee Chair Kaneshiro: So if we have questions regarding how many permits they are processing with the computerized system, maybe we can send a question to Buildings?

Councilmember Yukimura: I just wanted to know approximately how many were using this system. And 15-20% gives me an idea of where we are, and this is tied into the GIS system?

Mr. Raines: Electronic plan review is pretty much an internet-based portal for submitting plans.

Councilmember Yukimura: Yes.

Mr. Raines: So it just avoids the need to print out seven sets of plans and walking them down to the County building and chase that paper around the County. It is all done electronically, both the initial submitting and routing and that type of thing, communications, et cetera. It does not necessarily tie into GIS other than the fact that it is associated with a parcel and a structure on that parcel.

Councilmember Yukimura: So it is the central land information management solution project that is going to allow us to update all of our planning files and zoning files and real property files as we get new permits and new development on the ground?

Mr. Raines: Right. That whole initiative has to do with tying our different silos together in terms of we have land information management and Real Property and we have Planning. We have it in Public Works with the Building folks. We need to wrap our arms around that and bring it all into one centralized solution. And that is what we formed a task force to do.

Councilmember Yukimura: And you show this as 40% complete, task force formed and efforts progressing. That was in your operations.

Mr. Raines: That is mostly getting the plan in place. I mean, to move us forward over time, to let us say get us to the same place of where Honolulu is, that is a multi-year effort, but working with the task force to get short, medium-range goals and long-term.

Councilmember Yukimura: I think our Planning is doing paper files?

Mr. Raines: In some cases, yes and they have an internal homegrown system we have recently upgraded to stabilize that and allow it to continue to serve, both how it does now and expand it until we look at it more as an enterprise perspective across the entire organization.

Councilmember Yukimura: I mean, you know, because in the past, they have forgotten what the conditions are that were put on to permits. They were not enforced. They were not included on maps. I mean, there has been this kind of disconnect because they have been paper files not tied into a centralized system. I am just asking whether that system is going to be changed. So that we have a better way of tracking our conditions and permit requirements?

Mr. Raines: Yes, we are looking at digitizing all land information over time.

Councilmember Yukimura: The goal for this operations plan that you have mentioned on your list is to develop a plan for that, is that right?

Mr. Raines: Right.

Councilmember Yukimura: An interdepartmental cross-sector plan.

Mr. Raines: Yes.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Members other questions?

Councilmember Yukimura: Your payroll personnel system, what is the timeline? This is obviously a multi-year?

Mr. Raines: Basically that initiative or that CIP project has a multi-pronged effort and in the report we go through all of the different pieces and parts to that. We are in the process of implementing employee self-service. We have already implemented some interfaces and we are in the process of implementing the on-boarding process. Beyond that looking at evaluation and time and attendance, so we are making slow and steady progress on a multi-pronged effort to move that whole piece forward.

Councilmember Yukimura: The self-service to employees will be a benefit for them, right?

Mr. Raines: Absolutely. The employee self-service allows us to look at pay stubs online, both current and historical, as well as provide some other interfaces for demographic type of changes, requesting that of HR. And then also doing what-if scenarios for changing dependents and things like that? It will allow the employees to more or less self-serve those functions.

Councilmember Yukimura: And is part of keeping the accuracy that we have been highlighted in audits?

Mr. Raines: Yes, that is part of the overall project we have been doing. A lot of progress has been made and folks in HR can better address that in their presentation, but progress has been made there and having accurate data is key to having employee self-service.

Councilmember Yukimura: Thank you to for all the support you have given to this effort. It is a real relief to know it is being addressed in a systematic way. Thank you.

Committee Chair Kaneshiro: Any further questions for IT? Thank you. Thank you, Brandon. We will move on to Treasury. We will jump to Purchasing. Are there any questions for Treasury? There are two employees.

Councilmember Yukimura: I have one.

Committee Chair Kaneshiro: We will jump to Purchasing. Any questions for Purchasing?

Councilmember Yukimura: I just have a comment.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Yes. Ernie, I just want to say your succession plan is very impressive. It feels like a model to me for other departments. On your performance measures, these appear to be more steps than indicators. I am hoping next year for any department that has indicators, we are going to get an indicators report. So I am not sure what the indicators actually are, but I know there has been tremendous advance, so I appreciate that. Do you have some thoughts about actual indicators? Maybe these are not conducive to indicators.

Mr. Barreira: You are referencing the succession plan?

Councilmember Yukimura: The performance measures.

Mr. Barreira: Thank you.

Councilmember Yukimura: They reflect very systematic thinking about the steps that it is going to take to get to your goal. This is really refined-level of asking you to indicate.

Mr. Barreira: Under leader of our Managing Director we have moved into this area. I think this is the second year we have tried to discuss...

Councilmember Yukimura: Indicators?

Mr. Barreira: Talking about indicators and performance measures. So it is a little bit of a new process for us. But I think you are right. When you make the comment of a guide to achieve the end result, that is the intent in articulating these points of view listed.

Councilmember Yukimura: If you were to continue your expansion of electronic procurement and paperless initiatives, what would you see as the outcome that you would be 100% electronic...that all procurement would be done electronically?

Mr. Barreira: Yes. Actually, we are very much on our way there. Partly there and we will be there the next milestone is July 1st where we roll out of fully electronic procurement system for construction contracts and later in September, our chosen methodology for goods and service and the reason it is critical, one of our senior managers Erwin Wright in the Purchasing Division is retiring this December. I remember talking about it four years ago and thinking it is a long way off, but we are here with him retiring in a few short months and it is critical we roll out these initiatives under his leadership for both implementation and succession. So there are specialists that can learn the skills and abilities to carry on after he leaves us.

Councilmember Yukimura: That is very good to hear. So by this year, you plan to be 100%...your procurements 100%?

Mr. Barreira: The procurements for goods and services for construction will be electronic and as opposed to now we let everything electronic and receive paper offers. It still mandates quite a bit the manpower facilitate tabulations and reviews. Our support processes, while we are using scannable processes they have to be signed before scanning method. It is very exciting because this year, working closely with Mauna Kea Trask, our County Attorney, we came across a Hawai'i Revised Statute Chapter 489E-7, which identifies and sets forth a very aggressive legal precedent, where electronic signatures and similar signatures are valid under the law. As are wet signature documents. That could have a significant impact on the way we do business overall and you could be looking at files and files of paper files now becoming electronic documents now residing on the cloud, which have a huge impact financially and operational in what we do.

Councilmember Yukimura: Excellent. Are the other counties doing this or is Kaua'i leading the way?

Mr. Barreira: No. In this case, Maui...ironically, we were first to find the government-supported public purchase system, but since that time, the County of Hawai'i and the County of Maui have rolled it out in different segments. We are going to be the only fully electronic, where we let electronically and we receive electronic bids. So that is we are going to set the standard, but the City of course spent millions of dollars a few years ago to develop an electronic procurement system. And of course, the State has its own electronic procurement system as well.

Councilmember Yukimura: The State sounds like they are having a lot of trouble with IT.

Mr. Barreira: We did not adopt the State system to charge our vendors for a system that would create more efficiencies. It does not make sense to achieve more efficiencies and charge more. So our system will not cost them a cent to use.

Councilmember Yukimura: The Department of Commerce and Consumer Affairs does charge for more expedited business registration, for example. So sometimes it is appropriate. But in your case, where they need to be able to respond to bids, it makes sense not to charge them extra to do that. Do you know what kind of savings we are amassing from going paperless?

