

**Department of Planning, Housing Agency, Department of Human Resources,  
Department of Liquor Control, and the Office of the County Clerk**

Honorable Mason K. Chock  
Honorable KipuKai Kualii  
Honorable Councilmember Yukimura A. Yukimura  
Honorable Arryl Kaneshiro

Excused: Honorable Gary L. Hooser  
Honorable Ross Kagawa  
Honorable Mel Rapozo

The Committee reconvened at 9:00 a.m., on April 16, 2015, and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget and Finance Committee and the final scheduled day of the Fiscal Year 2015-2016 Departmental Budget Reviews. On the schedule for today we are hearing from the Planning Department, Housing Agency, Department of Human Resources, Department of Liquor Control, and the Office of the County Clerk. So we have a lot of departments to go through today. We have already had the CIP projects presented to us, so it will basically be on your operations and your office. And I have asked the Department Heads to make their presentations quick and to the point. As we do each morning, we will take public testimony, but seeing no one, we will get right into the presentations. So I would like to welcome the Planning Department Director Mike Dahilig.

MICHAEL A. DAHILIG, Director of Planning: Good morning, Committee Chair Kaneshiro and Councilmembers, I hope you got your taxes in yesterday. It is a pleasure this morning to present our Department's budget proposal for 2016. In this presentation, we will discuss our achievements to date, the progress of our budget goals over the past Fiscal Year, our budget goals for the upcoming year, challenges that our Department anticipates, and details of our budget requests for Fiscal Year 2016. Since we met last spring our Department has been busy pushing for many initiatives and projects aimed at strengthening our Department's Planning program. Since we only have so much time this morning, our budget report highlights a few initiatives illustrating our Department's drive to reach higher heights. The Planning Department initiated a draft ordinance to amend the Shoreline Setback Ordinance adopting the Kaua'i Coastal Erosion Study. Ultimately the Shoreline Setback Ordinance was amended by the Council late last year and signed into law this past December. The final version of the Bill reflects a more environmentally-sensitive approach towards protecting our shorelines while making enforcement more efficient. This Bill also places Kaua'i as likely the most environmental progressive County in the nation by being the first to adopt a mandatory 60' shoreline setback across the board. Thank you to Councilmember Yukimura for her work on that with our Department as well. With the exception of the infrastructure analysis, the Planning Department has completed all of the technical studies to date relating to the General Plan Update. The Planning Department has also completed the Draft Lihu'e Community Plan, and it was approved by the Planning Commission on November 12, 2014. The Plan is currently at the Council for review and adoption. The Planning Department has also completed the Draft South Kaua'i Community Plan, and it was approved by the Planning Commission on November 25, 2014, and it is currently at the Council for adoption. The Planning Department initiated Ordinance No. 974, which was adopted by the Council in September 2014 increasing the annual transient vacation rental renewal fee from \$500 to \$750 as we as us initiating Ordinance No. 981, which addressed the ADU sunset date. That actually extended the deadline ten years for construction and also created some revenue for our Department. Finally, our Department did a "Rice Street Week" celebration this past November. That

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showed strong community support for the concept plans that were presented to try and Treat the Street and Eat the Street and in addition, long-term improvements for Rice Street will be funded either through the State Transportation Improvement Program (STIP), or an in-process TIGER grant. Rather than belabor you through words, this is just kind of a long-range accumulation of things we have been doing over the past five years to build momentum and build capacity in our Department. You will see as we started in 2010 when we took office the culmination of work that occurred since then. First with respect to long range planning, the Department has made great strides towards completing our long range plans in process. We can see the light at the end of the tunnel. As mentioned previously, all of the long range plans we set out to bring toward completion are at their final stages. Our Department is currently finalizing the IAL report and that is undergoing its finishing touches prompted by continued feedback by internal and external sources. We have also been steadily making progress on our enforcement program. Our Department still faces challenges with efficiently disposing of due process cases prompted by enforcement actions. We have been making progress, but the work is straining our volunteer commission and our staff. We have launched the General Plan process, and had our first CAC meeting last month. We have branded the process as “Kauai Kakou” to emphasize that everyone is in the same canoe and to move forward we need to paddle together. So we will be using this moniker as a means of communicating to the public what our General Plan process is. Hopefully we will be able to do a photo opportunity with the Council in our Kaua‘i Kakou shirts to try to emphasize that is a together thing. We have started by distributing educational fliers explaining and inviting them to participate in the process. We also have a webpage dedicated to the General Plan Update process – plankauai.com, and we are also appealing to the youth by having Instagram contests and drawing contests in schools where kids can talk about their future through drawing and the winner gets a bike. So we are trying to reach across all the generations and all sectors to get the word out this process is starting and we want people to be involved. Remember to use hashtag #plankauai. Enforcement has been an area our Department has continued to invest time and effort in bringing up to a level of success. As you can see from our report, our Department continues to conduct a large number of inspections and collect fines. This money has not gone unused per the legislation Chair Rapozo championed, and our Department is utilizing the fund by purchasing equipment and has hired an Enforcement Research Specialist to assist our inspectors with the file research necessary to do casework. You will notice that our budget does reflect a description change in one of our dollar-funded positions previously listed as project manager to now enforcement specialist so we have a position count to better utilize the fine funds. And so, like any budget proposal, we start again with the goal setting process. It is very important that we have goals when putting together a budget. In looking back at the progression of the Department work, I have become more cognizant of diminishing returns when you focus on too many things at once. This year, we have set three, clear succinct areas of work that we believe will continue to strengthen our work in our Department. First, we need to modernize and integrate our business processes. Second, now that we anticipate having plans, we need to start implementing them. Third, and finally, our enforcement of TVRs has highlighted related issues with homestays, and we need to focus on them. Here’s a comparison of our goals from last year and this year, and I think you see that we are building on our previous work. In relation to the first goal, relating to business processes, communication is important and we need to communicate to applicants what information we need rather than telling them at the back end. We also need to help our brother and sister departments get the information they need too. Departments countywide are now seeing the value of GIS. We need to coordinate work to avoid duplicative requests between our department and Finance-IT who also handles GIS analyses. We have been slow in this area, but we need to

do a better job in getting more information online given the limitations of our internet infrastructure. We need to work with the IT Division to address some of the deficiencies in our internet infrastructure that limits our ability to get information online quickly due to the volume of our documents. Second, with respect to plan implementation, we need a report card to keep track of where our progress is with implementation and we are working on enhancing, monitoring, and setting indicators for ourselves in-house. Once the plans we hope are adopted to be able to provide digital dashboards and report cards as to where we are on certain projects. We need to rebalance the workload in the long-range division. As you are aware over the past three years, we have had a number of long-range projects that have come through the Department. Of course, that has placed our focus on getting those contracts fulfilled and focus on other areas. Now that those contracts are winding down, we see an opportunity to actually redistribute the workload within the long-range division and focus on other areas. In particular, one of those areas is to try to introduce more bills and more rules to try to effectuate the new regional policies coming forth. Also we want to do more outreach to landowners to let them know benefits of new laws being passed by this body. Because from the standpoint of the community and economic development, some of these things may provide the landowner some opportunities to help build communities. So in that way, we want to be able to educate the landowners because they may not understand what is coming forth. Finally we also need to do better coordination between the regulatory alignment with new policies. And again it comes down to internal communication issue with our Department where we need to ensure when we get applications for approval, those approvals align with what new policies are there in place. So that education process has to go forward. Finally, as you know we are starting to hit issues related to homestays and they are not a problem necessarily because they are bad use. Rather, they are being explored by former TVR operators as a means of continued legal operation. Currently the CZO needs firmer guidelines beyond the current process to (inaudible) a homestay and because this rapidly deteriorating situation between homestays and TVRs we need to pursue as many administrative rule opportunities as possible. That is what our Department is undergoing right now to try to at least stem the flow of these things. Further, we need to help our volunteer commission. There is a bag backlog of our permits and our commissioners are volunteers. Yet, to ask them to process a backlog of these permits, we are going to need some assistance in that area. Finally, in terms of our priorities, we need to really need to focus on prioritizing enforcement on single-family TVR violators that are trying to convert to homestays illegally. This is not fair and it is not within bounds of the law to do so and so we are making every effort to pivot and enforcement on those, efficiently. Now that we have laid out our goals for the upcoming fiscal year, there are elements that could knock us off course and cause us to slow down. Here are four challenges that we foresee for the Department in the upcoming year. You may recognize them...they have not changed fundamentally over the past 12 months, but just so you have a flavor in terms of what our Department is still challenged with its operations. Here they are. A couple of them. As you heard, some of you have been in our Department and we continue to have issues with our office space. Given the most recent space study by the Department of Public Works, if you aggregate the space our Department currently occupies, it is still about half of what we need. The Department has nearly hit the project target for space outlined in the study given the number of employees in the Department. We are coming to a scenario, where I am becoming concerned about the delays and making progress on a secured, consolidated office space including the effect it has on my office's moral. Finally we have staff spread around the County and files critical to our work are in a number of places. Let me just show you from a diagram, when we are asked to do research, this is what my Department is faced with. And sometimes this actually has a trickle-down effect when we are asked for statistical information or

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documents. As can you can see we store file in files in six different places in the County. We are spread between three buildings, we have files in six spaces around the County. Half of these spaces are not secure. We also have staff in three places in the County. Both in our main office, in the fishbowl and Public Works has been nice enough to house the Transportation Planner. As you can imagine, given the need for efficient government, the physical limitations of our ability of our office to operate efficiently is really strained by the fact that we have this physical office space scenario. So I want to raise that again as a challenge for our Department. I will give you an image of where things are stored...they are stored in hallways. We have files stacked nearly to the ceiling. Plans are all over the place. We have no place to store plans and they are normally stored in people's cubicles and we even TVR files that are out in the lobby of the Kapule Building. Again, this is not the ideal scenario, because it is not secured, but these are actually where your TVR files are actually stored. The other issue that we want to bring up was our continuing challenge with due process. As you have seen from our success, we have been doing a lot of things related to enforcement. But if you were to compare our enforcement protocols with what you see with the Prosecutor's Office, the reason why you have this setup is because the Constitutional basic right of due process. Every time we are going to cite somebody we have to provide them due process of the law. You will notice that all three functions to move forward with civil enforcement rests with our Department. We do not have individual agencies that take care of investigation, prosecution, and due process. We have made efforts in the investigation area and we are working on prosecution and due process, but we are really...we are really strained on the latter two of the due process work flow. So that is a continuing challenge for our Department and I would like to just state that for the record this morning. So given that, when we presented our goals and objectives and some of the challenges that we anticipate, how does that translate into dollars and cents? This is the Department budget for the upcoming year and you notice that the Department budget reflects a negative 3.6% reduction in our budget from last year. Just to highlight where that budget comes from, this budget does include the collective bargaining increases that were prescribed per the collective bargaining agreements. Due to the size of the Open Space balance, we are going to take advantage of the 5% allowance and we will be using that to handle administrative cost and lean on that more. As I have mentioned as an earlier challenge, we are eliminating the CZM coastal research match funding that we had in our budget the past few years. We know it will place a strain for our Department, but we need to ensure that we continue to maximize the amount of funds allotted by NOAA and the Office of State Planning. So we will have to take on more coastal work as a consequence of that. Across the board we made an effort to cut all of our budget items at least 7%, consistent with what the Administration's instructions were. So whether it is \$50.00 or \$5,000.00, we have tried to do 7% across the board at least on every item. Two key gaps do remain, planner-level support with enforcement program and high-level Planner County Attorney support to defend the Department regarding contested-case hearings. We have had to borrow from the Long-Range Division to help supplement some of the due process elements at this time. So this is just a graphical representation of what the budget distribution is for our Department. And moving forward into the Commission budget, you notice that the Commission budget does look a bit skewed. You will see a 338% increase under the Commission's budget. Largely we are trying to take the pressure off our volunteer Commission by using \$50,000 to hire a hearings officer to support their efforts. That budget request is in addition to the Commission budget. You will see this again as a graphical representation of what that request looks like. To highlight that again, the request really is to support hearings officer efforts. These are four words printed above our office door, "passion, conviction, confidence, and pride." These are values I expect my staff

to display every time they go into the world and represent the County and this Department. We look forward to the work that we can do together. *Mahalo*.

Committee Chair Kaneshiro: Thank you. I appreciate it. We had a lot of slides and information and you got through it quickly, so I appreciate that. We will take a few questions on the PowerPoint presentation and then we will move into the budget. But again, let us try to focus our questions to budget-related items. So do we have any questions regarding the PowerPoint? Councilmember Yukimura.

Councilmember Yukimura: Good morning, Mike.

Mr. Dahilig: Good morning.

Councilmember Yukimura: Thank you for an excellent presentation.

Mr. Dahilig: Sure thing.

Councilmember Yukimura: I love your shirt...which you showed...for those who do not know it...there is a moniker that says "If plan, can, no plan, no can." That really sums it up, the importance of planning. Thank you so much. I want to begin by complimenting you on your leadership and when you look at your report, the amount that has been accomplished is quite incredible. And a huge change from prior Administrations, and I only say this because the work that your Department does is so critical. Having excellent leadership is very important and my questions in terms of your presentation I am glad you raised the issue of space. That has been an issue for at least six years. How long have you been on board?

Mr. Dahilig: Going on five now.

Councilmember Yukimura: Okay. I always thought in terms of our priorities, the fish bowl space should have been for Planning. And it kind of shows how important planning and prioritization is. So have you been working with the Administration to find solutions to your space concerns?

Mr. Dahilig: To be candid, we have had discussions, but they have been discussions. In terms of how we move forward with it, and we know that we are a priority, but I think it is incumbent on both issues related to availability of capital improvement funds, as well as how this fits into the overall plan for the Civic Center.

Councilmember Yukimura: Yes. So my understanding is there is a plan to develop your offices and move you into the Big Save space, I think? But maybe we need to get a status report on that as a follow-up? And in our reviews of Treasury, it is really clear that a logical extension of Treasury's space needs could be the space there, if we can find a space for your whole Department to be together. I would encourage...and you certainly have my support and I am sure the Council's support to look for and plan for your Department at an optimal office space kind of scenario. So the other piece to your space problem, which is files and storage, is your GIS process...or something related there to?

Mr. Dahilig: So what we have done internally, we need to optimize our relationship with the Building Division on digital intake, which is what we are actively working on now. We have already set forth certain policies in advance of what

would be a build out of a comprehensive land use management system digitally by requiring that any permits above class II are required to be submitted digitally. As you know in previous discussions with the Council, we moved the Commission to iPads and we have not only from an environmental standpoint, but it also goes to that question that we are now filing digitally. So we have tried to reduce and organize digitally, as much as we can. The disconnect though is that when we have GIS come into play, we need the GIS system to talk to our land use management system and this is what Brandon Raines, as well as my staff and Larry Dill's staff have been tasked by the Mayor to focus on.

Councilmember Yukimura: You need what, did you say?

Mr. Dahilig: We need to have the Department of Public Works specifically the Building Division, Brandon's shop at IT, as well as us, to work on the comprehensive land use management system.

Councilmember Yukimura: Yes.

Mr. Dahilig: So we are working on that. We are making steps already towards normalizing our standard application. So that we are collecting information now that not only our Department needs, but people, like, Steve Hunt at Real Property Assessment needs, things that the Fire Department needs, et cetera. So we want to take the idea that we are the clearinghouse seriously and that information has to be able to be translated to land use management to then which will talk to GIS digitally. That is our goal. We are not there yet, but that is what we have been tasked to do.

Councilmember Yukimura: We saw in IT's presentation that that is a major program component for their CIP goals.

Mr. Dahilig: Brandon has taken the bull by the horns on this and really providing leadership for it.

Councilmember Yukimura: We are lucky to have leadership there, too. So I have some concerns about your IAL process, because somewhere...I think it was in your budget narrative, you talked about pre-Council consultation having been done and I know we talked about it maybe two years ago at the Smart Growth Conference, but I feel like the Council has never had consultation on IAL. So I am hoping that it is not being finalized without that step.