Mr. Barreira: The mail budget alone dropped more than \$20,000 from when I first arrived. Of course the mail is always a challenge and trying to reduce the mail. Our operating expenses have dropped as well. It does not show as clearly, because payroll has been to aggressively increase it seems to have taken away from the savings on the operating side. It is a much leaner operation, less paper, less time involved in processing the work of procurement. And the savings in time, just alone the pCard, an electronic process. We used to process 8,500 purchase orders a year and that general analysis from the National Institute of Government Procurement says it costs about \$97.00 for every purchase order executed. We are down to less than 5,000 with the pCard initiative and the transactions comparatively speaking is on \$17 a transaction. So in those relative terms, there is tremendous savings in time and moneys. When we did our assessments for paper, the amount for the County overall has dropped significantly.

Councilmember Yukimura: Is there not a down-sizing of the amount of space that you need to store paper?

Mr. Barreira: Yes, and because of that we have been able to, with the help of Council, to create for space for other important resources.

Councilmember Yukimura: If it is already submitted by paper and...I am sorry, electronically transacted, the archiving you do not have to do and the storage also becomes easier?

Mr. Barreira: Yes and just recently we implemented procedures on retention for electronic records. Because even for the Council you only require approval after two years as opposed to seven years for paper documents. So it is going allow us to...it will be electronic and removal of the electronic files will be freeing up space.

Councilmember Yukimura: You are cutting the time that the period in which electronic data is kept?

Mr. Barreira: It is already in the law. It is two years versus seven years. Already within the County's authority, if you look at the retention form we have to execute when we seek your permission to dispose of records. It is defining the electronic records as two years as opposed to...as to records that have electronic backup can be held two years as opposed to seven years. So it expedites the process of removal of those documents.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: You are not saying that the electronic records are being destroyed after two years?

Mr. Barreira: No.

Council Chair Rapozo: The paper records?

Mr. Barreira: Associated.

Council Chair Rapozo: That have electronic backups can be destroyed?

Mr. Barreira: Yes. The only records, Chair, electronic records of disposing will be those that are redundant in our operations.

Council Chair Rapozo: So no matter what we destroy, there is some record of it?

Mr. Barreira: Yes, sir.

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: Any further questions for Purchasing? We will move on to Treasury. Any questions from the Members? I have a question. With only two employees, do you have a succession plan? Are you starting to cross-train anyone?

Mr. Spanski: Who? Who would I cross-train?

Committee Chair Kaneshiro: I am just asking.

Mr. Spanski: That is not my department. You have to take it up with my boss. They have been on notice that I am retiring and the whole Treasury Division will be retiring in 2017. There are probably five others, the combination of Motor Vehicle and Drivers' License. So that would be 7. You have a total staff of 25. You will be losing 30% of your staff.

Committee Chair Kaneshiro: I think that goes to my questions I have been asking all day about succession planning and it is concerning that Treasury has two employees that will be retiring in 2017. I do not know what our plan is, but we better have a plan in place to try and accommodate those types of positions of people retiring and getting people in and trained up. Any other questions for Treasury? Councilmember Yukimura?

Councilmember Yukimura: Well, I would like to ask our Finance Director if he is developing plans for that and of course he has only been on-board for what? Less than a month, Ken?

Mr. Shimonishi: That is correct, 18 days to be exact. It is funny how...

Councilmember Yukimura: Maybe we should ask the question next budget.

Mr. Shimonishi: It is funny when you get the position and you start counting the days. I now know why Steve had a calendar with the red lines going across each day. Yes, Dave has made that aware to us. We are definitely looking at seeking ways to try to come in with new temporary positions or some way, shape or form to get that area covered.

Councilmember Yukimura: I know that I think it has been for at least two years that we have been told there has been some...there is some effort underfoot to look at even changing Human Resources rules, if we have to, in order to allow for that kind of position-training. But I have never heard of any results from that effort and maybe because there has never been an organized, like with your motor pool, there is not an identified project to actually do this. It is not a problem that is only in Treasury or Finance. So maybe an organized effort to address it might be worthwhile, or a pilot project? I do not know whether Human Resources and State rules and laws allow for a pilot project. How do they do it in the private sector? They just have more positions?

Mr. Shimonishi: I am guessing you have the flexibility of bringing someone in new to cross-train as the person is there and to be able to have that. You do not have the issues with civil service, authorizing position numbers.

Councilmember Yukimura: Yes, but the civil service system arguably should evolve to allow that, because that is good human resources practice.

Mr. Shimonishi: I agree. It is what it is.

Councilmember Yukimura: Well, maybe we will make a request to Human Resources to develop a system for succession training. For lack of a better phrase right now. Because it seems like somebody has got to start working on this problem, and Treasury might be a great pilot project. Because Dave has been here for over 20 years and has run that office really well. When things are done well, you do not notice, right? It is only when you have problems that you notice. But it is going to be a major change and major shift and it will be so important to find someone of his quality and background to continue and it would be helpful if he could train them for at least a year and not much time is left. Anyway thank you for raising the issue, Chair.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Dave, what is your office responsible for? Because some of the members have never heard your presentation and have never sat down with you and I think Councilmember Yukimura hit it on the head.

Mr. Spanski: The title is Treasurer. So in a normal area they would have a team. Not a Drivers' License Clerk, not Motor Vehicle Registration Clerks. It would be a team, we are the only County in the State, the only County in the United States, organized this way. So however to get to your point, I am in charge of cash management, making sure we have enough cash flow to maintain. I am in charge of investment management. And we are also in charge...well, personally I am in charge of debt management. Now the accounting, there are eleven bank accounts, reconciling all of those and you have things coming in over electronic form coming into accounts. Who is that? Is it Police? Is that Prosecutor? Is it Solid Waste? You know, we have to identify it. We have got it cleaned up a little bit, but there is a lot of leg work that is involved with that. So with that, say for example, the only Treasurer I am familiar with, who was the last one in the State of Hawai'i to move out, they used to oversee Drivers' License and Motor Vehicles. He now is on the Big Island and has a staff of six. He does not oversee Drivers' License or Motor Vehicles. Now in the other counties that have a Drivers' License and Motor Vehicle they have an Administrator higher than my level to oversee those. City and County of Honolulu, they have two more under him to oversee.

Council Chair Rapozo: So you oversee Drivers' License?

Mr. Spanski: Correct.

Council Chair Rapozo: And you get no assistance?

Mr. Spanski: There is a Chief Examiner. If you look at the organizational chart, I can sit here honestly and say I have never issued a driver's license or issued a motor vehicle registration, but I am their Administrator. Again, we have been fortunate to have good supervisors at that level, you know? Every once in a while and it is usually when there is a human resources problem, but as far as the technical job, I can answer some questions, but I have never issued a registration, I have never issued a driver's license.

Council Chair Rapozo: How do you guys get...how do you get it done with two people?

Mr. Spanski: Because we have worked at the ability of ten.

Council Chair Rapozo: Right, and at the expense of succession training?

Mr. Spanski: There has been no...we have both been here long, you know? We are maxed at vacation. So mandatory you have to take your vacation or lose it. We do not take sick-leave. She has been there longer than me and has almost three years of cumulative sick-leave and I have two years' of cumulative sick-leave. So if we took those, you lose five years. So it is who you have in there. You hired us to do the job that we said we would, and we are.