Mr. Dahilig: I think given the nature of the study, it certainly is a critical issue for everybody. And every junction that we make amendments we almost have to circle back and try to 360 with everybody before we start finalizing things. I think informal discussions have been our approach rather than a formal presentation as to not create misinformation in the public prematurely and if the Council would like more dialogue on an individual basis we can set up those meetings. By no means is the report finalized as of yet and we are still as I mentioned making adjustments here and there, and we can certainly take that offline, if you would like.

Councilmember Yukimura: I think if you have more what you call in your framework here "Council pre-consults" you will save a lot of time when it comes to the Council floor.

Mr. Dahilig: Yes.

Councilmember Yukimura: And be able to do things that can be done offline instead of in long Council or Committee Meetings.

Mr. Dahilig: We can certainly work with the Planning Committee Chair on that, concerning what the legal process is once that plan does come forth? Because it is prescribed by Act 183 and it is a little different than what you would anticipate going through currently with the South Kaua'i and Līhu'e plans.

Councilmember Yukimura: Correct. So it is about implementing a State Constitutional mandate to protect important ag lands. I am very concerned how the consultant study was done and I am hoping that there is enough grounding in it to give us guidance and the State Land Use Commission, which is ultimately going to be the one making the designations, right?

Mr. Dahilig: I would agree. Like anything, we are very cognizant of our role in this particular case, because the authority to initiate the Police power by State law rests solely with this body. And so given that...

Councilmember Yukimura: Which body?

Mr. Dahilig: Your body. The County Council. We view ourselves as support role to the Council and once the study is released to then figure how you want to move forward under Act 183? That is a decision that the body needs to discuss, because it is not something that is initiated by our Department per State law.

Councilmember Yukimura: Well, just even a briefing on the process, I do not think all Councilmembers are really informed of that. So that alone will be important.

Mr. Dahilig: We can work with the Committee Chair to provide a primer for everybody so we are on the same page of what the process is.

Councilmember Yukimura: Right. And you have references to it in the South Kaua'i and Līhu'e plans, one of which was a bit cryptic to me...something about a minimum designation which I asked for clarification on. And it suggested an action from this County...I am not sure which agency...but you can see there is a tie-in to implementation of community plans.

Mr. Dahilig: So certainly we can have that dialogue with you. As you know, we are discussing with you offline on the South Kaua'i plan and due back to the Council in the beginning of May. So if that is a concern, we can definitely address it that way.

Councilmember Yukimura: Yes, and I guess I am heralding that concern, because I think...I mean it is better now before you officially finalize it or get it to us.

Mr. Dahilig: I hear you.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Any other questions from the Councilmembers?  
If there any questions regarding the budget, Councilmember Kualii?

Councilmember Kualii: On positions and then maybe also the organizational chart. Starting at the top of page 85 with positions, E-27 Deputy Planning Director, six month funding, \$49,000. It was vacant since February 21<sup>st</sup>. You are currently...you are not necessarily recruiting because you are not looking to fill until January 1, 2016.

Mr. Dahilig: In reality, here is what we are trying to do with the position. I am very cognizant of the fact that if we do not have succession planning in the Department, when you have a mass retirement or something like that happens you lose a lot of institutional memory. What we are trying to do is to utilize the Deputy Director position as a means to train staff in-house and give them leadership opportunities that are in effect a little bit outside of the civil service system. So we are trying to do it through appointment. So what they would do, they would maintain their current job and retain those responsibilities, but assume additional responsibilities and be, I guess, pay is commensurate to what those duties reflect. It is a capacity-building exercise. It has placed more work on my office, because I have to not only train, but also assume some of the duties that my previous Deputy did handle. But I think it is a very quick and efficient means for us to try to create capacity-building. That is why you see it reflected there, because it is salary on top of what the current civil service salary already provides and also just to say within the parameters of the County ordinance.

Councilmember Kualii: So an individual would be in their existing position, and then they would take on some additional duties for training for the higher level?

Mr. Dahilig: That is correct.

Councilmember Kualii: And they will get paid out of this line item?

Mr. Dahilig: That is correct.

Councilmember Kualii: It seems like an odd way to...so you really will not be hiring somebody January 1<sup>st</sup>?

Mr. Dahilig: I guess, the way that way it was notated there, maybe it needs to be clarified.

Councilmember Kualii: It does show up on the vacancy report. Position vacancy. In there it said looking to fill January 1<sup>st</sup> and maybe at some point it was that thought and maybe it was just miscommunicated? I think I saw on someone else's budget an additional line item...there was a pot of funds to pay for special...it was not TA, but it was something else for temporary work at a higher-level?

Mr. Dahilig: Yes.

Councilmember Kualii: As you were saying, it is not with the civil service.

Mr. Dahilig: I also want to just clarify, Councilmember that we do want that TA, to have that authority of a Deputy Director and act in that capacity and like anything, we understand this is also partially a training exercise as well. So that is what that is.

Councilmember Kualii: So then they would actually be assuming that?

Mr. Dahilig: Yes, they are assuming that position.

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

Councilmember Yukimura: Did you say you plan to rotate people?

Mr. Dahilig: That is a thought right now. But we are just trying this out first. I think rather than look at it from a conventional manner and sticking somebody in there, it gives us an opportunity to try it out and look at potentially doing a rotating situation. I think for now, we have Ka'aina in as the TA, and so that support, I think is what I am evaluating as can this work? So we will evaluate it again.

Councilmember Yukimura: I think that is very creative and I think we have been seeing a lot of Departments and Department Managers struggling to figure out how to do succession planning and training through a very convoluted and not very supportive civil service system. So it is great that you are exploring and trying out different things because succession is very important.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Next position is 2004, Planning VII, SR 28, showing line item of \$89,000, vacant since 11/25/13 and in the vacancy report it showed a figure of \$44,000 with \$424, which is half. I am wondering if maybe the prior year you were not trying to do a similar thing with a half-position? Anyway on the vacancy report, for "status" it says "blank." I am also wondering if you are looking to fill and will it be filled by July 1<sup>st</sup>?

Mr. Dahilig: In anticipation that the other Planner VII vacancy position that is on there as well...let me address both with the same question. We have been working with the Personnel Department on creating and advertising the positions. As we understand right now the positions are being prepped to be advertised as we speak. I think in the last budget it was anticipated that they would come on at least mid-year. That is still in the works. As you know, there are a lot of rules and a lot of Ts to be crossed and Is to be dotted. So we have been cooperatively working with Human Resources...sorry, I am used to saying Personnel, Human Resources to get this addressed and what I understand from my supervising chief, that we have advertisements ready to go on both of those positions.

Councilmember Kualii: So for 2004 and 2017, both are Planner VIIs?

Mr. Dahilig: That is correct.

Councilmember Kualii: So recruiting and hiring; what is it that you said anticipating hiring when?

Mr. Dahilig: So the process is now publicly going to start. So I do not know exactly when, but I know we are on-deck.

Councilmember Kualii: But closer to July 1<sup>st</sup> or closer to January 1<sup>st</sup> of 2016?

Mr. Dahilig: Closer to this summer, I would say.

Councilmember Kualii: The next position, 2002. Land Use Permit Technician. SR 15. Vacant since 12/31/14. No status on the vacancy report. So recruiting and hiring?

Mr. Dahilig: We are anticipating recruiting and hiring for that position.

Councilmember Kualii: And it is being hired at entry-level pay?

Mr. Dahilig: That is what we have.

Councilmember Kualii: \$36,000. Okay. And 9754. Open Space Public Access Specialist it says, contract and dollar.

Mr. Dahilig: Yes.

Councilmember Kualii: So what does that mean? Is it not...

Mr. Dahilig: What we are asking for authorization from the Council is for the position count. The funds for that particular position as mentioned in the PowerPoint presentation would come out of the 5% operational allowance given the Open Space balance. And so we would be looking to utilize those funds as a means of paying for that contract position.

Councilmember Kualii: But you are dollar funding the position?

Mr. Dahilig: We are dollar funding the position as compared to previous budgets where it was fully fund through the General Fund.

Councilmember Kualii: The General Fund is dollar funding, but the position is still a full-time position?

Mr. Dahilig: Yes.

Councilmember Kualii: With what salary?

Mr. Dahilig: I believe it was...let me see...\$51,740. With benefits at social security at...

Councilmember Kualii: The salary is enough. So then along those lines...you want to ask specifically about that position?

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

Councilmember Yukimura: I do not mind paying for that position with Open Space funds, but I do want to be clear about what our Open Space goals are and what that position is doing to achieve those goals?

Mr. Dahilig: Right.

Councilmember Yukimura: So I do not see that anywhere in your report.

Mr. Dahilig: Okay. I can either respond to some questions in writing or I can...because I think it does involve...okay, it is under separate cover and I know we did answer some questions it is related to previous budget questions that did come down. I believe they were on the opening-day of the budget presentations. So we did set forth what were the priority projects that we are work on and then we anticipate that, in fact, we should be floating up a money bill to the Council within the next two to three months, we are doing due diligence at this time. So this position has morphed from a Commission Clerk as it was first...I guess envisioned, when they requested the position many, many years ago. To one now that conducts more due diligence and negotiations with landowners to do our research on our end.

Councilmember Yukimura: That is good to hear, because I think that is the ultimate vision for the Open Space Commission's work. And from the Administration's side there a proposal to decrease the amount of property taxes set aside for open space, saying that we have enough. We have enough because we have not been doing many acquisitions that need to be done because, like Po'ipū Beach Park, we missed...we missed that acquisition and that is the park where we needed to expand. All right. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Following up on that, can you provide and I will submit a question in writing too, information on all of the positions that are not General Fund-funded, but that are still doing work in the Planning Department?

Mr. Dahilig: Yes.

Councilmember Kualii: So that would be one example.

Mr. Dahilig: Just to clarify that also includes grant funds?

Councilmember Kualii: Yes, grant funds as well. And say if it is grants, is it a multi-year grant? And the likelihood of continuance? I did see in the organizational chart, there was a CZM Land Use Permit Tech, and a CZM Enforcement Officer, and 2017 position. So there may be more that I did not see, but just give me something as a separate report.

Mr. Dahilig: In terms of bulk grant budget, the integrated budget worksheet we provided does show the CZM grant as it breaks down and does not have position counts. So what we can do in response to your question, we can take that and outline what positions are funded through the grant.

Councilmember Kualii: And the last vacant position from the vacancy report was 2031, GIS Analyst. On the vacancy report, they listed it as "Records Management Analyst" so I do not know if titles are interchangeable, but it says "vacant since July 1<sup>st</sup>, 2012." And under "status" they just put "GIS Analyst" so not necessarily recruiting, job offered, you know? Anything like that. So what is the status of that position?

Mr. Dahilig: I think what it does, it reflects a need that the Department has. If we want to move forward from a digital to really fully automated and digitize the Department. There was a proposal two budget cycles ago for a Records Management Analyst that was fully funded. However, due to personnel issues, I do not want to get into too many details, but what was appropriated by the Council and authorized by our request, the position title description was something the Human Resources Department felt was not compatible to our departmental operations...that is in a nutshell what it was. In that time period what ended up happening was because we were not able to initiate hiring, that is when a lot of the austerity measures from the last budget cycle came into play, that position was actually swept and dollar funded. That is a remnant of that. What we wanted to do as a messaging standpoint, clarify it still is a need for our Department, but we just do not have the revenue at this time to invest in that area.

Councilmember Kualii: That is why it is dollar-funded?

Mr. Dahilig: Yes.

Councilmember Kualii: So it was dollar-funded last year as well?

Mr. Dahilig: That is correct, under the moniker of a Records Management Analyst.

Councilmember Kualii: The last thing in regards to the dollar-funded, in fact, the position we are talking about in Open Space is dollar-funded. So you do not see...or do you, filling that at some point in the year? Wait, that was because the grant money was paying for it?

Mr. Dahilig: So the position...the warm body is still there.

Councilmember Kualii: So the next two positions are just blank, no numbers, Enforcement Specialist, Project Manager and they have dollars next to them. What is going on with the positions?

Mr. Dahilig: Those are again authorizations, requesting a position count authorization from the Council to utilize the external funds that we have, for instance, like the fine account that we have and so we are able to use the Enforcement Specialist position as a conduit to spend that money and get the additional resources necessary.

Councilmember Kualii: So you have a job title. You may need it in the future. It is not General Funds. It is from other external funds. When you actually do

that, will you will assign it or Human Resources will assign a number, because there is no number.

Mr. Dahilig: Yes.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Follow-up, the Enforcement Specialist position, it is currently vacant?

Mr. Dahilig: In this year's fiscal year budget, it is actually titled as a Project Manager contract position. Because of that phrasing, Project Manager contract position, there is some complications by practice, what funding can be used for that position. And again, I do not know where the practice comes from, but it is just a practice. To better clarify at least one of those positions, we are saying now we want an Enforcement Specialist. So this will hopefully allow us to more rapidly use the fine account for enforcement support. As you know from the budget, our budget presentation, we actually returned close to \$50,000 to the General Fund this past year, because we are having difficulty spending the money down. So that is what we want to do.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. Thank you, Mike, for the presentation. I thought it was very thorough as well. And I think my question is...I have two questions. The first one is really about sort of the prioritizing. And you guys did a great job of meeting the goal in terms of cutting costs here. I think better than most departments across the board. And just to put it into perspective, you are not a big Department. So I see the cuts being made and my question is really around how do we prepare for the future, knowing that not only do you need things like space and so forth, but in terms of our planning needs and looking towards goals and implementation. It seems to me it is becoming more prevalent, there are needs in terms of spending more time and effort and consequently money on Planning for our infrastructure needs long-term. And I just see what you have planned for 2016. I guess my request would be for us to take that even further to see multiple years where this Department is going to answer those long-term questions. So maybe as we talk about the IAL discussion, this is definitely one of those that I would like to see from a budgetary standpoint about what those needs are moving forward? The only other question I have on the budget, I see we took out "vehicles." I want to make sure and clarify, the small amount of \$900 and it is no longer in there. Is it because the whole item moved to motor pool or used for something else?

Mr. Dahilig: Just for full transparency sake we gave all of our General Fund-funded vehicles to the motor pool and we retain two that are paid through grant funds and because of grant restrictions, we cannot add those to the motor pool. Any expenses related to those vehicles will come out of grant versus General Fund.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: I have a question on special counsel and we have zero dollars budgeted and do you anticipate spending money on special counsel and what type of costs would special counsel be?

Mr. Dahilig: I think that is something that we have to work in tandem with the County Attorney's Office. From the presentation, you are aware that not only can we issue citations, but we have to process the citations. The County Attorney's Office came before this body to request special counsel funds to support TVR enforcement. Given that our Enforcement Division is continuing to do enforcement actions, we anticipate that this may arise as a need again. Whether or not the County Attorney's Office, due to the change in their structure to create two distinct divisions, one a litigation division and an advice and counsel division. Whether or not that organizational change has provided the capacity to be able to process this type of administrative litigation, I do not have that answer. But I would say that it is a situation that we need to monitor because we do need to provide timely due process. At this time we are not asking for the money, but it is something that needs to come forth, I think it is a discussion that both I and the County Attorney will have to have with the Council.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: You have \$50,000 in the Planning Commission budget.

Mr. Dahilig: Yes.

Councilmember Yukimura: To support, as you say, the volunteer commissioners. You call it a due process component.

Mr. Dahilig: The due process component, we need a Prosecutor.

Councilmember Yukimura: Right.

Mr. Dahilig: Which is what I believe Councilmember Kaneshiro's question relates to. Then the budgeted item for the Commission is actually to support their judiciary function.

Councilmember Yukimura: A hearings officer.

Mr. Dahilig: A hearings officer, yes. So those two things are separate, but they are interrelated because they need to work together to provide due process.

Councilmember Yukimura: So you are looking at moving or you see that out of these TVR enforcements and some other enforcement that we have to do, there is going to be more need for hearings officer format or a contested-case hearing format?

Mr. Dahilig: It is demanded.

Councilmember Yukimura: It is required.

Mr. Dahilig: It is required.

Councilmember Yukimura: By law.

Mr. Dahilig: By law.

Councilmember Yukimura: So that requires at least two legal components. One a hearings officer and one, the prosecutorial function that would be attached to the Planning Department basically.

Mr. Dahilig: Pretty much.