Council Chair Rapozo: I think there is a huge imbalance in the size of the staff in different departments, I think. And we have seen it year after year after year and you have departments with, I believe way too many people that should be doing more with less and we have departments like yours, the Treasury. I would think it is probably one of the more important departments in the County. I would just think so. But you know, I know Ken, you are so new, poor thing, but they hear this every year. Maybe you have not, but somebody has to do something. It is, I think, Arryl, your first time as Budget Chair and from day one his concern was succession planning. What if you decide to leave next year? Whatever, I am tired, God forbid you just leave, then what? We are going to grab two accountants to be Treasury? What is going to happen? We have to start looking at that? Dave never complains or argues nothing, just does his work and maybe you are right, JoAnn, because it is going so well we do not notice.

Mr. Spanski: I do argue with directors...well, not argue, but stress my point.

Council Chair Rapozo: Well, for those who have not seen your presentation, to have it so they understand your depth of knowledge in Finance. It is incredible. You are going to be one tough cookie to replace. So we are going to have to start concentrating on that. Ken, I guess that is something that you have to start looking at. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I would like to suggest that you flush out your mission statement. Because it would help and I am sure that you are referring to the core of your work by the words "prudent financial management," but it really helped when you said you are responsible for cash management, investment management, and debt management. That really helps us understand better what your department does and your work. Because those three things are super substantial. Thank you.

Committee Chair Kaneshiro: We do not need to work on the mission statement now.

Councilmember Yukimura: I would like to see it next year, because it tells us and it is informative and tells us what you do and this statement minimizes.

Mr. Spanski: How much time have you got?

Committee Chair Kaneshiro: I did not mean now, in the next two years, but we can work on a mission statement later, but not now.

Councilmember Yukimura: Not now.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I keep hearing the question about mission statements. I have got to say, I have read all of them, and they are all coming from different places and I feel there needs to be some continuity to the larger vision and mission of our County. The way I see mission and vision, are a little bit different in terms of the outcome that we want to have in the future and how we get there? I think it is a little bit of discussion that needs to happen, if we are going to move in the direction of working on these missions and visions because some do not have a mission even. So that we are moving in the same direction and creating them with specific purpose and clarity and not to just have one and I see that happen often in these arenas. I will not see anything else about it Chair, but I do have another question. The question, Ken, you talk about...and I know this has been an issue in the past about limited space. Has there been further discussion on the movement of that? I know we are trying to get Planning in their own space. Where are we on that? Because as I read here it is an issue for the Finance divisions?

Mr. Shimonishi: I have not been up to speed on the space needs in my 18 days. But I know that gets old. I think it is probably something that we should circle back with Planning and Public Works and Keith Suga on how we revamp that whole area.

(Council Chair Rapozo was noted as not present.)

Councilmember Chock: I think this body keeps going back to what about this space that we have across the street here? And what are the plans? Because every time we ask the question, it does come back a little bit different. So I know there is a majority of this is for storage, but I have also heard most recently County Auditor and other things. I just wanted to get clear if it is a broad request to get an update on that? Thank you.

Committee Chair Kaneshiro: I believe the County has a plan and they might be updating the plan. I do not think the plan included the Big Save area, but I think they are working on a plan to include the Big Save area. Maybe we can stay abreast on that as we move forward, once the plan is ready. Any further questions? Councilmember Yukimura?

Councilmember Yukimura: Page 33, you talk about the long lines and that has come up before. I just wondered if you folks have been discussing strategies for reducing the lines? Or whether you think it is just a necessary evil...I know end of the month and so forth.

Mr. Spanski: Right. Right now it is a necessary evil. If I could give you some background, and pardon me I am going to read.

Councilmember Yukimura: Well, that means you are prepared.

Mr. Spanski: Vehicle registrations have increased 104%. From 1987 to 2013. In 1987, 46,000 vehicles, in 2013, 96,000. That is just motor vehicles. In 1991, sewer collections began at 13,000. They are now at 25,000 in 2013, an increase of 91%. In 1992 tipping fee coupon issuance and collections began at 2,300 along with landfill payments currently at 840. In 2001, bus pass issuance and collection began, currently at

3,800. In 2010, commercial refuse collection currently at 195. In 1987 the headcount was 8, two State-funded and six County-funded. In 2015 the headcount is 10, two state-funded, eight county-funded. This is an increase in staffing of 25% in 27 years with a volume increase of 275%. Last full term hire was 2007. The increased volume of registered vehicles equates to doubling staff or six additional personnel. This does not take into account additional mandated duties since 2001 of sewer, sewer bill processing, tipping fee processing, and bus pass processing. Work volume on average has increased 10% per year. It is really spiked in those years. Again, if you take it and average it out it has been 10% a year. Area has been chronically overstaffed for years leaving employees overworked and demoralized after years of neglect which may be contributing to the absenteeism. We consistently continue to receive numerous walk-ins, phone calls, and complaints criticizing the Department for inadequate public service.

Councilmember Yukimura: Can we have a copy of that? Thank you, Dave, for painting the picture so clearly. Do you have a proposal for how we could address those problems in terms of an organization and estimated costs?

Mr. Spanski: No, not at this time.

Councilmember Yukimura: Is that something you could work on?

Mr. Spanski: When? I have to do a mission statement...and do what I have been doing.

Councilmember Yukimura: Most division heads are responsible for those things.

Mr. Spanski: I understand, yes. I cannot give you a deadline.

Councilmember Yukimura: No, but you are raising a really important question, and when we keep talking about cost-cutting, we are ignoring the real need for proper staffing. And so by giving us this data, you have helped us get a perspective on what we need to see that we are ignoring and overlooking, which I do not think we can continue to do.

Mr. Spanski: What that was from, that was my write-up to the Vacancy Review Committee. Because I had a vacancy in the motor vehicle section. We had a retirement. So that was my...to explain, because you will see other things in there. I want to preface, read the "background" portion. My return on investment to the Vacancy Review Committee to maintain, not to take that position.

(Council Chair Rapozo was noted as present.)

Councilmember Yukimura: Right. Right. There are probably other departments that have similar situations and they may not be as articulate or as data-based as you have been in making your case. But you have definitely done that job. So I imagine you convinced the Vacancy Review Committee to keep your position and allow you to fill it?

Mr. Spanski: That is correct.

Councilmember Yukimura: Yes. Okay, very good. Well, see what your question led to. Thank you for this. Obviously we cannot address it today, but we first need to know what the problem is. So you have helped us understand that. I think that is all I have for Treasury.

Committee Chair Kaneshiro: Okay. We will move on to Drivers' License. Any questions for Drivers' License?

Councilmember Yukimura: Well, I know in Drivers' License as you have explained there has been an increase in burden because of these crazy requirements.

Mr. Spanski: I guess my reference in the reading was to the motor vehicle side, but it is also in my write-up about the Drivers' License, just the increase, you know? The Federal and State mandates of how they process a drivers' license now, just increased the time processing.

Councilmember Yukimura: Right. In asking for documentation that people cannot get overnight?

Mr. Spanski: Correct.

Councilmember Yukimura: Whether it is passports or divorce decrees or whatever, right?

Mr. Spanski: Right.

Councilmember Yukimura: I know I have dealt with that in my own family. So yes, I do not have any other questions, just an acknowledgment about the extra work you folks have had to do also.

Mr. Spanski: That should be normally pointed to their supervisors and they do a really good job of helping everyone to understand.

Councilmember Yukimura: Yes, they do do a great job under adverse circumstances or difficult circumstances.

Committee Chair Kaneshiro: I know this question...the answer is probably no, but did the Federal or State provide any incentive for us to...I mean monetary incentive to follow their additional requirements?

Mr. Spanski: Yes, like the surveillance that is being done is being paid by the State and Feds. So we have gotten funds for that. We will get more funding... Kaua'i is the first one in State to be ID-compliant.

Councilmember Yukimura: Wow, congratulations.

Committee Chair Kaneshiro: I will stop assuming then and saying no. That is good. Councilmember Yukimura.

Councilmember Yukimura: A follow-up, you are talking about surveillance equipment to keep track of what is going on in...?

Mr. Spanski: Right, inside, even as far as the back office, to make sure there is no tampering or anything like that.

Councilmember Yukimura: Okay. Well, congratulations and thank you for extraordinary work, especially given the short staffing.

Committee Chair Kaneshiro: Any further questions for Driver's License? We will move on to Motor Vehicles. Any questions for Motor Vehicles? I have a quick question. I did not take good enough notes to think of it as Driver's License or Motor Vehicles, but why is Motor Vehicles collecting the sewer fees?

Mr. Spanski: One-stop shop.

Committee Chair Kaneshiro: Just convenience for where they are in the building?

Mr. Spanski: That was the idea. I think back...you know, prior to even me getting here, when I got here, we just started taking the sewer bills, I believe. I think was just the idea of one-stop shop, because I do not know, but you are coming here, let us make it to do all of this with one thing. When we had dog registration, you could come...before we even had real property collections, all in the same building, but that is just how it evolved. You guys are collecting, why do not you collect that? But this is an unfunded mandate. Management forgets that you started out small, but you got big. And they do not take into consideration the volume. Just like something you mentioned is getting done and as a water balloon, you can only put so much water in and it will burst.

Committee Chair Kaneshiro: I told myself I would not repeat myself, but it seems that the recurring theme through the division, we have had held the costs, but the amount of services have increased and how do we continue to maintain that service with that amount of staff? When I was thinking about it, I do not know if it should be there or a different location and you have a certain amount of trained people to do that and it takes off the burden of other employees doing other duties. Who knows what the cost of that would be also? Councilmember Yukimura.

Councilmember Yukimura: Well, as someone who was there when we created that room, and actually stopped the long lines that were overflowing at the Hale Kua'i Building. The idea of the one-stop convenience and also cashiering security so you would not have money collection everywhere. To have a centralized system where you have these protections or these internal controls was part of the idea. And I think it has a lot of rationale to it, but I am just thinking as Dave is giving us the big-picture; that there is sort of this internal services that could be paid for by the different systems. Just like we do the County Attorney's services are allocated back to the department. You know, maybe sewers and bus and others have to, in their budget pay for that collection service that is being done by Treasury.

Mr. Spanski: I think that was the idea. If you go back and look at the tipping fee coupon ordinance, there is in there the resources would be available for collection. But it never materialized.

Councilmember Yukimura: Okay. So that is one way to look at it, if you begin to think of more staffing. And it is cost-effective because Solid Waste might have to

pay for half a position, and sewers for half a position. If you can put it in one position somewhere else.

Mr. Spanski: Now we go back to...

Councilmember Yukimura: Getting trained in cashiering.

Mr. Spanski: Where are they going to be sit? Where are they going to be?

Councilmember Yukimura: Space.

Mr. Spanski: Yes, space. Even to try to help us now, the only place like we have a vacant office, I could put...as soon as I get fully staffed in Motor Vehicle, back up to 10. We are at 9 now and back up to 10, so I could put two people in the office. I do not know what the OSHA requirements and how much space you need for people?

Councilmember Yukimura: If Planning could move to a bigger space that would be your expansion space. That makes sense.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I definitely agree with the points that Councilmember Yukimura was making, in that the actual cost of providing the collection services needs to be borne by the people you are collecting it for. The other parts of the County that you are collecting them for. I see that there are several positions that are dollar-funded. So you know the idea about being understaffed and needing more positions. Have some of these...there is like five or six in Driver's License and two in Motor Vehicle.

Mr. Spanski: If you look there is an asterisk and that they are State-funded.

Councilmember Kualii: Okay.

Mr. Spanski: So the State pays for those positions. They are filled.

Councilmember Kualii: They are filled?

Mr. Spanski: Yes. I am only vacant one position in the Motor Vehicle registration area.

Councilmember Kualii: If they are filled, and we pay them, why is there not a salary?

Mr. Spanski: The State pays for their salaries.

Councilmember Kualii: The state reimburses?

Mr. Spanski: Correct.

Councilmember Kualii: We are getting money from the State to cover those positions, but I do not think it should say a dollar, should it? Should it not say the salary?

Mr. Spanski: It is the State paying for it.

Councilmember Kualii: Does the County pay \$1.00?

Mr. Spanski: No, we do not pay anything.

Councilmember Kualii: We pay zero.

Mr. Spanski: Correct.

Councilmember Kualii: So it should be zero. And the asterisk that says "State funding." So we do have those positions?

Mr. Spanski: Correct.

Councilmember Kualii: Just paid for by the State. And do we get an annual commitment for those positions?

Mr. Spanski: In perpetuity since I have been here. I think they transferred over in 1986 or 1987. It was before my time, but I think I have documents that they converted from the State taking over for the counties and they would pay for certain positions.

Councilmember Kualii: We can count on it?

Mr. Spanski: Correct.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Any further questions? If not, I am inclined to take lunch and then come back with Kaua'i Humane Society as our final item at...say we will be back at 1:30 p.m. and take the Kaua'i Humane Society and that will be our final division. Okay? Thank you. With that, we will take a lunch break.

There being no objections, the Committee recessed at 12:10 p.m.

The Committee reconvened at 1:31 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Next up we have Kaua'i Humane Society. Please step up. And just state your name, for the record.

PENNY CISTARO, Executive Director, Kaua'i Humane Society: Penny Cistaro, Kaua'i Humane Society, Executive Director.

CATHERINE VILLARREAL, Controller, Kaua'i Humane Society: I am Catherine Villarreal, the Controller.

Committee Chair Kaneshiro: Any questions from the Members? No questions?
We are done.

Ms. Cistaro: Okay, thank you.

Committee Chair Kaneshiro: I have a question. This is the first time I saw
the Kaua'i Humane Society's budget. There is an audit every year that is done.

Ms. Cistaro: Yes.

Committee Chair Kaneshiro: And results, is it eventually shared with the
County Council?

Ms. Cistaro: Yes.

Committee Chair Kaneshiro: Okay. Councilmember Chock.

Councilmember Chock: When is that report due?

Ms. Villarreal: The auditors are on-site in September, and we
normally get the report in November and submit it to you guys within two weeks of getting
the report and it is also available on the website.

Councilmember Chock: Okay. So we would not hear from you in some
months.

Ms. Villarreal: We just got the one from four months ago, yes.

Ms. Cistaro: We can send you another copy, if you would like?

Committee Chair Kaneshiro: Any other questions from the Members? They
are just checking over their notes. I am sure there are more. Councilmember Yukimura
probably has questions. Should I take a five-minute recess? We will take a five-minute
recess, because I know there are going to be questions and if I stop it now, I do not think we
are doing anybody justice, because we need the questions answered anyways. Let us take a
5-minute recess.