Councilmember Yukimura: Yes. And right now that is being provided by the County Attorney's Office?

Mr. Dahilig: The County Attorney's Office and given our understanding of the County Attorney's Office's backlog, they are very full of work. Part of our efforts in-house has also been to try to negotiate settlements, as much as possible before trying to hit the full-on contested case remedy from a judicial standpoint, as well as a customer service standpoint as well to ensure that we are providing, I guess, disposition of these cases in a timely manner. So there are other non-conflict means we are trying to engage in, keeping in mind that we are limited from the resource standpoint. But yes, you are right. We do have to have those two functions.

Councilmember Yukimura: Okay. Well, I am glad to see it is evolving to meet new needs that are coming up. And I do acknowledge that it takes some kind of trial-and-error or some exploratory times. Thank you.

Committee Chair Kaneshiro: Thank you. I had one more question on "other services." It is contested cases, transcripts, and hearings officers and year-to-date \$380,000 encumbered, but only budgeting a very low number.

Mr. Dahilig: Yes.

Committee Chair Kaneshiro: Is there a position taking on that responsibility or is there a reason for such a low budget number?

Mr. Dahilig: I think a lot of encumbrances, again, I do not have the full figures in front of me, but I know it reflects an accrual of encumbrances from fiscal years prior. So that \$418 and \$383,000 figure is a huge number and a lot of that I believe are legal costs associated with the Sheehan contested-case hearings, both from the hearings officer standpoint and the Department representation standpoint. So I think those are residual items that just kind of reflected that big number from back then. I do not have an itemized...I could not break that figure down for you. I think what we are saying moving forward though that \$233 is just to handle service of violations.

Committee Chair Kaneshiro: We are not expecting any more big cases?

Mr. Dahilig: It really is incumbent on whether or not our application flow yields a huge case. There are potential permits out there and I am sure many of you are aware of the moving parts on the island that could yield very large contested-case hearings. And I do not want to identify those projects by name, but I am sure you are aware that there are people seeking to develop large tracts of land here. So we anticipate fully that those will be checked by our intervention and public approval system. It is the law. And so if and when we do need that support, it will probably have to

come up as a money bill at that time. But we cannot...I would feel...it would not be responsible for me to anticipate these things coming down without applications in front of us at this time.

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

Councilmember Yukimura: With respect to these contested-case hearings, can you devise a format where the...if the County prevails in it, then the applicant pays for the costs?

Mr. Dahilig: That is a question that probably is better asked to the County Attorney's Office. I see where you are going with it. Because it is a substantial expense to the County.

Councilmember Yukimura: Yes. I would ask that your Department explore it as part of setting up the system that you are doing. Even if it is half the costs, it would help to offset something that is caused by the applicant and would definitely discourage frivolous...

Mr. Dahilig: Interventions.

Councilmember Yukimura: Yes. Interventions or appeals, I guess.

Mr. Dahilig: I understand.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On consultant services.

Mr. Dahilig: Yes.

Councilmember Kualii: Can you provide a little more detail on what this is, the \$121,739? Sea Grant personnel and equipment? What kind of positions? Interns?

Mr. Dahilig: So our Department because we do not have a coastal geologist on staff...that is our coastal geologist provided by the UH Seagrant program in-house. This is a budgeted item that has been in our Department for many years and I know Councilmember Yukimura has some history on where this synthesized from, but to support a full-time coastal geologist to provide technical support on applications related to coastal hazards, coastal shoreline issues, and coastal policy. It is part of the overall UH extension program.

Councilmember Kualii: So that one person that is on staff with us is managing other interns from UH? Or just the one person who does that job?

Mr. Dahilig: This was actually to take care of the matching funds. So this actually reflects, I believe, 80% of the costs of the coastal geologist. The University picks up the other 20%.

Councilmember Kualii: There, simple information that is good to know and could be right in the description. Thank you.

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

Councilmember Yukimura: When you said I had a history, I was not recalling much history on the coastal geologist, but Sea Grant agent is sort of the same role, right?

Mr. Dahilig: Yes.

Councilmember Yukimura: And related to that, you have said that you have chosen not to maintain our CZM grant?

Mr. Dahilig: As you are aware the CZM grant program requires a dollar of in-kind effort for every dollar in cash that they provide. And so what we have run into, because of...during those periods where there was a downturn in the economy, we were coming up short from an in-kind match effort standpoint and we came to the Council and asked for direct match, in order to fully capture the amount of grant funds that were available to us by the Federal government. I will say that the amount of work that comes in through CZM still has not picked up relative to the improving economy and our permits have gone up, just CZM work has not. Where we are going to have to bite the bullet, is actually focus more of our human resources that are funded through GE funds to actually support coastal efforts so that we can fully maximize the CZM match. My concern is if we do not seek full refund from the Federal government, we may lose funds. And that is something that given the increase in collective bargaining costs that are related to the positions that are currently funded out of those positions, we need that buffer and we need the ability to maintain that grant. Because right now our instructions from the State at this time is to expect level funding. So that in and of itself does squeeze us on our end in order to come up with these in-kind match dollars either through human resources persistence and efforts.

Councilmember Yukimura: When you talk about CZM work, are you talking about mainly SMA permit processing?

Mr. Dahilig: SMA permitting processing is the bulk of it, but it also relates to coastal inspections, coastal outreach, and any work that is done with respect to our long-range planning that can be captured as part of that in-kind match. So we are trying to squeeze, as much as we can, anything that is coastal-related in nature. The coastal moniker is very broad-based on our understanding from the Office of Planning. So things, like, coastal hazard planning, related to our long-range plans...

Councilmember Yukimura: Like Chip Fletcher's work?

Mr. Dahilig: Yes. Things like that can be captured.

Councilmember Yukimura: I guess I am not clear, what is the quantitative match and what were the resources that we were getting and what were the resources that we had to match or put forth?

Mr. Dahilig: Our grant outlay from the Federal government through OP, is \$304,000 a year and we need to figure out how to in-kind match one for one.

Councilmember Yukimura: And we cannot use CIP? Like with the Chip Fletcher study.

Mr. Dahilig: Believe me, we tried.

Councilmember Yukimura: All right. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Actually that answered the gist of my question...I guess how short are we on the match?

Mr. Dahilig: It really depends on prioritization. Because we take hourlyies that every time our Department does some type of coastal work and translates that into like a billable sheet. That then gets added up and proven over to the Office of Planning as here is our effort, match our effort. So it is hard for me to say quantity-wise what we are deficient in because it is a matter of priorities and what we are taking away from in order to chase the money, essentially. We monetized that and it was based off of what we had to chase the last quarters of each cycle. Where we are right now, I do not know, but I know given what I am seeing through intake, is that at least our permits...the reason why our permits are critical to making the match is because I can capture the work that the Commission does...so I have seven people sitting around a table for three hours and I get to charge...so that is where our bread and butter match dollars come from, but that level of SMA permitting has not increased over the years.

Councilmember Chock: I think you tried to attempt to explain how you are going to quantify it. Can you repeat that again, because I did not get it?

Mr. Dahilig: Okay. So what we do, we take a look at what the grant match...what the grant allocation is.

Councilmember Chock: Yes.

Mr. Dahilig: As we start getting closer towards the end of the fiscal year, we start seeing how much we have billed so far and here is what we anticipate to bill based on the rest of the year, but here is where we are not spending on our end, where we are not working on our end to match the 304. So that is where a couple of years ago, we were able to get a 5% bump a couple of years ago. I have to double-check exactly when that was, but it was around that time we started noticing that we were coming up about \$30,000 short. So either we have got to make work or we have got to direct match. I think that we thought at the time, let us ask for the direct match. Which we did. But given the fact that we were tasked to reduce the budget, we essentially now need to start prioritizing more work towards coastal-related items in order to balance our budget essentially.

Councilmember Chock: And you feel like you can pick up that work?

Mr. Dahilig: We have got to try. It would be easier for us to have it, but given that we are all in the same canoe, we have got to try to see how far we can stretch it.

Councilmember Chock: Sure, keep us informed on that, so we can solve the problem. Thank you.

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

Councilmember Yukimura: Will our Open Space Planner position be a match? CZM is related a lot to coastal acquisitions.

Mr. Dahilig: It is, but we have asked the Office of Planning how can we parse it out? It also depends on whether or not the projects that are being worked on are in the SMA, or in the coastline area? As you know some of the acquisitions are not in coastal areas. So that is something that we can probably squeeze as an opportunity. But it is definitely not going to totally be captured as in-kind match.

Councilmember Yukimura: We could just work on a couple of big shoreline acquisitions. If you look at our past acquisitions they have all been shoreline acquisitions, Black Pot, both the Hodge property and the Sheehan properties, et cetera. And if you look at our Open Space Commission list, I am trying to think...I think you will find a lot of them that are coastal. So you have got to think that that is a major future-oriented thing that we have to do, preserve...

Mr. Dahilig: I think it is something that we can explore again.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Is the budgeted amount \$300,000 or some portion of that?

Mr. Dahilig: No, it is a...

Councilmember Kualii: That you would need to put it back? When the grants end, because you are planning not to go again, right? In the next year or the year after?

Mr. Dahilig: So in terms of the \$30,000 we used to put in or the \$300,000 we are getting now?

Councilmember Kualii: What you are saying is that you are no longer going to go after the grant, because if you do not have, you need the full \$300,000 to match one-to-one or you need a portion of that?

Mr. Dahilig: The grant is an annual grant. So we would not... we are not at the chasing it on an annual basis. What we are really chasing is the in-kind effort. I do not know that I am understanding the question.

Councilmember Kualii: So it is not going away next year, the new fiscal year?

Mr. Dahilig: It is not going away. We anticipate and we have been told to anticipate level funding by OP, but we have not been asked to submit budgets yet. This is all incumbent on how Washington, D.C. handles their budgets and government shutdowns, et cetera. That is always something we monitor and the State guys monitor, but we have not been told do not anticipate any moneys next year.

Councilmember Kualii: So where did you save the budget money this new fiscal year?

Mr. Dahilig: Where we saved it, we eliminated the direct match on our end to help match the \$304,000. So we had in-kind plus a direct match that we used to use to match it, but now we have said okay, we are taking out the direct match and we are going to try to fully match it through in-kind.

Councilmember Kualii: How much was that amount?

Mr. Dahilig: \$30,000.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Any other questions from the Members?  
Councilmember Yukimura?

Councilmember Yukimura: When I am looking at your Planning Commission budget, I wondered how much is done in terms of training Planning Commissioners?

Mr. Dahilig: We provide a...we anticipate that every Commissioner will at least attend the Hawai'i Congress of Planning Officials Conference and then we also make provisions for at least the Chair to attend a conference of their choosing each year.

Councilmember Yukimura: So those two conferences are...the Hawai'i Congress of Planning Officials conference is usually very substantive...so I can see that as a useful training ground so to speak. If they choose to go to the Smart Growth Conference, that is really good too. In terms of just basic planning principles and training, or some of our key understandings or underpinnings of the work that your Planning Department, whether it is smart growth or that kind of thing, is that done, too?

Mr. Dahilig: It is done in-house and given the nature of the commissioners cycling out we tend to focus our training in-house is on new commissioners that come on board. To bring them up to speed on everything from Sunshine Law to contested-case hearings, what the CZO is, and our planning system...new age planning principles and those type of things, as well as we use Commission time periodically throughout the year to bring the Commission up to speed on things like smart growth and things, like, complete streets. And also try to have that dialogue with the whole body on those types of items. So we are cognizant that we do need to enrich our Commissioners' knowledge to make...I guess knowledgeable decisions. And we take a lot of that in-house, rather than relying on outside work.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Any further questions? I think we have vetted out most of the questions. It can be on anything, Planning Commission or Administration, if we have any further questions from the Members?

Councilmember Yukimura: I do.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I am really pleased with the long-range planning effort that you have been doing, and am very impressed with how timely our work has been on community plans. So I want to acknowledge and thank you for that. The one piece that I am concerned about is the link with transportation and I have said that before.

Mr. Dahilig: Yes.

Councilmember Yukimura: And I am wondering, and you know one of the major steps in connecting transportation to land use was in the hiring...creating of the Transportation Planner position and the hiring of a very competent and excellent planner and I want to thank the Managing Director for initiating that. I want to thank you and Larry Dill for finding someone good. Without that step done well, often times just creating a position does not get you where you want to get. It has been in my reading of your plans and trying to understand them that I was so pleased to see that link made in the South Kuaʻi plan; that we can actually call it a land use and transportation plan. So I was wondering if there is a chance to make that a formal part of all community plans in the future? And maybe even...I know you are already looking into it and thank you so much, in terms of a Wailua-Kapaʻa circulation plan and hopefully a Līhuʻe one, too. But that would really round out our planning, I think.

Mr. Dahilig: I have no reason to disagree with that statement. I think it is especially now that the economy is getting better and we have more tourists on the island and people are driving more. Everybody can feel the pressure and we have heard that numerous times. And it manifests itself in many different ways. At the end of the day, I think, it does give us pause to look at how do we better integrate? I think South Kuaʻi was in a sense as was said before with the integration of form-based code, a bit of a step to try to marry the land use with the transportation planning. I think that is something that we want to...and we are seeing at least positive feedback from that. Something that I would agree needs to be laid out if we anticipate any future community planning documents. That transportation needs to be done comprehensively to use it as a resource or we integrate that into our scopes.

Councilmember Yukimura: Form-based code and a traffic circulation plan would be a good match because form-based code is the component that you are proposing for the urban gateway, but the regional connections of people to Kōloa-Poʻipū to Līhuʻe or even to Omaʻo or Kalāheo has to be addressed by a regional circulation plan.

Mr. Dahilig: I believe that the form-based code provides that linkage going through the mode analysis? Where are the people? So inasmuch as we go through the transecting exercise that has been a lot of focus of the plan and there is also

that layer of doing a node analysis, and how are the nodes interconnected with each other and where are people going with these nodes? Thankfully we had support from previous studies that did a node-style analysis for us, we were able to easily plug that into the body of work done in South Kaua'i. I think those two things go hand in hand, because we do not start the transecting process without understanding what the transportation linkages are first? I think just to dovetail on that and say that is part of the process, I believe.

Councilmember Yukimura: The node analysis has to be followed with the kind of mode of transportation and transit planning and all of that, too. So to me that would really round out beautifully the evolution of our increasing excellence of our planning process. So I appreciate that. Thank you.

Committee Chair Kaneshiro: Any further questions for Planning? If there are no further questions, I want to thank you for your presentation and thank you for answering the questions very thoroughly. We are going to take a 10-minute caption break and come back to the Housing Agency.

There being no objections, the Committee recessed at 10:11 a.m.

The Committee reconvened at 10:17 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Next up we have the Housing Agency. Kamuela is going to take us through a brief overview of the Housing Agency and his operating budget.

KAMUELA COBB-ADAMS, Housing Director: Good morning, Council, Kamuela Cobb-Adams, for the record and I also have some of our leadership introduce themselves also.

GARY MACKLER, Development Coordinator: Good morning, Councilmembers. Gary Mackler, Development Coordinator.

SANDY KAAUWAI: Sandy Kaauwai, Section 8 Program Manager.

Mr. Cobb-Adams: Good morning, if we are all ready, I am just going to start in on this introductory PowerPoint. I am just going to start with the generic mission statement. Our goal is to provide greater opportunities for safe, decent, and quality housing and to promote and sustain community development for the people of Kaua'i. This came out a week ago, and it is based on a study that the Department of Business, Economic Development, and Tourism put out recently about housing demand across the state. And it basically points out that we are going...the situation is getting worse when it comes to affordable housing, and housing as a whole throughout the state as compared to our 2011 SMS study, which noted that we needed about 1,300 homes on Kaua'i by 2016. This study shows what we need by 2025. So within the next two years Kaua'i would need a total of 5,287 units and that is huge. I went back and checked and in 2013 we had about 29,000 units on Kaua'i. So that is about an 18-19% increase in housing inventory we will need to account for over the next 15 years if we want to meet the demand for housing on Kaua'i. As can you can see in this, population growth is anticipated to grow much faster on the outer islands including Kaua'i than on O'ahu. That study is actually online or I can get that study for you folks, but it raises the hairs on the back of my neck. What we are trying to do to address this housing crisis, we set out in 2012 to come up with a strategic

plan and set strategic goals as well as some strategies to meet this housing crisis. It involves addressing five major goals. One, our Section 8 program. We want to make sure we are maximizing our tenant based vouchers and rent subsidies. Our second goal is to maintain and expand affordable housing inventory and I want to put emphasis on "maintain." We need to make sure that we are investing in our existing affordable housing inventory and keeping it up to par, which we have done in a while. We also as the previous slide shows, we need to work hard to support the development of affordable housing in order to meet the housing demands. Third goal was kind of an internal goal to increase the financial capacity to support the goals and objectives of the Housing Agency. And that is huge. Basically to provide opportunity for housing there are two things that we can do: adopt great policy that saves money or use money to establish more housing. So we need to become efficient and basically get our financial capacity to a greater amount. The fourth goal is to provide efficient, consistent, and quality delivery of services. And you have seen our budget and I think we have done a really comprehensive job of doing more with less and still provide the same quality of services, if not expand on that quality. And then the last goal was to promote and sustain community development activities. Which are other activities other than housing. So our Department is basically three different divisions is the way I see it. We have a Rental Assistance Division, a lot of people refer to it as Section 8 or HUD, which is the County Administration of HUD Section 8 program funds for rental assistance. Rental Assistance is Sandy Kaaui who is to my far right. She is in charge of that. The Housing and Community Development Division, Gary leads that Division, which is in charge of many initiatives and administering various grants and is responsible for the development of housing on Kaua'i or affordable housing on Kaua'i. And lastly we have the Administration, who I would be in charge of. We basically provide the leadership and accounting support and guidance for the overall Housing Agency. Rental Assistance Division. Just wanted to put some faces to it. We are not a big Agency. We have shrunken over the years. But this basically shows our staff, who are in the Section 8 Rental Housing voucher program as well as our family self-sufficiency program this. This is our Housing and Community Development Division, which Gary leads. Like I was saying earlier, there is a multitude of different programs that they manage. They manage our assets. They manage project planning. They have a CDBG program that they manage and HOME which is another HUD grant program, and is managed by Gary and his staff. We have a home-buyer loan program. Neighborhood stabilization program, which is some other HUD funding and we also administer fair housing workshop and fair housing for the County of Kaua'i. So there is a multitude and diverse tasks handled under that Division. In the Administration, we basically set goals and develop strategies and solutions and pursue opportunities to address Kaua'i's housing needs. We are looking at the broader picture, working on policy, working on administering the Housing Ordinance. We are setting goals, chasing funding, and looking at creative ways to partner. We also provide overall supervision to the Housing staff and fiscal management. So we manage the budget, as well as how we expend those funds. Lastly, we administer the County's workforce housing policy. Rental Housing Division. I want to pass this over to Sandy and she can present the next couple of slides.

Ms. Kaaui: So in Fiscal Year 2014, we served approximately 600 families and administered about \$6 million in housing vouchers. There were no findings again on the single audit for the fourth consecutive year. We issued Section 8 vouchers to about 60 people and we got about 40 new participants to replace the ones who went off the program. We also implemented the new online application system, which was terrific. It allowed us to take over 2,000 applications. Of that 2,000, a lottery was held placing 750 families on the waiting list. We are currently in the process of processing the

first 250. We have another 100 coming up next month. Thank you. And our family self-sufficiency, which is run by Bricen Moritsugu, they served 102 households of which 36 families increased their income by an average of \$4,907 per year. The way the program works is participants can earn money in escrow as their earned income increases. That is the carrot and on graduation they get a tax-free check, which can be used for anything that they want, including buying a house, educational purposes, or personal expenses. Our Section 8 voucher can also be used towards homeownership instead of rental assistance. We are currently participating with nine clients. It is a difficult market to use the homeownership vouchers because home prices are so high. So they are having difficulty getting financing, even with the voucher. To purchase, yes.

Mr. Cobb-Adams: Part of the development plan, one big part was to encourage and support initiatives that preserve and develop more affordable housing so we can meet the overall need of housing or demand for housing. We came up with a bunch of different strategies under that, which are listed here. I am not going to go through them, but we have implemented small projects or projects under each of these strategies. And Gary is going to go over the next few pages. Some of the projects that we are undertaken or have undertook throughout last year and are going to be looking to do this Fiscal Year.

Mr. Mackler: So one of the programs that the Housing Agency has administered since 1996 when it was first established is a home-buyer loan program and over the years the Housing Agency has been working with low-income families to assist them with preparing for and financing the purchase of existing homes. And the program continues to make loans although the activity as slowed and a big part of that is due to the rise in property values, and the high-cost housing market on the island of Kaua'i. We also have been working this past year to assist Mutual Housing Association of Hawai'i with rehabilitation at the Līhu'e Court Townhomes project. This is a 173 unit multi-family rental. It is a very important housing resource for Kaua'i. For Līhu'e. The buildings have been undergoing exterior rehabilitation and this summer all buildings within the project will have completed the rehabilitation. We are using both HOME and CDBG funding to carry that out. Another project we have been working on is the 'Ele'ele 'Iluna subdivision, a property owned by Kaua'i Habitat. The next increment of the subdivision is to put in the improvements for forty-eight lots and to allow Kaua'i Habitat to utilize these lots for assisting their participants through the self-help building program for first time homeownership, for low-income families. We have been working actively with Vitus Development to complete the...well, it is Kanikoo, but it is formerly known as Rice Camp Senior Housing. This project had its grand opening in March of this year. 60 units in phase one. All of the single-story units, there are 36 of those units, are filled. And the two-story structure is slated for 100% occupancy by the end of this month, April. And we are working also with Vitus Development to move forward with the second phase of this project, what we expect to be at least another 24 units, possibly more. On the remaining portion of the site, the smaller piece that can you see on the slide. I want to thank the Council for passing our HOME resolution approximately a week ago, which is appropriating \$500,000 of HOME funding for phase two and I can inform you that the developer for that next phase has submitted their application for low-income tax credit financing for this current round of award. And we should know by August if they are successful in receiving an award from the State. If they are, then we have a financed project to go forward and build another 30 there. The next slide is the Kolopua project. This is the 44 unit multi-family rental project in Princeville. This project is well-under construction. The first four buildings are slated to get their certificates of occupancy in June of this year, and then the remaining buildings for July and August. The management company for Kolopua did

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conduct a lottery approximate two weeks ago, which I attended and I believe there were 77 applications that were received prior to the deadline to be in the lottery, but I know applications continue to come in on a daily basis. We are really excited to see more affordable housing coming to the north shore. This is phase two of the Rice Camp Senior Housing project. Late last year in December, the County Council approved the dedication of land from Kukui'ula Development Company (Hawai'i), LLC of approximately 11 acres along with...at no-cost. Along with infrastructure to be provided up to...serve up to 150 affordable housing units. We are proceeding with doing the environmental assessment for this site, and we are also preparing a request for proposal to issue out this summer to select a developer to assist us with the development of this land.

Mr. Cobb-Adams: I wanted to talk about Lima Ola workforce housing in 'Ele'ele. I think this is one of the opportunities that we have on Kaua'i to do something unique. Up until this point, in Kaua'i we have been trying to address affordable housing in a boutique style of development, 60 units here, 30 units here, 20 units here, and obviously we have not been keeping up with the pace of the demand for affordable housing and especially it shows it pretty clearly in the housing supply demand going up significantly from our 2011 study, to the study that was done recently by DBEDT in April with 5,000 units needed on Kaua'i. So what this represents is an opportunity to plan the master plan community, Lima Ola. And this master plan community is not just looking at low-income, but looking at affordable housing or workforce housing. Just to put that into perspective, this project is for families at 140% and below the median income, which our County defines as affordable housing or workforce housing. In 2011, families on Kaua'i that made 140% and below the median income represented 79% of our population. So this governing body and the Housing Agency believe, because of the data, that 79% of our population is struggling to get housing. And I think Lima Ola represents a big move for the County to invest in long-term development of housing. Now is this enough? Definitely not. I think we need projects, master-planned community projects where the County or government invests in larger parcels of land, dedicated to 79% of the population in different areas of Kaua'i. Lihu'e, Po'ipū, even Kapa'a and possibly further out into the north shore. But what this project represents is one or the first of these kind of opportunities where we are really trying to aggressively pursue addressing the affordable housing crisis here on Kaua'i. Just a brief summary of the project. It is in the pre-engineering...actually it is in the engineering phase and design. The project now, total project will accommodate 550 multi-and single-family home for rental and for-sale opportunities. Like I said for 140% and below the median income. We are focusing not only on making the housing's costs, but we are focused on a built environment that is sustainable and promotes other things like quality of life. We plan to have this community have sidewalks which can encourage not just alternative transportation such as bicycling or walking, but also physical activity and social activity between each other. It will have a park. It will have other green, energy saving measures. We do not want to just lower the household costs. We do not want to just lower the cost of the house, we want to lower the household cost overall in many areas. Not just the household cost, but the energy costs and hopefully we can build this community so it does address or does provide encouraging pathways so people are more active and in return hopefully they become healthier and address their costs when it comes to health. So we are trying to look at multiple ways to make the built environment address all of these different areas. Like I said, multi-use paths, we plan to improve the public transit by putting in bus stop and improving the existing bus stops on the highway. We also want to improve connectivity via road and pedestrian improvements from the project to other areas in the community. And lastly, we intend to provide a community park which would provide opportunities for gardens,

exercising, and meeting. One of the latest ideas that we had for this park is to provide a park with a parking lot that will allow for healthy foods to come to the community, so you do not have to go to it. So we could have in that park, that parking lot we could allow for a farmers' market. We could allow for different bookmobiles or different activities to reside at that park and we want to bring different types of activity and resources to the community. We just need the place for it and that community park will serve as that. I will let Gary go over the last CDBG slide.

Mr. Mackler: Our Housing Agency administered the Community Development Block Grant program for over three decades. It is one of our very highly valued program because it can do so many things in the community. It is administered in our office by Kerri Barros and Sharon Graham and they have done a very good job moving the CDBG dollars into the community. This past year, over 243 individuals received direct services from the different CDBG recipients that have received and utilized this grant fund. And it is also a way to leverage other funding. So for every dollar of CDBG funds that were awarded, it has leveraged \$3.00 of non-CDBG funding over the past year. And we have been able to serve for Fiscal Year 2015, ten organizations and programs. And on the slide, you can see a few examples of that. One is the reroof and photovoltaic that was placed on the YWCA building in Līhu'e. And also another CDBG grant was utilized for the Boys and Girls Club of Līhu'e, and the Hoomau Hui learning project and among many others.

Mr. Cobb-Adams: This is our last and final slide that basically talks about potential housing due to exactions and this is only affordable housing. We have Koheha Loa which is in Līhu'e and also known as the Hanamā'ulu triangle. D.R. Horton and they are looking to start their phase one, hopefully this year. We have not gotten a commitment from them, but they do have construction plans approved. Kōloa Camp in Kōloa, Grove Farm has worked with us on an agreement to provide affordable housing as part of their development. Coco Palms Resort workforce housing to realize affordable housing as a result of the redevelopment of Coco Palms. And Hanalei Plantation Resort, there is some potential there. We have had some discussions with them, but have not received any commitment as to affordable housing as of yet. That ends our presentation.

Committee Chair Kaneshiro: Thank you for the presentation. We will open up for questions on the presentation. I also wanted to go through the sections. I know we have the budget broken down between the Housing Agency, Housing and Community Development, Housing Revolving Fund, Kalepa, and Paanau. That is how I want to move through this through the budget and take it in sections. If you have questions regarding the PowerPoint that may fit into one these, then try to fit them into the certain sections that we are going to go through. For now, I will open it up to questions and we will try to keep it budget-related. Councilmember Kuali'i.

Councilmember Kuali'i: I just wanted to say that it is a little bit confusing how it overlaps, so in the end, you are going to have to allow some discretion with regard to any and all questions.

Committee Chair Kaneshiro: I understand that. The reason I put it in sections is because we do not have it all in a row either. So we are going to end up going back and forth. So trying to keep it in sections, as much as possible, but I understand it is going to be questions that may go back and forth.

Councilmember Kualii: The basic thing is the funding source versus the structure of the Department and how they deliver the work.

Committee Chair Kaneshiro: Any questions on the presentation itself?  
Councilmember Yukimura.

Councilmember Yukimura: Thank you so much for being here Sandy on your Rental Housing Division thank you for the good work on that, helping 600 families every year. I was curious, you say that you qualified 40 new participants to replace the participants who went off the program. Do you know the reasons that these people went off the program?

Ms. Kaauwai: Various reasons. Some moved off-island. Some just decided to cancel. I think what we are seeing a lot of is people even with assistance are still struggling. And I think even with us paying a majority of the rent, they find...

Councilmember Yukimura: Can you speak a little louder?

Ms. Kaauwai: Sorry.

Councilmember Yukimura: I think even the TV audience wants to hear.

Ms. Kaauwai: I think we are seeing a lot of people just canceling off the program all together.

Councilmember Yukimura: Thank you.

Ms. Kaauwai: Because I think even with some subsidy they are still struggling here and with different expenses. The family normally pays about 30% of their adjusted income towards rent. And then we pay the balance of it. So for some of the families even that is too much and what they are doing, they are just moving into their family's homes, they are doubling up. Just to save money.

Councilmember Yukimura: Or they are dropping into homelessness right?

Ms. Kaauwai: No, I am not seeing a lot of that. It is usually either they are canceling off the program, or possibly passed away. We do have a lot of elderly seniors on the program, so that is somewhat normal every year. And the last reason would be for some kind of program violation.

Councilmember Yukimura: Are any going off because they are purchasing homes?

Ms. Kaauwai: No.

Councilmember Yukimura: Okay. There is no relationship then to the 36 families that are part of your self-sufficiency program? Actually you did explain...I am thinking now that three families sort of graduated. So they have something that could be a down payment, but they cannot find affordable for-purchase housing.

Ms. Kaauwai: Right, correct. They are having difficulty finding houses that are within their...what they qualify for is not enough to purchase a house, even with the down payment through FSS.

Councilmember Yukimura: Do you think it would help to have exit interviews of sorts to find out why people are dropping out of the program? Because what you have just provided for us is really interesting information to me.

Ms. Kaauwai: Sure, we could do that. If they are willing to do it. We cannot require it of course. But usually if it is involuntary termination, they probably will not want to go through the interview.

Councilmember Yukimura: For that you kind of know the reason anyway.

Ms. Kaauwai: Yes.

Councilmember Yukimura: Okay. Because I mean, I am...your goal as I recall is preserve tenant-based rent subsidies, and you are doing that by putting people on as soon as people fall off. But for my interests as a policymaker, what is the need group that we are not meeting? And is there a way to expand our vouchers either through HUD or some other program? And is it best use of our money or do we put it in the self-sufficiency program to actually make people self-sufficient?

Ms. Kaauwai: Section 8 funding is very specific funding. They do not allow us to use it for any other type...

Councilmember Yukimura: I understand.

Ms. Kaauwai: ...other type of programs, unless it is a subprogram of Section 8, which is FSS.

Councilmember Yukimura: I was thinking out of the box of other sources we would create.

Ms. Kaauwai: We are actually looking into doing some project-based vouchers. And what that means is that instead of the voucher being tied to the tenant, it is actually tied to a unit. We are looking at doing that and hopefully sometime this next fiscal year. We are putting the program into place now. And we are hoping to have some luck with that.

Councilmember Yukimura: Like Kolopua, you would say Kolopua is entitled to so many vouchers, and they would be the ones who...

Ms. Kaauwai: Yes. It would be based on a certain amount of units. It goes out to RFP and there would be a selection committee. It could be for any project, really.

Councilmember Yukimura: Right, but my understanding of Kolopua is the requirement is that people work in the Princeville area. Is that correct?