There being no objections, the Committee recessed at 1:33 p.m.

The Committee reconvened at 1:38 p.m., and proceeded as follows:

Committee Chair Kaneshiro: We are back from our short recess, just getting a
little reorganized. I had another question actually on the facility improvements. Is there
any type of...who is responsible for the building, parking area? And is there an account set
up to be reserving money for it? If there is money available for improvements to the
facility?

Ms. Cistaro: Part of our facilities maintenance, so there is
facilities maintenance for grounds, building, and miscellaneous repairs. That is built into
the budget every year.

Committee Chair Kaneshiro: I am talking about more things, like, replacing the roof, or having to redo the asphalt? I am not sure how your budget is set-up. It is better to budget for these things now and reserve it now then to take the one-time hit when the item comes up. Say the roof needs to be replaced in 20 years, our budget will be \$1 million now and that year it will be double, maybe \$2 million to replace the roof.

Ms. Cistaro: We do not have a capital budget at this point.

Committee Chair Kaneshiro: Okay. Any other questions? Councilmember Chock?

Councilmember Chock: Thank you. Thank you to you folks for being here. I wanted to see if we could get a little bit of update on some of the things that were passed last year in terms of the barking dog ordinance and the licensing that was invested in from the County has progressed? Would you be able to provide a little bit?

Ms. Cistaro: Barking dogs has done well from March of 2014, when it was passed, through March of this year, we have received a total of 40 barking dog complaints. 14 of those were closed with education. Five were closed for various reasons, they gave the dog away or they moved away. And we issued nine citations. The rest remain open insofar as we have not heard back from the complaining party. They never mailed in their log sheet. So whether the problem resolved and they did not update us, but it is actually much less than what we had anticipated receiving. So we are averaging about 4 complaints a month.

Councilmember Chock: One in four we are having to move on a citation and the cat licensing?

Ms. Cistaro: Cat licensing is on-budget and we had...let me see, for the first nine months of the year, of this Fiscal Year we had budgeted a little over \$11,000 and we are just over \$10,000 on revenue for cat licensing. We are basically on-target.

Committee Chair Kaneshiro: Are there any additional revenue sources that the Humane Society gets? Looking at the profit and loss, there is the Kaua'i County contract and then the cat licenses, dog licenses, impound fees, and straight boarding. Do you receive additional grants or revenue to help supplement the financials?

Ms. Cistaro: We receive...the organization runs on contributions, grants, bequests, so there is additional funding to the Kaua'i Humane Society and the Kaua'i Humane Society uses its money to offset the cost of the contract because the County contract of \$760,000 and then the revenue that is generated through the impound, the board, and the licensing still does not cover the full cost of the program. So this year we are subsidizing at about \$111,000 is our projection. Next year, we are projecting that we will be subsidizing the contract to about \$136,000. Because it is an off license year for dog licensing. Dog licensing renewal is every other year. We just enjoyed that December through March of this year. We had the renewal, we got those in, and so next January through March is a non-renewal year for us. We have also, in one of our budgets we over projected what we would receive on board, stray boarding. This budget is a little more realistic, because we have found that for us, we use it as a bargaining, because people will come in and say well, I cannot afford the board, and so we negotiate the cost of

the board. So that we can get the animal back home. So that is part of what we put into the contract.

Committee Chair Kaneshiro: As far as the grants go, I know the financials right now, the budget is showing a negative \$136,000. Do the grants and fundraising that you do, does it reach \$136,000? Or do you have grants that you receive every single year in a certain amount?

Ms. Cistaro: No. We apply for grants throughout the year, and those are not to fund the County contract. Those are to fund our programs. Our spay/neuter assistance program, our food bank program, our camp programs for kids, our outreach, and our adoption programs.

Committee Chair Kaneshiro: So those expenses are not shown on this?

Ms. Cistaro: Those are the Humane Society expenses or revenues and not the County's.

Ms. Villarreal: You did receive an E-mail from me with a combined budget, the really long sheet with KHS and the part you have folded is the additional revenue coming into us. Our revenues also include the Blooming Tails retail shop, as well as the front desk, the revenue from adoptions, and any retail stuff we sell.

Ms. Cistaro: We have an agreement with the State to provide the quarantine or direct-release program for animals coming into Kaua'i. We also do private boarding, and those are all revenues, services, that the Humane Society does outside of the contract.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: Hi, thank you for being here. I have a couple of line item questions basically. On the line item "50219 audit expense" is that an annual audit?

Ms. Cistaro: Yes, it is an annual audit. It is a complete agency audit and the cost is split between the County and the Humane Society.

Councilmember Kualii: I see that for the current Fiscal Year the split was \$9,000 to the County and \$4,000 to KHS as a total, for a total of \$13,000. How do you determine that split?

Ms. Cistaro: 80% of the work that we do is through the County contract. 80% of the animals coming into the shelter are strays.

Councilmember Kualii: Okay.

Ms. Cistaro: Not all of the splits are at that proportion. It is usually...it can vary with staffing, what is charged to the County. My salary, I think is 25% is charged back to the County.

Ms. Villarreal: We have several departments which do not affect the County budget. It depends on cost and how much is related to the County contract.

Councilmember Kualii: So along the same lines of that audit amount, how about the outside professional services?

Ms. Cistaro: Outside professional services includes some of our staffing costs, and outside professional services?

Ms. Villarreal: If we have to send animals to the vet that is outside professional services, anything that we have to hire somebody else to handle it for us pretty much.

Councilmember Kualii: I saw the breakdown for this Fiscal Year. \$17,000 and \$40,000. Some of it is a split, if you hire a consultant?

Ms. Cistaro: A lot of it is our employee costs in professional outside services. Because we have an outside service that handles our medical insurance, dental, vision, the payroll, our HR, all of that is in the outside professional services. So the KHS has more employees than the County contract does and that is what...

Ms. Villarreal: The total organization budget for next year out to professional services is \$44,000 of the \$16,000 allocated to the County.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Just so I know that I understand, you are saying this year the subsidy from the Humane Society to the County is \$111,000?

Ms. Cistaro: No, that is this current Fiscal Year is \$111,000 and next year will be \$136,000.

Councilmember Yukimura: Right. So this Fiscal Year it is \$111,000?

Ms. Cistaro: Yes.

Councilmember Yukimura: And the projection for this coming Fiscal Year is \$136,000?

Ms. Cistaro: Yes.

Councilmember Yukimura: What was it last year? I am just wanting to know if it has gone down or up?

Ms. Cistaro: It has been going down. The first time that I came before Council it was close to \$400,000. And I believe that...I do not remember what we ended. \$286,000. I do not know off the top of my head. I apologize, what we ended at June of last year.

Councilmember Yukimura: All right. So if you could just provide that as a follow-up.

Ms. Cistaro: I can.

Councilmember Yukimura: In your memory, it is and certainly \$400,000 to \$111,000 is going down.

Ms. Cistaro: Yes.

Councilmember Yukimura: And then it is going up a little bit in your projection?

Ms. Cistaro: Yes.

Councilmember Yukimura: Is the biennial dog license fees have to do with this coming year?

Ms. Cistaro: Yes. So our expenses are projected to be 4% less this year than last year. However, our income is projected to be 7% less. Which makes up that \$25,000 and that \$25,000 is through licensing and boarding.

Councilmember Yukimura: Okay, but the decrease over time in the deficit is partly due to the increases that we passed for licenses, both for dogs and the cat licensing that we initiated as well. That is helping to bring down the deficit?