Mr. Cobb-Adams: Yes. So Kolopua might be difficult, because it is already far along. We are looking at upcoming projects, such as Kanikoo, phase two or Koai which is the Po'ipū property to project-based voucher that in the beginning of the project. Project-based vouchers address a couple of issues. One of the issues is that unit is always going to get a voucher. Whereas if you tie it to a person, a lot of times a person cannot find a place to rent on Kaua'i right now. It also helps with our administration, because the project administers the qualifications of the voucher. And administration is an issue. So it addresses those two issues. We have looked into...Kolopua although it is not built is kind of existing already. So it would be difficult to integrate it, but we are looking at ways that we could possibly integrate it without displacing people for that project-based voucher. Because they might not qualify for the project-based voucher, but they qualify for the project. It does not always work hand in hand.

Councilmember Yukimura: And for administration it would be less because another entity is doing it, but you would have to do compliance checks, right?

Mr. Cobb-Adams: But the compliance is much less than the annual reviews of each individual client.

Councilmember Yukimura: Right. Okay, well that is interesting. Because I was looking at Kalepa and Paanau at your vacancy rate. And I am guessing that having project-based vouchers could help keep vacancy rates low. Am I off-base on that?

Mr. Mackler: Well, for those two projects, they are running at a very high occupancy.

Councilmember Yukimura: 4-5%.

Mr. Mackler: That is an estimated vacancy rate and not only for the loss of revenue for the time it takes you to turnaround a unit which typically is two weeks or possibly three weeks depending on the amount of work that is required. It is also for collection loss. So it is a combination of things, that factors into the vacancy loss.

Councilmember Yukimura: I see.

Mr. Mackler: And it is a projection that we make. It is different for each project as you might have noted. Because our occupancy is a little bit stronger consistently at Kalepa than Paanau.

Councilmember Yukimura: That is the nature of Līhu'e housing. Thank you.

Committee Chair Kaneshiro: A follow-up question, Councilmember Chock.

Councilmember Chock: Thank you. Thank you for the operational presentation. I have a question Sandy on HUD as well. My question is more in terms of need and capacity. Are we maxed out at 6 million? Is that what our ceiling is for the program? Can we accept more? I see we have 750 families on the waiting list and just trying to see how much more we can do and where we are in terms...

Ms. Kaauwai: We are trying to do more. We are trying to lease up higher. We do have some extra money that we could use to lease-up, which is why we

are processing like crazy basically 350 since the first of the year. Which is a lot for us. I mean it is a lot of work to process one family. And the success rate unfortunately, once the voucher is issued is right now running at 48%. So out of a 100 vouchers we issue, we are lucky we get 48 or 50 onto the program. In order to keep up, we need to keep processing, which we will be doing. And if we do run out of wait-list we will be re-opening those.

Councilmember Chock:                      What is the reason for not...?

Ms. Kaauwai:                                 There is lack of units. Credit history, rental history of certain participants or applicants. In October of 2014, our fair market rents were lowered by 23.5% by HUD. And so the maximum amount of subsidy was lowered by that amount. And that is really hurting us. For a one-bedroom basically we pay \$1,000 including utilities and it is hard to find here.

Councilmember Chock:                      I did not follow this too well, but there are some issues you said about availability. I saw there was legislation to stop the discriminatory actions against HUD participants. Are there any ways...

Ms. Kaauwai:                                 I am not seeing so much discrimination...it is very cyclical in nature, the rental housing market. Right now prices are high and rentals are full and people are going to charge what they can get. It is based on the market and unfortunately what we can pay. When the market is bad, they all come to HUD.

Councilmember Chock:                      We have no freedom in terms of how...it is just set and we have to work with whatever that is?

Ms. Kaauwai:                                 Yes, there is a certain percentage within the fair-market rent you can set it at and it is maxed out right now.

Mr. Cobb-Adams:                            Could I...I just wanted to add one thing? The reason why we are trying to exceed the 100% lease-up, the way Section 8 works if you lease-up...if you have \$6 million to spend and spend \$6 million, they are going to give you \$6 million next year. If you spend \$5 million and do not spend \$1 million, they say you have \$1 million left over, we are going to give you \$4 million and you have your other \$1 million remaining...so you just lost \$2 million. So you cannot lease up below. But if you do lease up over 100, say you go to \$6.2 million, then that extra \$0.2 million, they are going to give you that next year, provided they approve the budget. There is a way to grow it. The problem is, like I think Sandy is saying...if there is not enough inventory, it is hard to achieve 100% lease up. The other thing, we need to have extra money. Because you cannot lease up over 100% and next year you have to cancel people off of it because you do not have enough money. We are trying to look at creative ways of using other money to help to grow Section 8. Just having the money is not enough. You have to have the inventory. Those are the type of challenges that everyone, the Housing Agency, Council, State, can try to address. It really comes out to inventory and putting...the County puts in \$200,000 and we spend \$200,000, the Federal government gives us \$200,000, so it is 100% return on investment. I just wanted to point that out in the budget.

Councilmember Chock:                      Are there other funding sources that can subsidize the HUD Section 8 so we can build it further? And maybe even create...address the gap in the market?

Mr. Cobb-Adams: There are no grants or anything like that. It would be like the County asking the State for money.

Councilmember Chock: Okay.

Mr. Cobb-Adams: That is the way we are trying to do it or if we can get revenue from some other place, but really, we cannot make much revenue. But it is a way...the way I see it, it is an investment, if the County wants to see this as an issue to invest in, there is a return on the investment, meaning we could grow it next year.

Councilmember Chock: 750 families is an issue.

Mr. Cobb-Adams: We only choose 750 out of 2,000, if we had more money we would have chosen more.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Thank you for explaining that. And so you are saying if we had seed money, we could actually use that to get more Federal money, right? As part of our quota or whatever?

Mr. Cobb-Adams: That would be part of the equation, and other inventory.

Councilmember Yukimura: Right. And did we ever use Paku'i money for that? Paku'i money is the \$40 million we got after Hurricane Iniki, which the Department...the Department stewarded until last year, when we had to use it all up? They put it in the revolving funds and so forth and it is an amazing track record, that for 25 years they carefully used that \$40 million to seed a lot of things. Mainly development.

Mr. Cobb-Adams: Up until this point we have not. I think this is going to be the first year, if you look at our goals. This is the first year. Even our overall objective was to lease-up that 98%...it is hard to go because you cannot just lease-up at the end of the year then you have too many in January. Because you have people going off and on. But this is the first year we are going to try to achieve 100 or a little bit more and we have some reserve that...in Section 8, that we are putting towards that. So this is the first year we are going to be really be aggressive and Sandy and the staff, it is like double the work, because you have to take your existing staff and manage your existing clients and going through 250 to get 100 more and do it again and again until you reach your numbers. The staff is doing an awesome job and they all have good hearts and we are all moving towards it and working harder.

Ms. Kaauwai: I think our funding is done annually. We are not notified typically until about March what our January to December budget is. It has been fairly steady the last couple of years, but I do not know if you recall...but we were subject to sequestration a few years back. So we need to also worry about what if the government decides next year they are going to cut funding? It is very political, too. There is a lot of...

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura?

Councilmember Yukimura: You know, your family self-sufficiency program is an excellent program, because you are teaching people how to fish, instead of giving them fish. Families increase their incomes by an average of \$5,000 a year. Which means if they kept that up, they could put together \$50,000 in ten years.

Ms. Kaauwai: It is a five-year program.

Councilmember Yukimura: They have \$25,000 and the end of the five year program?

Ms. Kaauwai: We have had people walk away with \$25,000 and have put that down on houses.

Councilmember Yukimura: So we would love to expand that program and just for my colleagues consideration, I have been saying that we need to go to the Legislature to ask for an increase in the conveyance tax on high-priced properties. A surcharge on the conveyance tax of high priced property to fund things like this. I think if we could show them how we would use the money and explain that Section 8 seeding and focus on family self-sufficiency, we could persuade them to do it. That is for the future.

Committee Chair Kaneshiro: I have a follow-up question. I am not familiar with the family self-sufficiency program. Is that a program where they teach the families how to budget their money or a program this they are actually giving the families money, if they do certain things?

Ms. Kaauwai: So the family self-sufficiency is a subprogram of Section 8. You have to be on Section 8 for about a year in order to enroll. Once you come on, they help...the two FSS Coordinators help you set goals and based on the goals that are set...it is a voluntary program...they set their own goals and the coordinators help them obtain those goals. If at the end of five years they have obtained all of their goals and if they have an escrow account, they will get it. If your rent increases, say \$100 a month, then that \$100 is matched and put into an escrow account for the participant to possibly get at the end of the program contract. And if they do successfully complete all of their goals and all of the requirements of the program, then they get that tax-free.

Committee Chair Kaneshiro: Okay. Thanks. Any further question on the PowerPoint presentation? Councilmember Yukimura.

Councilmember Yukimura: On your home-buyer loan program, how many homes have we processed through this program? You said you have processed three this year, yes? Do we have...

Mr. Cobb-Adams: I do not have the total, but I did pull...thankfully, we currently have 88 loans existing, currently. But that is not the total as to how many loans we are actually servicing now.

Mr. Mackler: Since the program's inception, it would fall between 250 and 300 loans.

Councilmember Yukimura: 250 to 300 loans. Just for also new Councilmembers, this is a program where we are basically helping people purchase leaseholds. Or is it other?

Mr. Mackler: It could be either, but in more recent years we have been doing more leasehold tenure.

Councilmember Yukimura: Yes, and that is helping us have affordability for a much longer period than if we were to sell it in-fee.

Mr. Mackler: Correct.

Councilmember Yukimura: So can we get a report on how many houses are leasehold and how many have been secured over time and how much money it has taken?

Mr. Mackler: We could provide that. In fact, last week we were provided a...that exact report by Steven Franco who runs that program. So we could give it to you.

Councilmember Yukimura: That would be great to see.

Committee Chair Kaneshiro: I do want to get to the budget stuff. And I do not want to run out of time. So maybe we will go into the budget and if there are any questions from the presentation that we can fit in the budget or we get through the budget information and we have time at the end, we can continue to ask more questions regarding the programs. It is just good information for me. I have not heard much information about the programs before, but I would like to get into the budget first. So any budget questions from the Councilmembers? Councilmember Yukimura.

Councilmember Yukimura: In your salaries and I am looking at the...I guess this is your Administration...anyway, it is the first page. Your first budget...the first page of your budget line items. Do those reflect the total salaries or supplemented from other sources?

Mr. Cobb-Adams: I am sorry, which fund are you looking at? Are you looking at the overall...?

Committee Chair Kaneshiro: Administration, housing programs?

Mr. Cobb-Adams: Are you looking at the consolidated operating budget that shows all the breakdowns, positions with different funding?

Councilmember Yukimura: Maybe that is what I need to look at.

Mr. Cobb-Adams: If you look at the one page summary...the form you are looking at now, there is a total column that shows all of the total salaries.

Councilmember Yukimura: Okay.

Mr. Cobb-Adams: And on the right is a bunch of different columns that show where it is funded...which type of funds that funds that salary?

Councilmember Yukimura: Thank you, that is very helpful. I do not have any questions on that.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On the first group of positions, position 9537, Planner IV. Vacant since December 1, 2013. It is Federally-funded. You have that it is a dollar-funded position for this coming fiscal year. Are there any plans to fill this position in the new fiscal year?

Mr. Cobb-Adams: We are not budgeting for it. It is not Federally-funded. It would have to be funded some other way.

Councilmember Kualii: It was Federally-funded before, but there are no funds for it, is that what you are saying or it was never Federally-funded? 9537, Planner IV.

Mr. Cobb-Adams: It was funded through our Paku'i, HCDRF funds that we received after Hurricane Iniki, Housing and Community Development... Revolving Fund. So those funds were basically funds that some of the funds were spent to build Kalepa and others through revolving loans. We have been receiving program income from those revolving funds, but then it is not really Federal money, but the County's money and used to fund that position. That is the fund that pretty much dried up. We were using that to subsidize a lot of administrative costs a bunch of years and since that fund dried up, that is why we dollar-funded the position. As you see, there is a heavier amount of money requested from the General Fund because HDF is not there.

Councilmember Kualii: Why was it decided to dollar fund rather than eliminate?

Mr. Cobb-Adams: The Planner position is pretty important when it comes to our development. We do not have a Planner. Right now a bunch of us make due and we work a lot with Planning. Planning has been fairly helpful and they come and help us with our planning issues.

Councilmember Kualii: This is the only Housing Planner position?

Mr. Cobb-Adams: Yes.

Councilmember Kualii: But there is no big...nothing big coming up that this person would need to work on? So there is no...you can dollar fund it for the next fiscal year, but in future you may need it back?

Mr. Cobb-Adams: Yes. If you ever threw a football, this is what I think we are doing right now. We cut off these fingers and we are throwing with three...we can still throw the football with three fingers, not as good as five. But it would be hard if we cut one more finger because two fingers would be ineffective with throwing a spiral.

Councilmember Kualii: How many fingers do you have that now you can grow it back with stem cells?

Mr. Cobb-Adams: We want to grow it back someday so we can throw a better ball.

Councilmember Kualii: By dollar funding, you are letting the finger grow back.

Mr. Cobb-Adams: Yes, that is the metaphor.

Councilmember Kualii: So the other dollar funded position is 9534, the Housing Technician. So the same situation for that? You are going to do without it for the next year, but you may need it in the following year?

Mr. Cobb-Adams: So that position I think we could...what we have done is we have changed some positions around and we are going to move some people around and I think that is a position we could survive without. And I will tell you why, our home-buyer loan program, it was more robust because it was funded more heavily, but that program is...funding is down to a trickle. So we have had one retirement and moving one person out of that position this year to another position. So the bottom line is that we are looking at phasing out our home-buyer loan program because of the lack of funding and therefore, we could do without the staff. I want to be clear, it is because we do not have funding, too many more funding for the home-buyer loan program and we are going to operate with instead of three staff, two staff will do a multitude of things. He is going to do loans, he is going to do fair housing. The other staff is going to help us with more of our asset management. We are moving positions and jobs around so we can do more with less. So that position could go away.

Councilmember Kualii: Well, I know that Human Resources provides the quarterly reports that not only shows the vacancies, but shows promotions, transfers, and reallocations. So whatever you are doing would be reported.

Mr. Cobb-Adams: Yes.

Councilmember Kualii: The only last thing on this grouping of positions, the 9536 Special Assistant to the Housing Director. In parentheses, it says "Cont." What does that mean?

Mr. Cobb-Adams: Contract worker.

Councilmember Kualii: That is 100% of the salary \$71,225?

Mr. Cobb-Adams: Yes.

Councilmember Kualii: The other position 9547, Accountant IV has 75% next to it. So I figured it was 75% from the General Fund and some 25% from one of these other pots. But down below, 9532, Public Housing Development Program Specialist IV, I think that should have a percentage too, because I thought I saw it in two different places and SR 26 is only showing \$45,969. Is it true that is 55% from the General Fund?

Mr. Mackler: I think what you are looking at...

Councilmember Kualii: 9532.

Mr. Mackler: That is actually my position. Part of that position is funded through General Fund and a portion of it is also funded through Kalepa and Paanau for asset management responsibilities that we have for those projects and a portion is through the HOME program as well. So I have multiple funding for my position.

Councilmember Kualii: Thank you.

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

Councilmember Yukimura: You know in terms of future budgeting, and I am talking to Finance now, if we can have some kind of insignia to show when they show General Fund salaries that they are partial. You do not have to show all the other sources, but it might be helpful.

Councilmember Kualii: Well, when the percentage is there it is known.

Mr. Cobb-Adams: We have a master sheet that shows the percentages next to it.

Councilmember Yukimura: It shows the percentage on your master sheet?

Mr. Cobb-Adams: Yes.

Councilmember Yukimura: When we look at General Fund line items, we would not have to ask all of these questions if we had an insignia to show it is a partial salary we are looking at. Anyway, just a suggestion.

Councilmember Kualii: I guess the only other thing I would add, like the last page, you provide this breakdown in two different ways, but there is only one line item that says salaries, that is lumped together. If the detail showed the positions in that breakdown, it would be helpful.

Mr. Cobb-Adams: We are pretty unique because we manage so many different funding and what we have tried to do is spread it out between funding of the salaries. So that is what that one sheet does and I guess we can work with Finance on a solution to your request.

Councilmember Yukimura: Housing throughout the State has been treated like a stepchild, even though it is one of the most important functions of County government, in my opinion. I just read in the newspaper, the City and County is arguing for three positions that could be put in its non-existent Housing Agency right now. So it is a pretty sad state about our commitment to housing. I have one more follow-up question. On the home-buyer loan program, you said that we have ran out of funds. How were we funding it previously?

Mr. Mackler: We have used a variety of sources through the Housing Community Development Revolving Fund.

Councilmember Yukimura: That is the Paku'i moneys.

Mr. Mackler: We have used HOME program funding. Community Development Block Grant funding. The neighborhood stabilization plan funding was a program that came several years ago to the County and has winded down since. For a time we were able to use that grant to fund loans.

Councilmember Yukimura: Very good. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: The vacancy that is 9539, Housing Assistant Specialist III. SR 20, dollar-funded. Federal funds, vacant since July 1, 2011. So I know that some of these positions that are dollar-funded were funded by Federal funds. So is that our Federal funds are being cut? Or how is that saving General Fund moneys?

Mr. Cobb-Adams: Well, I can tell you sequestration cut a bunch of funding. HOME funding, which used to fund a position was cut in half because the State administers HOME funding and we get it once every three years and the State is now taking that money. So we got cut in half and now we have to spread \$150,000 of administrative costs over three years, only allowing \$50,000 per year, which does not cover the position. CDBG funds before I was here was above \$1 million. Now I think we receive \$700,000. I think at one time it was \$1.4 million at the height and of course, that is when costs were less. Now it costs more and we are getting less money. Section 8 last year sequestration affected Section 8 and we had to use our Housing and Community Development Revolving Fund to subsidize some of the staff. This year we are able to fund them. And these moneys were smartly used by my predecessors that came from the Paku'i money. If we did not have that \$40 million, a lot of these Federal funds like CDBG, HOME, and all these other areas have decreased over the years and the only way we have stayed in existence was our HCDRF moneys which are the Paku'i money, which although the Hurricane was a travesty, it provided us an influx of \$40 million which was stretched out over 20 years to keep us sufficient. That money is now gone. Although it was Federal money, it was stretched like I said.

Councilmember Kualii: I am not saying, I am reading Human Resources' report.

Mr. Cobb-Adams: That Federal money, we have used very...like I said, I have only been here for three years, but my predecessors have used it smartly and wisely.

Councilmember Kualii: That is all great, but now the real question is going forward, if the Paku'i money is going away and the Federal funds are going down, should these formerly Federally-funded positions be dollar-funded because we are hopeful that things are going to change so dramatically and millions of dollars will turn up again? Or should they be eliminated?

Mr. Cobb-Adams: Our strategies are to do more with less. And we have been effective at that. But let me give you some statistics right now. So in the 2011 housing study, it said we needed 1,300 homes on Kaua'i by 2016. The DBEDT study, which

was just released says in the next ten years we need 5,200 something houses on Kaua'i. Okay?

Councilmember Kualii: I understand the need. Let me just say this and I will finish the point. Vacancy 9539, which is a Housing Assistant Specialist III, SR 20, dollar-funded. Federal funds. Vacant since 7/1/11, 1,370 days as of March. If it is been multi-year, are we hopeful...why are we keeping it dollar funded? Are we hopeful that new moneys will come from somewhere to fill this position? Because throughout the County, the Vacancy Review Committee made the recommendations of dollar funding versus eliminating and why was this one chosen to be dollar-funded as opposed to eliminated? Everything looks like it should be eliminated. Regardless of doing more with less, obviously that is what has to happen. Is it realistic to think that in the coming year or in the future there is going to be new moneys to fund this position again?

Mr. Cobb-Adams: I would ask this Council to say is this a priority, given that we are going backwards with housing and homeless is only part of the problem, but will become more rampant. I believe that housing, food and shelter are the two most important things, not the movies or even your car. When it comes down to, the two things we need are food and shelter. When the hurricane comes here, what are you worried about? Taking care of your house and buying the cheapest and most sustainable food, Spam or whatever that will last you. That is what too many people on Kaua'i are doing in survival mode, to worry about only food and shelter and cannot thrive. If we cannot provide safe and decent housing, and I am not saying that we only do it through funding, but we do it through correct and appropriate policy, then we will have a much bigger problem. The reason why I think we are leaving those positions is that we are hoping and working...not just hopeful, but working aggressively...I have been at the State Legislature three times trying to lobby for money. I have been to the Federal HUD lobbying for money. I am everywhere. Just last week I was at Hauoli Mauloa meeting with the non-profit to encourage them to come back to Kaua'i and invest in our housing. Not only are we hopeful, but aggressively pursuing opportunities for other funding to meet that demand, as well as appropriate policy. Our goal is to increase financial capacity and support. The third goal in your report, increasing development funding to create more affordable housing, obtain Administration and Council support to establish County fund for housing and community development. I would love to create sustainable funding that could come from the County. If we do not...in the past the Federal government funded us, period. So do we want to say not fund the staff, so we can get \$6 million from Section 8, just imagine if we did not have enough staff to get to 200%, it is just going to keep decreasing and get less and less moneys from the Federal government if we cannot help to subsidize. I know HUD is looking at reevaluating their administrative costs, but it is up to them. They can look at it for 50 years or not. Hopefully they look at us and say there is a higher cost of living and therefore, your rates are different from Nebraska and maybe give you different administration costs, but we do not know what they are doing. Am I not just hopeful? I think we are aggressively pursuing opportunities to fund more and more programs whether it is staff.

Councilmember Kualii: I would just say thank you and I appreciate all of your efforts. Make sure that in the aggressive pursuit of additional funding, that we utilize everyone throughout the County. We should all be pushing for additional legislation that brings us more funding, and we have the Mayor's Office and we have Economic Development, our own office. As Chair of the Economic Development and Intergovernmental Relations I have been doing a lot of testimony and everything, but let us

make sure we are concerting and coordinating that effort so we are all pushing together. Clearly we need more money for more housing. Thank you.

Committee Chair Kaneshiro: Follow question, Councilmember Yukimura.

Councilmember Yukimura: I certainly can vouch that Kamuela has been working ceaselessly to promote and provide affordable housing on the island. And I am thinking that one of your thoughts about dollar funding these positions is that you have to keep reminding us of what you need in terms of barely sufficient staff to keep the work of your Department going. I am concerned...well, is that not one of the reasons you are dollar funding it?

Mr. Cobb-Adams: Like I said, we would like to operate with five fingers, but at this time we can go with three and/or go with two, but I am hoping to get the message out. One the things...we had a good year this year. Last three years, we did Paanau, 60 units, Kanikoo, 60 units, Kolopua we are going to finish in August, 44 units...that is 164 units in three years...that is minute compared to the 5,000 that we need over the next ten years. I am not saying that we have to do all 5,000, but even if we did...Kanikoo phase two, Koaie, and Lima Ola and we finish Lima Ola phase one which is 180 units, that takes us to 504 units over five years. So we met 10% of the demand. I am just here to show that the numbers and these statistics that we are showing...I am not saying that we have to put money, but we have to work on policy and work on funding and doing things more efficiently and working together most of all to address this issue. But it is an issue and it is going to become more and more prevalent and be on more of our laps, sooner than later. I think the time to act is now versus later.

Ms. Kaauwai: I think with regards to that specific position as we lease-up more, unlike our regular HAP funding, administrative funding is based on units leased per month. As we build up and try to over exceed our budget, our units funds will be leased up. At that point, that will give us more administrative fees. But it is also going to give us more work. So we want to have the option, to if we are able to fund that position with the extra funds that we get, we would like to do that. In addition, they did just complete the administrative fee study. And they did find that we are being very underfunded. So they are looking at doing something for that.

Councilmember Yukimura: I hear these dollar-funded positions give you more flexibility, because if you had the moneys, then you can create the position and more efficiency, so you do not have to make an extra trip to the Council to make a position and you have if already, so you can just move.

Ms. Kaauwai: Correct.

Councilmember Yukimura: Okay, that sound goods to me.

Committee Chair Kaneshiro: I have just a general question regarding salaries. I noticed in one of our handouts that three or four positions are vacant. Do we have positions on our salary sheet that are currently vacant?

Mr. Cobb-Adams: It is hard, because the salary...the things you look at are different than what we are looking at. This one page is one of the best things. I did not come up with it, our staff did. But the page that shows...

Councilmember Yukimura: It is an all-budget.

Mr. Cobb-Adams: It shows everything, it is the best cheat sheet to look at, because it shows who is dollar-funded. What percentage is funded? It is different than Finance. We made this separate than the Finance program. The programs do not allow...this is a separate budget sheet that shows the breakdown and what percentage is funded by what funding source? And shows which ones are dollar-funded? When they are dollar-funded, they are primarily vacant. But I could tell you...

Committee Chair Kaneshiro: I guess my question is do we have positions where we budgeted money for, but they are still vacant?

Mr. Cobb-Adams: No. No, we do not have anything...no.

Committee Chair Kaneshiro: So the vacancies are all dollar-funded?

Mr. Cobb-Adams: Correct.

Committee Chair Kaneshiro: Okay. And then which positions were previously funded by HCDRF, but now we are funding through the General Fund?

Mr. Cobb-Adams: Would you like me to read the numbers?

Committee Chair Kaneshiro: Yes.

Mr. Cobb-Adams: 9536, funded 21% last year. 9655 was funded 100%. 9567 was 50% funded. 9534 was 44% funded. 9564 was 91% funded. 9550 was 100% funded. 9548 was 57% funded. 9554 was 57%. 9544 was 57%. 9562, 57%. 9542, 50%. 9553, 57%. 9565, 57%. 9660, 57%, and 9561, 57%...

Councilmember Yukimura: Can you send that to us?

Mr. Cobb-Adams: This was last year's budget.

Committee Chair Kaneshiro: That was a lot of positions. Councilmember Yukimura.

Councilmember Yukimura: That is why this year in your Mayor's request, your regular salaries are moving from \$433,000 to \$628,000 from the General Fund because you are having to now make up for all of those revolving fund or Paku'i fund salaries that now have to draw from the General Fund, right?

Mr. Cobb-Adams: Yes. Actually it does not show here we were projecting like an \$800,000 difference. But as I said, we have been trying to...as retirements happen, trying to disperse those duties to other staff and some staff had to move to different positions to take on the duties and so we have been moving things around and redefining. Fortunately we have been able to lower that cost increase from \$400,000 to \$600,000. We have worked very hard to make the increases as little as possible is what I am trying to say.

Councilmember Yukimura: That is why Councilmember Chock and I voted for the new real property tax category of \$2 million for more residential property because that generates \$800,000 and we thought there was a nexus to cover some of our housing costs to work for affordable housing.

Committee Chair Kaneshiro: Any further budget questions? I have a few more, too. I feel bad asking them now that I know that guys are only using two to three fingers to throw the ball.

Mr. Cobb-Adams: Ask away.

Committee Chair Kaneshiro: These are just small things. Other services. Prior year we had \$900 and this year we have \$13,000. Are we expecting...

Mr. Cobb-Adams: So you are looking at the General Fund, I am assuming. HCDRF used to carry a lot of...basically last year I think we were at...it was \$900 in General Fund and \$15,000 in HCDRF. This year because we are not funding it with HCDRF, we reduced it by \$2,000. It is actually overall...if you look at the overall budget we reduced it by \$2,000 and \$900 and now it is at \$13,000. Those other services...so it is basically an overall budget decrease, but it has been allocated to a different funding source, which is the General Fund.

Committee Chair Kaneshiro: I think that answers a bunch of my other questions, because office supplies and copier are other items funded by HCDRF money, but that has dried up, so now we have to fund it through the General Fund.

Mr. Cobb-Adams: Yes.

Committee Chair Kaneshiro: I think I am comfortable with that. Any further questions on the budget? Councilmember Yukimura.

Councilmember Yukimura: Section 2, page 334. Or page 258 in our budget.

Committee Chair Kaneshiro: Their page numbers may be different than ours.

Councilmember Yukimura: And our page number is 258. Under "special projects," that is I think your Division, Gary.

Mr. Cobb-Adams: I know what that is...go ahead I know what you are talking about.

Councilmember Yukimura: I am just wanting to know what that is going to be used for?

Mr. Cobb-Adams: So this year we do not quite have any plans. I can tell you how we used that line item last year.

Councilmember Yukimura: Okay.

Mr. Cobb-Adams: Or right now currently. We use it to fund any planning or pre-development costs for opportunities. So right now we are using it to fund

environmental topography and surveys for Koai which is in Po'ipū and we are trying to get DLNR scattered lots...so we are using it for projects or opportunities that come up within the year. We have used it for appraisals of properties in the past. So special projects because we do not know what projects might come up throughout the year.

Councilmember Yukimura: It is almost like pre-development in the very, very early stages.

Mr. Cobb-Adams: Yes. We also are using it to fund our housing study. We are going to do a new housing study this year. State housing study with HHFDC, as well as all the other county housing agencies to do a housing study. Our portion of that will come out of that. So that is one item...if we do not do it this fiscal year, we would fund it out of that same line item.

Councilmember Yukimura: While you are talking about housing studies, I want to ask, I am so pleased that your goal...where is it? Goal number two is to maintain and expand affordable housing inventory to meet the needs of Kaua'i's population. Do we actually have an affordable housing inventory number that we are tracking?

Mr. Cobb-Adams: Since when? Since the start of our strategic plan or since...We are tracking since the start of our strategic plan.

Councilmember Yukimura: I mean, how many affordable housing units do we have on this island now in the face of what is our need? It is kind of basic information.

Mr. Mackler: We do have a list of all the affordable housing projects that we have been involved with going back approximately 20 years, possibly more. It will not tell you how many of those units are still in affordable, but it will certainly tell you how many have been produced. And we can provide that, if you would like to see that?

Councilmember Yukimura: Yes, please provide that. In our South Kaua'i plan, for example, the plan shows Weli Weli Tract and it is no longer affordable. Certainly the people who are still living there, who were original buyers and we know many of them, have proven that and a lot of the people who are questioning our proposal for the Gateway Po'ipū Workforce project are new buyers in Weli Weli. It is no longer an affordable housing site. So we cannot count all of those houses as affordable anymore. I am hopeful that over time, we will get better at tracking this. There needs to be another component. And I asked the realtors to help me, but I have never been able to get that project off the ground. But it also goes to our more recent projects. We know our rental projects like Kolopua and others, and thanks to the work of your Agency and ensuring that Kolopua is going to be permanently affordable and thanks to Vitus for cooperating. We know our rental projects are likely to be affordable in perpetuity and the leasehold projects too, thank you for doing that. So please provide the list you have. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: So not on these specific documents, but on the breakdown with the original narrative. On the full report, this is probably the best worksheet, but when Council Budget Chair Kaneshiro asked for that information, if we just got the same sheet from last year, we could do the analysis and comparison. On these breakdowns that you provided pages 2-18. Then you have all of the positions there. But on

page 5, you had made the comment about activity...this was the housing loans, housing support, special projects. The line item is miscellaneous project costs. It is good that you show here Fiscal Year 13-14, 14-15, and proposed for 15-16. That is what we want. We want to do comparisons of multi-years and see how the budget is changing in one way or other, going up or going down and to know why if it is something significant. And I always want it look at "other" and "miscellaneous," because usually I need more explanation. This says miscellaneous project costs in 13-14 was zero. 14-15 was \$5,000 and in 15-16 it is proposed to be \$254,000. If you need to follow-up, you can follow-up.

Mr. Cobb-Adams: That is the special project and miscellaneous is a subcategory breakdown of special projects. If you look at the very bottom, it goes down to housing support...

Councilmember Kualii: How is it different...?

Mr. Cobb-Adams: That is for building and construction. You are looking at miscellaneous projects. It summarizes at the bottom, of 211-4401-681-35 housing support special project is a breakdown. Miscellaneous is one of the four categories that are broken down for housing support/special projects.

Councilmember Kualii: Okay. I am just saying more explanation. You can bring it later, break it down further.

Mr. Cobb-Adams: Special project is for unknown pre-development costs basically.

Councilmember Kualii: Going forward?