Ms. Cistaro: Yes. As is there has been a decrease in some of our expenses. There is also a decrease in the number of animals coming into the shelter. So that is reflected in there.

Councilmember Yukimura: Yes. 80% of your animals are?

Ms. Cistaro: Are strays.

Councilmember Yukimura: Are strays. And what do you account the decrease in animals coming to the shelter to? What is causing that?

Ms. Cistaro: Well, more animals are being serviced. The spay/neuter program is providing a great assistance. There are programs set up at the shelter to help people keep animals in their home, rather than surrendering them for financial reasons. We have the food bank. We have the low-cost spay/neuter clinic along with the vaccination clinics that provide wellness to the animals. So that they are able to stay in the homes. And we have a very robust microchip program for identification, as well as the licensing program.

Councilmember Yukimura: So what you are suggesting is that the animal control is getting better.

Ms. Cistaro: Animal control is getting better.

Councilmember Yukimura: The control of the animals and these are unwanted or unowned animals is going down?

Ms. Cistaro: Yes.

Councilmember Yukimura: Well, that is a good sign.

Ms. Cistaro: And our spay/neuter clinic is maintaining, if not increasing its stats with the number of animals coming in.

Councilmember Yukimura: So we are spaying and neutering more animals than in the past?

Ms. Cistaro: We are holding study, averaging 1,200 a year of the public animals and feral cats, the numbers of surgeries for feral cats is increasing as well. And would and we would like to think that people are being more responsible with their animals

Councilmember Yukimura: Definitely long-term the increase in spay/neutering should manifest in that.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: In regards to the shortfall that you folks are experiencing \$136,000, is that what you said? What are your plans to address that this budget period?

Ms. Cistaro: We are going to continue to do the fundraising, increase our efforts. We are looking at additional grants for our spay/neuter assistance program and our food bank program, which would take some of the financial burden off of us. We had requested an additional sum from the County this year because it was an off budget year. Last year we did not ask for an increase, but again, we are in the situation that if the County continues to fund as it has in the past, we would absorb the cost of the excess.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: In looking at last year's budget compared to this year's, the new coming year, you are on-track for this current year for your salaries and wages? The County's share to be \$548,000 is that correct?

Ms. Cistaro: For this year, yes...well, payroll and benefits were at currently nine months of the year \$497,000 and we are on-track.

Councilmember Kualii: For next year you are projecting \$760,000 or no? What are you projecting for payroll? \$669,000? No, what are you projecting?

Ms. Cistaro: This year, Councilmember, we are projecting this year at \$728,000. For the upcoming year we are projecting \$690,000. It is actually decreased by 5%.

Councilmember Kualii: Is there any other report? I thought years ago we saw, like how the positions breakdown under the contract that the County is paying for? And what is the quantity of each? The deliverables?

Ms. Villarreal: I can certainly provide that. I was not aware that you needed it.

Councilmember Kualifi: Yes, sure. We are looking at the budget for the year.

Ms. Villarreal: We do salary breakdown by Department, which has the positions, as well as each one.

Councilmember Kualifi: And break apart the County piece, versus the rest? Definitely I want to see that.

Committee Chair Kaneshiro: I know you answered part of it, but I am still a little confused how we separate the expenses between the County's portion of the Humane Society and the Humane Society portion of the Humane Society, I guess? I am looking at the double budget and I know there is an 80/20 split.

Ms. Villarreal: It is not 80/20 down the board. Audit expense is 60/40, electricity is split 50/50, most of the salaries is split 69/31%, animal food is split 24/76%, it just depends on what the item is and how the expense is allocated.

Ms. Cistaro: We have a breakdown based on a matrix of how many animal care techs does it take to clean "X" amount of animals? That number I think is four employees to care for that volume of animals. So four employees are charged to the County. One veterinarian technician is charged to the County for the medical side of that. A proportion of the veterinarian's salary is broken down because we have one vet who is doing three different tasks. There a proportion of her salary and we can give you that ratio, but each position is really different. We take in 80% of the animals that we take in are County animals. When we are looking at something like medical supplies or food, we are breaking it down accordingly. It changes through the year and we try to look at that quarterly, when we are sending the financials of the split.

Committee Chair Kaneshiro: I think the split would help. For me, it seems like some numbers might be a little arbitrary. Like, utilities, 50/50. If you are saying 80% of the services are from the County, then why would it be 80/20?

Ms. Villarreal: Because we have the SOS program housed in our building to complicate it even further.

Committee Chair Kaneshiro: For me, I think it would help. I am new, so I do not know how the split goes, but it would help to kind of get a little better understanding of how the splits are made? Why they are made for certain items?

Ms. Cistaro: Sure, we can provide that information.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Your food bank expenses, are they costed to the County?

Ms. Cistaro: No.

Councilmember Yukimura: It is just the food that the stray dogs...?

Ms. Cistaro: That the animals at the shelter, yes.

Councilmember Yukimura: So that food bank service may be keeping some dogs from being abandoned?

Ms. Cistaro: Being surrendered to the shelter.

Councilmember Yukimura: Surrendered to the shelter.

Ms. Cistaro: And that is being paid through grant money, the food bank food.

Councilmember Yukimura: So there are activities that you are not charging to the County that are actually helping to lessen the number of stray dogs that you are having to keep?

Ms. Cistaro: Yes.

Councilmember Yukimura: Okay.

Ms. Cistaro: Then added into that the County...the first budget year I was here, the County wanted to pay for just the services that were required by State law. So the County no longer provides any funding for the adoption program. So that is a cost that is fully funded through the Humane Society. Spay/neuter as well. You shifted last year and the \$65,000 that was being given to the spay/neuter program shifted into the contract moneys. So the \$760,000 is entirely for the contract, but we still provide spay/neuter services to the community, whether it is at low-cost, subsidized, or free.

Councilmember Yukimura: Right, and you are funding it through other sources?

Ms. Cistaro: Yes.

Councilmember Yukimura: Non-County sources?

Ms. Cistaro: Non-County sources. The County gets great benefits from the Humane Society whether we would have the contract with the County or not. The County is benefiting through our education and our outreach programs, our safety net programs...safety net programs. Those are part of the Humane Society that is a benefit for the community, that is not being charged to the County.

Councilmember Yukimura: Right, even though...is spay/neutering of stray dogs paid for by County funds or not?

Ms. Cistaro: No.

Councilmember Yukimura: Arguably spay/neutering is an animal control function.

Ms. Cistaro: It could be considered that.

Councilmember Yukimura: Yes, and arguably we are by law required to do animal control, the County is responsible for either doing it ourselves or contracting with an entity that will do it.

Ms. Cistaro: Correct.

Councilmember Yukimura: But you are saying that you are paying for...from other sources...I mean because I think there is a certain concern, we always want to make sure that you are using County money to do the animal control part and not using the County moneys for other things.

Ms. Cistaro: Correct.

Councilmember Yukimura: But, in fact it is kind of been the other way around. Where you are actually subsidizing some of the animal control activities.

Ms. Cistaro: Correct.

Councilmember Yukimura: Okay.

Ms. Cistaro: One of the things that we do provide is when someone comes in to claim their stray dog and they want to have the animal spay/neuter, but cannot afford it, we will cover the cost of the surgery and that gives them a double benefit paying for the cost of surgery and license fee that they are required to purchase is decreased by \$35.00. So there is a huge savings there for the person, and that is part of the animal control program, but it is one of the costs that we absorb.