Committee Chair Kaneshiro: That is the one that Councilmember Yukimura just brought up also. I think we are looking at it in two different spots.

Councilmember Kualii: I was zoning. Was that the same case for page 6, housing support, other services? The bottom of page 6.

Mr. Mackler: Page 6 is a different budget for Kalepa Village, the operating budget.

Councilmember Kualii: So in 13-14, it was \$525,000, 14-15, it was up to \$750,000, and 15-16, it is back down to \$500,000?

Mr. Mackler: Yes, that represents operating costs for the Kalepa Village project phases 1 and 4, we do updated estimates each year, looking back historically as how we track our costs line item by line item and make adjustments, which is why the numbers vary from year-to-year.

Councilmember Kualii: Next page, Kalepa Village operating, the last item in the middle grouping, middle of the page 5200, replacement reserve.

Mr. Mackler: That represents our annual funding requirement to fund our reserves for the replacement of the capital components which make up the project. We have a reserve study budget that we prepared from the first year of opening the

doors at Kalepa Village that measures all replacement costs for all of the work that needs to be done over time. We basically know what our annual funding requirement is based on that estimated cost, as well as our accumulated need. It is an assessment management tool that we use, along with site working with the site management to make sure that we are staying on top of all of the work that is needed to keep the projects looking good.

Councilmember Kualii: And it varies each year?

Mr. Mackler: It does.

Councilmember Kualii: And it can vary as drastically from \$445,000 last year to \$200,000 this year?

Mr. Mackler: The reason for that, like going back to last year with the higher number, the \$445,000, when we are planning work to be done, for example, this was resurfacing of Kalepa Circle. We added not only the annual funding requirement, but the estimated costs for the additional work that we plan to do during the budget year. So that year, that prior year was more. This current budget only reflects the annual funding requirement because we do not contemplate any additional work in the next budget year.

Councilmember Kualii: Okay.

Committee Chair Kaneshiro: I just want to add thank you for having that reserve study. You guys obviously update it every year, because that is why the number changes. It is important and Councilmember Yukimura talked about as far as the County having something similar to this for our facilities and our parks. It is a valuable asset. I know I have worked in accounting and did operating budgets and reserve studies on the mainland and seen housing associations that did not have a reserve study and would have to special assess tenants every so often which is a huge surprise for people, if they have to replace a roof, they just get a big bill. Reserve studies do a lot to make the expenses predictable over the years. Although we can only budget for one year, you know what your expenses are coming up and you level it out and say this is how much money we need.

Mr. Mackler: We find it to be a very useful tool. One things we can also do with the reserve study is looking at the ways to do preventative maintenance to extend the life of some of the components. We have longer periods to actually fund them. So it really helps in many ways keep the project preserved well.

Committee Chair Kaneshiro: Follow-up. Councilmember Yukimura.

Councilmember Yukimura: Chair, thank you for that observation, because I feel the management of our housing projects over the last decade...well, no, actually 20-25 years, when Gary came on-board have been exemplary. Really as you mentioned many housing projects do not do this and then run into trouble. But it is also tied to this keeping our housing fees and rents up-to-date, too. I see in your narrative somewhere, that is one of the things that you will be doing in this year, looking to make sure our rates are updated. Because then we can put more into reserve and we do not have to unduly burden our renters every so often. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Page 10, I guess the sources of revenue. So you have the proposed 2015-2016. You know, like the HOME program income anticipated. Last year \$965,000, this year \$1.3 million. \$330,000 more. Do we know that we are getting that money?

Mr. Mackler: That is based on a projection. We look at the potential sources that can bring us program income, which is essentially the repayment of loans. What we put in the upcoming budget includes repayment of home-buyer mortgages, as well as the repayment of a site development loan for the 'Ele'ele 'Iluna subdivision and we are estimating how many participants will be closing their financing in the upcoming year and the amount of each one of those closings that will return program income back to us. So it is a projection. It is an estimate.

Councilmember Kualii: And like you said earlier, based on if we show that we are using it, and putting it out, then we get it?

Mr. Mackler: That program income is invaluable. Just an example of how it can be used: with the resolution that was passed a week or two ago for the Kanikoo phase two, there was \$500,000 in HOME funds that were requested for that appropriation. That is all program income, all because of program income and not from a new allocation of grant funds. It can stretch our dollars to do more housing.

Councilmember Kualii: Absolutely, in the middle of the page 13, HOME in parentheses, CHDO, not much change from last year, but \$200,000 less from the year before. What is that? How is that...what do we get for that?

Mr. Mackler: That is called a Community Housing Development Organization, the HOME program by its regulations requires a 15% set aside of all dollars received...a minimum...for the non-profit Community Housing Development Organization. We have two non-profits that can actually access that money currently on Kaua'i, which is Kaua'i Economic Opportunity and the Mutual Housing Association of Hawai'i. We are utilizing, as much as we can through the rehabilitation of Lihu'e Court Townhomes for example. In the past we have used funding...that funding, that set aside funding to acquire homes for transitional housing.

Councilmember Kualii: What is the plan for the \$470,000 in the next year?

Mr. Mackler: Those funds are uncommitted. Currently our plan is to go out again with an application as we did this past November. To make that funding available to both those organizations and prior to that, to work with them to find projects that we can fund. The biggest challenge is really finding ways to commit those funds to project. It is not an easy thing to do.

Councilmember Kualii: Those two organizations are pre-qualified for you to be able to apply?

Mr. Mackler: We pre-qualify, but the ultimate qualification is done by the Hawai'i Housing Finance Development Corporation. They are the participating

jurisdiction for the HOME grant and they will have ultimate responsibility to certify or not certify a non-profit for eligibility.

Councilmember Kualii: The last question, on page 14. There is an...in the middle of the page, there is a line under just above "total revenue," that says, "contribution from fund balance" in 2013-2014, \$1.1 million, also in 2014-2015 \$1.1 million and this year it is down to \$180,000. What is the change in behavior, policy...why is this so different? What happened? Is that a Finance question?

Mr. Cobb-Adams: Loans...it was intended for loans.

Councilmember Kualii: Intended for loans, but that was...

Mr. Cobb-Adams: It was not being utilized and so we corrected it.

Councilmember Kualii: But the pot of money was General Fund money?

Mr. Cobb-Adams: No, this is what is called a Housing Development Fund. It is different...so every page has a different funding source. Housing Development is a fund that was originally called Housing Revolving Fund established through Ordinance No. 882. So it was County-established. That money is basically from in-lieu of fees or exactions from entities that had affordable housing requirements, but they paid fees instead of developing the housing.

Councilmember Kualii: So is the moneys still sitting somewhere, but not being used? This coming year...or there are plans in next year to use...

Mr. Cobb-Adams: The Housing Development Fund can be used for...so the ordinance...under Ordinance No. 882, it specifies what the funds can be used for. It is pretty specific. It can be used for development. It can be used for development loans. It can be used for a number of things and without going through it, the total we have in that Development Fund is about \$3 million. And it is broken down into four different categories per Ordinance No. 882. And we are not anticipating using any substantial amount of these funds this Fiscal Year.

Councilmember Kualii: That is why the amount is down to \$181,000?

Mr. Cobb-Adams: Yes.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Chair. Maybe we do not have to go through the whole thing now and get the information later, but I was wondering how the CDBG is awarded? I just see the difference in amounts and wondering how it was appropriated per project?

Mr. Cobb-Adams: I can tell you the general and if you want more detail, we can follow-up with the professionals. CDBG program every year we receive an allocation. We put out a request for applications. And all the different applicants will come

in with a proposal to receive CDBG. Then we also have different categories, we have a public facilities category. You have community development category. And CDBG rules allow certain allocations in each category. So these entities will come in and some are more competitive, like the community...what is it? The community development or community services have more applicants with a scoring criteria, that the staff goes through and scores every project. They establish...some of the projects do not get the entire amount, but they will get something and some do not get anything and some get what they want. In a nutshell, that happens on an annual basis and from the allocation we put it out again. That is how to works.

Mr. Mackler: And also with Council's approval last week of the CDBG resolution to file the action plan and to appropriate funds for the 2016 projects, we will be augmenting the budget page. So that we include those separate funding awards.

Councilmember Chock: Thank you. I have one more question. I do not know if you want to follow-up on it.

Councilmember Kualii: On page 12 at the top of the page. CDBG small cities, Kaua'i, annual grant. Is that the amount of moneys that is coming from HUD for us to then turnaround and award out \$720,550?

Mr. Cobb-Adams: Yes.

Councilmember Kualii: So then under CDBG projects it is only \$576,000, what is the difference?

Mr. Cobb-Adams: Administrative costs.

Councilmember Kualii: Is that line 2? Because there is another figure of CDBG revenue that is \$152,000 for CDBG administrative balance, plus new award. Is that not that the administrative costs?

Mr. Mackler: We are allowed to take up to 20% of the CDBG allocation for administration and planning.

Councilmember Kualii: 20% allocation to County and then it can go to our housing fund?

Mr. Mackler: It goes to primarily staff. Our CDBG staff.

Mr. Cobb-Adams: So it pays their salaries. CDBG does trainings and they do quarterly meetings. So it pays for their travel and it pays for whatever is associated with administration.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. This question is regarding Kolopua. Good to see it coming up. I do not know much of the history in terms of when this was originally slated to be built. However...1988. I knew it was a long time, I just did not know

exactly when. And my question is about the original design and construction and its cost because I had been vetting concerns that was not originally planned or agreed upon. Is this an updated cost and are we with the same design and plan we originally had?

Mr. Cobb-Adams: Well...

Committee Chair Kaneshiro: If you do not have an answer for it, we can request it in writing.

Mr. Cobb-Adams: I can give you an answer, in 1988, the ownership was under a different entity and there is an ordinance that required a different...it was totally different. What the original owner did was build foundations and that is it. I do not know what design they had. If it is a person you are talking about, they are talking about the original design...I do not know. Anyway, so in 1988, what they did in order for them to build the shopping center, they had to reach substantial completion of the affordable housing and in the agreement, the definition...definition of "substantial completion" was building foundations. So all there was there was foundations and they moved forward and nothing has happened since. The ordinance was recently amended with our support and the Council's support, two years ago...with Councilmember Yukimura, we amended it so that something could happen and something is happening. Some people might not like the design, I am just happy that we are worried about design and not arguing about why it is not there?

Councilmember Chock: Sure.

Mr. Mackler: Councilmember Chock, just trying to respond to your question, the project design layout which was presented to us through their HOME application, which this project is receiving HOME assistance. As well as the information that was presented through the Class IV Zoning Permit process is what is being built.

Councilmember Chock: Not much has changed there in terms of what we signed up for? Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I think this issue is one that maybe will inform our future efforts especially when we are doing affordable housing in a resort area. I think we do have to pay more attention to design. So that, I guess it is called "context-sensitive design." But you have to be concerned about the neighborhood in which it is going to be placed and we are going to be doing one in Po'ipū. I am not sure exactly how we would implement a greater attention to design and compatibility to surrounding area. I think as we do our RFPs we should think about that.

Mr. Cobb-Adams: In context, this project is a private-driven project based on ordinance. We only got involved so that we could get it permanently affordable. Otherwise we would not have been involved with this project at all.

Councilmember Yukimura: We had to because there was a reduction in units owed.

Mr. Cobb-Adams: Well, we got involved because we wanted it permanently affordable. Otherwise..."us" meaning the County Housing Agency, but the Council approved the ordinance. As to being involved, most cases we do not get involved and provide money in order for someone to meet an ordinance requirement.

Councilmember Yukimura: The Housing Agency has to approve the private requirement to ensure that it meets all the ordinance requirements. So like you are doing with Coco Palms, there is a negotiation going on because they could not proceed with their shopping center expansion without complying with this housing requirement. So we do have some leverage in seeing how we best use this and not to detract from fact there will be 44 affordable units for workers who work in the Princeville area and we need more of it.

Mr. Cobb-Adams: I just want to be clear, because I can see us going down the road, our staff at the Housing Agency will implement any ordinance as to what it says. When it comes to design or style, I think that is generally under Planning and we do not want to make it different than them. Planning's jurisdiction, the community gets involved in that planning and we do not really have the professional capacity. If you want you could put in an ordinance to work with Planning for approval of the design, you know what I mean? We are more about is it a quality unit and is it going to be built and how long is it going to last?

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

Councilmember Yukimura: You know, I was really struck and I will not ask to put it up...by the picture of 'Ele'ele 'Iluna. It is clearly a good project, but the road seems so wide. I do not know what controls we have over that, but certainly in cutting costs if you do not want the roads to be unnecessarily wide and, in fact you might want sidewalks instead of really wide roads. Again, it is just a concern about the quality of our affordable housing projects that we support or build ourselves.

Mr. Cobb-Adams: And the same thing...that might be a function of just the picture, because the roads are basically up to County code, and the County basically establishes how wide that is and that jurisdiction, again, falls under Planning and Public Works. So at the time when that subdivision went through approval, that was the requirement. And I know since that time, a lot has changed under Planning and Public Works as to the designs of roads and what is allowed and what is not.

Councilmember Yukimura: Thank you. Since you such great interdepartmental work and you are working with the built environment committee and people like Bev Brody, it might be good to check if these standards are still in existence or maybe they are part of the new living streets standards?

Mr. Cobb-Adams: Those standards are not in existence any more.

Councilmember Yukimura: Okay.

Mr. Cobb-Adams: We are actually going to try to work on improving a portion of that road with sidewalks with Habitat. So we are working on not the entire subdivision because funding cannot do it, but a portion we are working on that.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Any further questions for Housing? I want to thank you for coming out. I know every time I look at you Kamuela, I am going to think of three fingers...We appreciate you doing what you have done with the resources you have and we have seen throughout the entire budget process, every Department has done more with less and I appreciate your effort. Thank you.

Mr. Cobb-Adams: Thank you for your support, we appreciate it.

Committee Chair Kaneshiro: Next up we have the Department of Human Resources and I do not anticipate we will get through them by lunch. But we can take the presentation and take questions until 12:30 p.m. and then at 12:30 p.m. we will take lunch and come back. I want to welcome Janine and if you could provide a quick presentation and we will take a lunch and come back for questions.