Councilmember Yukimura: Because you are encouraging them to take or keep the animal, which then prevents you from having to euthanize it? You are actually minimizing the costs to everybody, both the actual monetary costs and the humanity costs.

Ms. Cistaro: Then to further answer your question, sir. When the split can become very complicated when we get dogs in that are part of a cruelty case through the animal control contract and we have those dogs for three and four months or nine months. And so we are paying for all of the costs of that animal, or in the case of Soares we had the dogs for nine months, we were providing them flea treatment heart-worm preventative and food and care for nine months. Then we have dogs that come in by law required to be held for nine days wearing identification and the dogs that do not have identification only need to be held two days. So there is a wide variety of housing costs and trying to break out all of those numbers when we are getting over...we are getting close to 2,000 dogs a year. The split can become very complex in trying to figure that all out. We do need to look at how do we do this on a percentage basis? Unless you want us to charge individually per animal and then the cost to the County could be exorbitant.

Committee Chair Kaneshiro: I was just trying to get my head wrapped around it, because it may seem arbitrary. I did not know if we had it in our agreement that this is the split for these things.

Ms. Villarreal: I have only been here since August and I am struggling, too. I am only starting to see the big picture.

Ms. Cistaro: It has to stay big-picture, because if we look at charging individual animals or this cluster is going to be here for six months and we would charge, then it gets very complicated.

Committee Chair Kaneshiro: I am okay with the big-picture stuff. Still, I was trying to wrap my head around how you get the percentage, which needs to be determined somehow.

Ms. Villarreal: The percentage, a perfect example is our payroll, 36 people on staff and we have an entire Department that gets completely charged to the County and four other Departments that the County does not pay for at all. It is literally positioned Department-by-Department and that is a simple breakdown and I will send you our salary breakdown.

Committee Chair Kaneshiro: Councilmember Kualii. Follow-up, Councilmember Yukimura.

Councilmember Yukimura: When you said Soares nine months, I think you need to explain it is a mandate to keep these animals until the case is settled, right?

Ms. Cistaro: Yes, they are considered evidence in the cruelty case.

Councilmember Yukimura: So it is an obligation that we have to pay for.

Ms. Cistaro: Well, it is wrapped up in the County fee, in the County contract. We do not get additional revenue if there is a large-scale cruelty case and we have to house the animals. And that is in the contract.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I think earlier when I was asking and you said you have detailed report. The more valuable thing is the summary report, if you will. And when he is talking about the big-picture, unless we ask you the right questions, and you answer, we do not even know what that is so I would request in the future and maybe you can you can do something for this year is to provide that big-picture, and it is just maybe summary narrative of a page or two that breaks down the basic programs and services that you provide? That you provide jointly with the County? That you provide on behalf of the County alone? Because it is only County-funded or that you provide by the Humane Society alone?

Ms. Villarreal: That is certainly something I can create for you, this afternoon or Monday.

Councilmember Kualii: That would be great.

Ms. Villarreal: No problem.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: In terms of narrowing the deficit, do you have...an acknowledging it is more our responsibility or at least a mutual responsibility to narrow that deficit. Do you have any suggestions as to how we can do that? I mean, I guess we could just pay you more, right? For the services? Pay completely for the

services? Otherwise, we would do a periodic increase in fees just so that we do not get into that? Because it was what? 25 years or something, since we raised the fees. And we do not want to get into that situation. So if we can do small increments that people do not even feel, is there any of that being thought about?

Ms. Cistaro: I am not inclined to look at raising our fees to the public. The license fees are adequate for the norm. You know, what we look at best practices, our impound fee and our board fee, they are set. And I really would not want to increase costs back to the pet owners. So at this point in time, and maybe down the road we would look at that, but over the next two to three years I do not think this community could sustain another increase from the animal control program. And I do not think that is in the Humane Society's best interests or the County's best interests to be passing costs back to them. I think that the County, when we passed...when the County passed the ordinance to increase the license fees, to do the differential in the impound and the board fees, I think the County at that point really stepped up and did what it needed and we have a very good structure as it stands. That was what the County needed to do at the time and that still stands.

Councilmember Yukimura: Okay.

Ms. Cistaro: There is not...I think that we were in a situation for whatever reason, where the Humane Society for years and years was subsidizing the contract without fully disclosing information to the County or...I was not here...I do not know. But when I came in, two years ago, \$400,000 a year to subsidize the contract was unsustainable and it cost the organization dearly, and we are in the process of rebuilding and I think that the program is improving. And we can continue to sustain the licensing renewal. It did extremely well this year and prior to us having it, there were not renewal notices sent. So we are having an impact with the program. I think that the fees that are there, I do not want to pass that cost back to the community.

Councilmember Yukimura: That is very good to hear your clear explanation. And to also observe that the quality of your programs is improving, as well as your fiscal soundness. I appreciate your leadership, Penny and I see some of the long-term programs that you are supporting through grants or whatever are really going to impact the animal control burden for the County.

Ms. Cistaro: It is trending that having safety net programs in place does reduce the number of animals coming into a shelter and providing services in the community. We have food banks on the North Shore, and in Kapa'a, at the shelter. We have a behavior help line and we now have dog training so that we can help people deal with what problems they have, rather than just giving up and surrendering the animal.

Councilmember Yukimura: So you are increasing the capacity of owners to take care of their dogs.

Ms. Cistaro: And cats.

Councilmember Yukimura: And cats, excuse me. I think I will leave it at that.

Committee Chair Kaneshiro: I knew we had questions. Any further questions?
Councilmember Kualii?

Councilmember Kualii: I think in many ways when we look at it, the community is paying for the service in different ways, you know? The community that are strong supporters of the Humane Society and contribute are paying that way. The community that has direct services and pay a fee to you, they are paying that way. The County's subsidy or the County's contract with taxpayers dollars, so it is the community paying. So it is all the community paying, but it is a matter of how you are balancing it. You know how you pace them together and it can be tricky in the sense of what the particular services are. Because even with the County at-large, we are trying to have it where people are paying reasonable amounts for the service that they get. So you are confident that all of the different services you are providing, you are maximizing them out and should be charging and collecting for those services?

Ms. Cistaro: Yes.

Councilmember Kualii: In these line items, like it seems that the biggest revenue-generator, if will you will, is private boarding...is your capacity in your side of the budget, the \$103,000, is your capacity to house and board fully utilized?

Ms. Cistaro: Not on a regular basis.

Councilmember Kualii: Is this a service that actually is available to the public? Like if you go away on vacation and you can house your animal there for a period of time?

Ms. Cistaro: Yes.

Councilmember Kualii: I have heard of private entities.

Ms. Cistaro: It is private boarding and we ask that you be a member of Humane Society and it is one of the member benefits that you can board your dog or your cat at the Humane Society.

Councilmember Kualii: Let us tell the world.

Committee Chair Kaneshiro: I have a follow-up question on the private boarding. Does the revenue we make cover the expenses of boarding the animals?

Ms. Cistaro: The revenue from the County?

Committee Chair Kaneshiro: The revenue that you make. Does the revenue that the Humane Society makes cover the expenses of boarding the animals?

Ms. Cistaro: Of private boarding, yes.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Do you think the drop in the number of strays is also due to the improvement in the economy?

Ms. Cistaro: Potentially, people are able to afford their animals.

Councilmember Yukimura: I mean, I know...we know it is happening nationally and I think we have seen signs here also. So that is something that we experience as part of the ups and downs of the economy. So if the economy were to go down again, you would see an increase of strays, right?

Ms. Cistaro: We would see an increase of abandoned animals or animals being turned into the shelter, yes.

Councilmember Yukimura: Right.

Ms. Villarreal: Exactly to your point in a recession in 2010, there was a 21% increase and 2011 down 9%. 2012 down 30% and this past year down 17%. So quite dramatically in the last year.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: In the basic programs, because I do not necessarily see a line item. Does the Humane Society retrieve and dispose of any dead animals?

Ms. Cistaro: Yes, we do. We pick up dead dogs Countywide. And we have limited pick-up service for dead cats on the side of the road. We share that with the County and State.

Councilmember Kualii: So people can call for that service and where is the line item that pays for it or it is just staff?

Ms. Cistaro: That is in the field services.

Councilmember Kualii: Field services.

Ms. Cistaro: Yes, and it is also in the cost of the crematorium, the incinerator.

Councilmember Kualii: The interesting thing is, from our standpoint, you know we are serving the community in all these different ways, but it would be good to see the big-picture of how the programs break down, so we can tell our constituents what we get for the \$760,000.

Ms. Cistaro: And that is outlined in the contract as well.

Councilmember Kualii: Yes.

Ms. Villarreal: It is also on the sheet that I sent you last week. And those stats we update on website as well.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I guess the only concern are the complaints that we received that they call the Humane Society and they have got to wait. We are closed for the day. We will come tomorrow, so there are some situations that the Humane Society does not respond after-hours.

Ms. Cistaro: We respond to emergencies after-hours for sick, injured or animals depressed, animals creating a safety hazard or animal that are potentially dangerous. That is what we respond to after hours.

Council Chair Rapozo: No dead animals.

Ms. Cistaro: We are not going to pick-up a dead animal. We do not have the staffing levels to have someone on 24/7, on-call.

Council Chair Rapozo: It has always been my concern and of course I appreciate the Humane Society and what they do for the island. I have been told by many people that the County could never do it for that price. But there is going to come a point where the County is going to have to consider it because the services are limited. When the law was passed, it was really the Humane Society was to be contracted for what the County used to do...what the County is responsible for doing in the way of animal care or animal control. It was limited to dogs. Over the years it has evolved into a much larger focus. I am not opposed to that. I think what KipuKai talked about when the public asks what we get for \$760,000 and we tell them and they say I called last week and they are not coming out or for whatever the case is, they are not picking up dead animals, which used to be common. That was the function. That was pretty much a big function of the Humane Society was to pick up any dead animal on the road. So that is one of the limitations that we have today; that I am not sure how we are even addressing that? I do not know if we are sending over Public Works or just leave it until it is run over enough so it is part of the pavement. But at one point whenever they were called, they would come and pick it up. That is non-existent anymore.

Ms. Villarreal: Just for clarification, that used to be a County function and not a Humane Society function.

Council Chair Rapozo: At one point before you were here, the Humane Society picked them up.

Ms. Cistaro: We do pick up dead animals on the road. We do not go specifically to pick up dead cats unless we are driving by it.

Council Chair Rapozo: Right. Are there limited hours of picking up dead animals?

Ms. Cistaro: It is during our regular business hours.

Council Chair Rapozo: That is my point. Most animals are hit at night. The dog sits on the road until the morning.

Ms. Cistaro: If we get the call, we will go in the morning to pick it up.

Council Chair Rapozo: Yes. I am saying it is one of the things that is very difficult to explain to constituents, they are the ones that called and told sorry, we are not coming out that. That is all I am saying. We have to make a decision what we are going to do. Either we limit the services, because I do not know what is the increase...the request this year, how much more were you asking for?

Ms. Cistaro: We asked for \$100,000?

Council Chair Rapozo: More?

Ms. Cistaro: Yes.

Council Chair Rapozo: Right and I said earlier in the day, we have asked every department in the County, that with the cuts come limiting services to the public. I am not sure what happens to our services from the Humane Society if, in fact, you do not get \$100,000?

Ms. Cistaro: As I said earlier, we will continue to function as we are currently functioning. We are not going to cut services, because we have no services to cut. We cut services two years ago and we cannot cut our services back any more than they already are, without having an impact on the community and the animals. So we are respectfully requesting an increase. If the County does not provide that, we will maintain the current services. We will not cut.

Council Chair Rapozo: I appreciate that. Every department head has said the same thing.

Ms. Cistaro: Let me point out, we are not a department of the County. We are an independent contractor with the County.

Council Chair Rapozo: I understand. And I understand that. But nonetheless, the money has to come from somewhere.

Ms. Cistaro: I understand that.

Council Chair Rapozo: It comes from our taxpayers and to give you \$100,000, we have to get \$100,000 from somebody else. That is how it works. It is difficult for us to tell the Police, hey you cannot have that and tell Fire you cannot have that and tell everybody you cannot have that. It is a very tough position to be in.

Ms. Cistaro: We realize that, we are doing budgeting for the Humane Society right now, because our budget starts July 1st as well. So I am doing the same balancing that the County is doing on a smaller scale.

Council Chair Rapozo: I do appreciate what you have done, I really do.

Ms. Cistaro: Again, two years ago, there was a \$400,000 subsidy and the Humane Society has regrouped and moved forward financially.

Council Chair Rapozo: Before you came, I think shelters held on to animals a lot longer too and that added expense to the operation.

Ms. Cistaro: There was a lot of various things.

Council Chair Rapozo: So I commend you for reducing that gap. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I want to also thank you, Penny, for the time you have spent working on dangerous dog ordinance changes, feral cats. Chair, you know and have been tracking that. You know, these are major public policy issues around animals that we cannot ignore. Especially the dangerous dog ones, we know we have had several really difficult situations lately. So just want to say that in all that you have been doing, you have also been very gracious with your time, and expertise, in helping us work on that. They are still works in progress, but Penny has always been there whenever we needed her, with statistics and vast knowledge about how these things work. Thank you very much.

Ms. Cistaro: Thank you.

Committee Chair Kaneshiro: I was thinking about and I wanted to clarify my question on the private boarding. You receive money for the private boarding? Do any of the expenses for the private boarding end up getting allocated to the County's section? It stays with the Kaua'i Humane Society?

Ms. Cistaro: It stays with the Kaua'i Humane Society.

Committee Chair Kaneshiro: Thank you. Any further questions for Kaua'i Humane Society? No further questions. But I knew we had questions. We were here a little longer.

Ms. Cistaro: I expected more from Chair Rapozo.

Council Chair Rapozo: It is no different than last budget. That is why the budget sessions are going quick because there is no excessive spending.

Committee Chair Kaneshiro: Thank you again for coming out and answering all of our questions.

Ms. Cistaro: Sure. Thank you.

Committee Chair Kaneshiro: At this time, I would like to recess the Departmental Budget Reviews and reconvene at 9:00 a.m., Monday, April 13, 2015. We have the reviews for the Civil Defense Agency, Office of the County Attorney, and the Office of Economic Development. Just a reminder, the budget session starts at 9:00 a.m., but we should be present at 8:30 a.m. for an event that we have in our calendars. So Monday we need to be here at 8:30 a.m. Thank you.

There being no objections, the Committee recessed at 2:24 p.m.