JANINE M.Z. RAPOZO, Director of Human Resources: Thank you, good afternoon Committee Chair Kaneshiro and Councilmembers, for the record, Janine Rapozo, Director of Human Resources. With me I have staff member Jill Niitani who is an HR Specialist II with our office. I would also like to mention that even with the change in time our Civil Service Commission Chair Roy Morita is in the audience today and I would like to thank him for coming. As you have all received and read our budget presentation, I would like to instead present a brief PowerPoint especially for the benefit of our new Councilmembers and as a reminder to others as to why the Department of Human Resources was created. In 2012 at the request of the Cost Control Commission, an HR Task Force was created to conduct an internal review to look at the consolidation of HR functions and to expand the functional responsibilities of the then Department of Personnel Services to include employee training, workers' compensation, safety awareness and injury prevention, employee benefits, and workforce planning. The next slide is actually taken from the 2012 HR Task Force presentation to the County Council. In its report, the Task Force noted the following challenges that were facing the Department of Personnel Services at the time. First, technical personnel expertise was decentralized in the various departments resulting in a duplication of efforts among the departments and the DPS. A lack of consistency in the County's policies and procedures among the individual departments and the DPS. The DPS was experiencing challenges in the timeliness of filling vacancies. DPS lacked the full range of human resources functions including benefits, workers' compensation, health and safety, and training. The County was experiencing long-term costs from exposure and liability issues associated with variation in policy management and decentralized personnel operations. As such the HR Task Force therefore recommended a restructured Department of Personnel Services to meet the following goals. First centralized HR-related functions into a single department and eliminate the duplication of efforts through departments. This is strategic in nature as the Task Force felt the need to ensure that first, HR consulting and technical expertise would be available equally to all 19 departments and not just a few. That there would be consistency among all County departments in the implementation and interpretation of County policies and collective bargaining language. Employment processing for all departments and employees such as benefits, employee relations, recruitment, labor relations, classification and pay, and employee development would be streamlined and improved. And there would be a coordinated training effort for all County employees. The second recommendation was to expand the Department of Personnel Services to include the full-range of HR functions such as benefits, new-hire orientation, workers' compensation,

health and safety, training, and payroll. Finally, the Department would be made up of four division, including recruitment and exam, classification and pay and labor relations, administrative services, and employee development and health services. Overall the Task Force envisioned a centralized HR Department that would offer the full range of human resources services and would be responsive to all department needs resulting in decreased costs over time, and freeing departmental staff formerly assigned to HR duties, to be assigned to...freeing departmental staff formerly assigned HR duties to be assigned to other unattended duties and responsibilities within their individual departments. Therefore, for the Fiscal Year 2013 budget, the HR Task Force recommended transferring positions from various departments in order to effectuate this change. The end result was a transfer of eight positions from six departments resulting in no new positions and no added costs. In the November, 2014 General Election, the electorate votes to amend the County Charter creating the Department of Human Resources. The Charter Amendment expanded the Department's function to include the full-range of human resource management. Since Fiscal Year 2013, the Department continues to provide the personnel-related duties including recruitment and exam, classification and pay, and labor relations. With the change to Human Resources, and the increased capacity technical expertise has been centralized, duplication eliminated, and response time improved. The Department has now centralized transactions processing, benefits processing, training efforts, job performance appraisals monitoring, new hire processing, assisting with interviews when requested, as an example, our staff has participated in KPD promotional interview as a panel member and as a facilitator and assisting with other recruitment efforts including developing and processing non-selection letters and interview questions. We are assisting with classification efforts for succession planning and efficient use of resources. We are monitoring workers' compensation cases, assisting departments with placing employees into light duty, modified duty, or helping with accommodations, if possible when an employee has permanent restrictions and we are also assisting departments with many employment issues including FMLA, Pregnancy Act, discrimination, harassment, ADA, leave sharing, temporary disability insurance, the drug and alcohol program, workplace violence, and TRO issues, resolving employee related problems, including conflict resolution, using mediation and facilitation when needed, monitoring sick-leave abuse, investigations, and management audits. So just a little bit for the coming Fiscal Year, the Department plans to restructure and reorganize the Department so that the reorganization will include first the elimination of one HR Manager II position, and dollar funding the other. This will leave the Department with one HR Manager II position that will provide oversight to the various divisions. A proposed organizational chart is provided to you at the end of your packet of the slide for your review. As part of the restructuring we are proposing to dedicate one specialist position to focus full-time on working with the HRIS Task Force. For the last year we have tried to have various staff concentrate on the effort, but with competing priorities things have not moved as quickly as the Task Force envisioned. Another initiative for the coming year is more structured supervisory and safety training for the upcoming year. Aside from bringing in resources for our supervisory training, we will continue to refine our one-day supervisory training module that we did for the newly-promoted Water Safety Division. And look to provide this as a second-day of a new-hire orientation for new supervisors and as a refresher for current supervisors. Other areas of focus include additional funding and consultant services for procuring investigative services as needed and maintenance of our current and new Neogov onboarding module coming online due to the efforts of the HRIS Task Force.

Councilmember Yukimura:                      What is HRIS Task Force?

Ms. Rapozo: Human Resources Information System. Finally, thanks to Councilmember Chock the Department will also explore the possibility to provide a deferred compensation retirement program for part-time, temporary, seasonal, and casual employees that can lead to cost savings for the County. Presenting on the final day of budget hearings presents an advantage to our Department to address concern that have been previously discussed. First some clarification on the quarterly report that is submitted to the County Council. This report is required by Section 19 of the Fiscal Year 2015 budget ordinance. The information reflects movements and changes in the authorized positions in the FY 2015 budget for the quarter being reported on. On the other hand the Fiscal Year 2016 budget submittal represents Departments' proposals developed in early January for the submittal to the Council in March. Therefore, the Department's FY 2015 quarterly report and the FY 2016 budget submittal will not be the same as each provides a snap shot in time of information that is constantly changing. Another concern we noted was with regards to HR assisting departments with succession planning. In last year we worked with various departments and agencies and with the Vacancy Review Committee in developing organizational structures that will allow for succession planning to meet departments' current and future needs. As an example in the Finance-Treasury Division a Treasury Clerk II was redescribed to a Departmental Accounting Assistant to provide more depth and capacity for succession in the Treasury area. At same time, the Treasury Operations Manager was reallocated to a Motor Vehicle Registration Officer to ensure continuity in that work area. Another example would be in the Public Works-Building Division, where a training agreement was developed to allow an incumbent to gain the necessary skills and experience to qualify for a higher-level position. That pretty much sums up our presentation and we would like to thank you for the opportunity to provide background and address some of the concerns that have been previously discussed.

Committee Chair Kaneshiro: Thank you for the presentation. We have about ten minutes left. So we will take questions on the presentation. As we get to 12:30 p.m. we will take a lunch. Any questions? Councilmember Kualii?

Councilmember Kualii: I just have a quick one, because you mentioned the quarterly report as of March. And you are saying that it is really aligned with the December report. But if you have been watching these meetings, two weeks ago or three weeks ago when you first noticed that, you chose to make it part of your presentation today, but you could have notified us. I do not know why you chose not to.

Committee Chair Kaneshiro: Any other questions? Councilmember Yukimura.

Councilmember Yukimura: Yes, thank you. Janine, first of all thank you both of you and Mr. Morita for being here, how long have you been on the job?

Ms. Rapozo: I have been the Director since January 1<sup>st</sup> of this year.

Councilmember Yukimura: Both your previously submitted budget presentation and your PowerPoint presentation, and the work that it describes is the best report I have seen in this whole budget. It is really extraordinary in terms of how you detailed both your accomplishments and what you have done, and what you are going to do. I know you have been involved from the start as we have transitioned to a Human Resources Department. So I am glad that you are now Director to fully implement it. But it is amazing work and it is giving me such relief to know that these issues are being

addressed in a professional manner and in a way that is both containing costs and supporting our Department Heads or management and our employees.

Ms. Rapozo: Thank you. We have a really great team at our office. So I would like to acknowledge all of them.

Councilmember Yukimura: Well, you must have a great team in order to do the kinds of things you have already accomplished in such a short time.

Ms. Rapozo: Thank you.

Councilmember Yukimura: I can go into questions that I do have now.

Committee Chair Kaneshiro: On the presentation? I have questions on the presentation, too.

Councilmember Yukimura: Yes. Okay. On slide 7 you talk about employment issues and mentioned FMLA. Can you tell me what that acronym is?

Ms. Rapozo: My apologies. Family Medical Leave Act.

Councilmember Yukimura: That is a fairly new thing that is something that has to be administered and managed.

Ms. Rapozo: Yes, a lot of departments are not as familiar with the law, and so at that time, we are the resource for them to come to. Because it does not happen every day for all of the departments.

Councilmember Yukimura: Okay. I thought maybe it was a typo for FLSA. What is the overtime?

Ms. Rapozo: FLSA. Fair Labor Standards Act?

Councilmember Yukimura: Yes. Okay, I think it has come up, especially with the Police.

Ms. Rapozo: Yes.

Councilmember Yukimura: You handled that too.

Ms. Rapozo: It is part of payroll, which is now part of our Department, so yes, we do.

Councilmember Yukimura: Okay. I just want to say when the Police came before us, they were extremely complimentary of your assistance for filling positions. On slide 8 where you talk about maintenance of Neogov software. Forgive me, but I do not really understand what "on-boarding" is.

Ms. Rapozo: "On-boarding" is basically the new term for new-hire orientation for bringing someone on-board.

Councilmember Yukimura: So this Neogov software is the software that people use to apply for jobs, you use it to announce jobs, et cetera.

Ms. Rapozo: Correct. That is the system that we are using right now where people can apply for jobs with the County. We are buying another module that will assist with processing a lot of the paperwork when they are first hired. So it will be done electronically once we get that going. That is all the questions for the slides.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I think you said in 2013 the restructuring occurred with the eight positions from the six departments. In our current budget proposal, where are those positions currently? Where do they reside? I am looking at page 60.

Ms. Rapozo: Shall I go by numbers?

Councilmember Chock: That is fine.

Ms. Rapozo: Okay. 702. HR Assistant now I believe. 702. Came from the Fire Department. 800 and 1025 came from Public Works. 346 came from Police. 1861 came from Parks and 212 and 289 came from Finance. 2465 came from Water.

Councilmember Chock: So the two positions, one dollar-funded and one removed were not affected by the transfers at all?

Ms. Rapozo: That is correct. We had three HR Managers with the combination. So we just eliminated two and consolidated.

Committee Chair Kaneshiro: Is there currently a vacant position, is the \$75,000 position currently vacant?

Ms. Rapozo: That is currently vacant and we are currently interviewing now for that position.

Committee Chair Kaneshiro: I have a question on page 5 of the slide that says no new positions, no added costs. Do you know that...do you have information when we brought employees into HR, if the other departments had to try to hire another person to fill what the other person was doing or just allocated...? That person, if we cross-trained and that person did not do one specific function and goes to HR, say if we took an employee from Police...I think Police said they are doing fine, but in the other departments, were they able to spread that work out without having to hire another person?

Ms. Rapozo: As far as I know, they spread the work out. A lot of times with the positions that we took, they did more than HR. So what we did, we took the HR and another person might have also been doing some HR-related work. So we pretty much took two positions and took the HR portion of the duties and the other person was left with the operational side of the department.

Committee Chair Kaneshiro: Follow-up? Councilmember Kualii.

Councilmember Kualii: Specifically, and I might have missed it. The HR Manager 289 that is kept and was vacant...is vacant, you are in the midst of recruiting did you state \$75,000 is a portion of the salary or entry-level of the salary? Because in the vacancy report you showed \$102,264 for the position.

Ms. Rapozo: That would have been the incumbent who is no longer in that position.

Councilmember Kualii: So the incumbent retired at \$102,264 and you are going to now recruit and fill at \$75,000?

Ms. Rapozo: Correct. The incumbent actually was me. So I moved to the Director position.

Councilmember Kualii: Okay. But the new hire for 289, the position is paying \$75,000?

Ms. Rapozo: Correct.

Councilmember Kualii: And then the other position that is now dollar-funded, it also was showing vacant as of 11/01/2014 for \$113,268. Can we assume that the intention is to keep that position at a dollar? There is no intention to fill it within the next Fiscal Year? But you are wanting to preserve the opportunity to fill it at some point, if needed, but it would be at an entry-level position at \$75,000?

Ms. Rapozo: Correct.

Councilmember Kualii: Thank you. Sorry for the long question.

Committee Chair Kaneshiro: The last question we will take before we go to lunch is Councilmember Chock's and we will take lunch and come back. Councilmember Chock.

Councilmember Chock: Just a follow-up on where we are going with this. I am trying to get an understanding of where we are wanting to because I know we are trying to centralize this work here in Human Resources. So those positions that came over, they still focused on the departments that they came from?

Ms. Rapozo: No.

Councilmember Chock: Because I did not think so, because they did not match the position. And is it in the centralization of this, do you foresee needing these positions to retain these positions or is it goal to centralize it?

Ms. Rapozo: Which position are you speaking of?

Councilmember Chock: I am speaking of those transferred over.

Ms. Rapozo: Those positions would be needed.

Councilmember Chock: I have more to ask, but this is good for now.

Committee Chair Kaneshiro: We will come back at 1:30 p.m. and maybe it might hurt us because then we will think of more questions at lunch. We will be back at 1:30 p.m.

There being no objections, the Committee recessed at 12:31 p.m.

The Committee reconvened at 1:33 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We are going to continue on with Human Resources. Do we have any further questions on the presentation that we had? Councilmember Yukimura?

Councilmember Yukimura: Thank you. On slide 10. About your Public Works Department example where you are trying to support our departments in succession training. You say that you help them develop a training agreement that allows an incumbent to gain necessary skills and experience to qualify for a higher-level position. Can you tell us how that works?

Ms. Rapozo: So what we can do with incumbents is that if they do not qualify...with minimum qualifications and they have looking to move to higher-level positions, they would never get it staying in that same position. So we can develop a training agreement to say that they would function in that role, it will be kind of like on the job-training but at the same time staying at the lower-level of pay until they meet that qualification. If there were a test involved, they would have to take it, but it is to move our incumbents to gain the skills otherwise.

Councilmember Yukimura: Do you do that through TA, temporary assignment?

Ms. Rapozo: That is one way of doing it, but this way it would be that you do not have to keep the TA position vacant. If you are TAing to a position that means it is a vacant position.

Councilmember Yukimura: So they are actually staying...

Ms. Rapozo: They stay in their same position, yes.

Councilmember Yukimura: It is sort of like what the Planning Director described for the Deputy Director position; that they are...they have an Acting...I do not know what it is called, but a Deputy Director. I guess he is staying at his level of salary?

Ms. Rapozo: I believe...I am not quite sure how Mike is handling that.

Councilmember Yukimura: But taking on the responsibilities of the higher position.

Ms. Rapozo: Correct.

Councilmember Yukimura: And you actually put it in writing?

Ms. Rapozo: Yes and we actually need union approval for that as well.

Councilmember Yukimura: Basically you have a clear understanding of what the responsibilities and expectations...?

Ms. Rapozo: Correct.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii?

Councilmember Kualii: When Councilmember Chock asked about the slide on page 5, the restructured DPS, no new positions, no added costs. You went through it pretty quickly...I got six of them. Last two were Finance. Which were those positions?

Ms. Rapozo: 212 and 289.

Councilmember Kualii: 212 and 289. 289 is the HR Manager that we are recruiting.

Ms. Rapozo: Correct.

Councilmember Kualii: 212 is the one I wanted to ask about. HR Specialist I, vacant since 07/01/2012, a couple of years. It had been a dollar-funded position before, is that correct?

Ms. Rapozo: Correct.

Councilmember Kualii: But now we have it listed as \$43,812 and currently we are recruiting?

Ms. Rapozo: We have not recruited yet because currently in our budget it is dollar-funded, so this would be a July 1<sup>st</sup>.

Councilmember Kualii: July 1<sup>st</sup>. Okay. And just jumping from positions...wait jumping back to the slide. Yes, so on that slide where you talked about Fiscal Year 2013 budget no impact, no new positions, no added costs. If you could provide later...I will submit it in writing...to the same thing for Fiscal Year 2014, Fiscal Year 2015, and then now proposed for Fiscal Year 2016. So as far as any new positions, any added costs? The same thing for this coming year.

Ms. Rapozo: Okay.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I can ask a few here. This is from Council Chair Rapozo who is not here today, but is well-represented. This is in regard to the discrimination and employee rights. One of the questions is, are our employees and our

managers and supervisors trained? I know that you had spoken to it earlier. Are we current on it or are we in the process of...is it on-going?

Ms. Rapozo: The training?

Councilmember Chock: Yes, the training.

Ms. Rapozo: All the employee were trained a few years back and since that time it is part of the new-hire orientation.

Councilmember Chock: Is there an annual update that needs to occur?

Ms. Rapozo: We have not done that. We want to update the policy first to make sure it is current and go from there as far as training everyone again.

Councilmember Chock: In terms of policies, where are we in terms of updating the policy?

Ms. Rapozo: We are working with the County Attorney right now.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I have one from the piece of paper as well. And it says regarding employee separation, do we do exit interviews? Do they take place? I guess for me, I know in my other job, we do not necessarily get to do that all the time. But if we would, we should at least make sure we do it off the top-level positions and the positions that are by ordinance or appointed. Because then that comes into place with the Salary Commission. So have that data is pretty much important.

Ms. Rapozo: We do exit interviews as long as the employee is willing. We do call everyone in.

Councilmember Kualii: Even in the case of the top-level positions, they can be not willing?

Ms. Rapozo: They can be not willing.

Councilmember Kualii: Because they are leaving, right?

Ms. Rapozo: Right. Some people do not want to share...we do still send out a questionnaire to them and if we get it back, we can share that information.

Councilmember Kualii: Thank you.

Councilmember Chock: Follow-up, that is a great tool for us to utilize. And I have heard from some departments in terms of their evaluation and performance measurements. How is that coordinated with our HR oversight?

Ms. Rapozo: As far as the exit interviews go?

Councilmember Chock: Not just exit, but my question is more broad in terms of efficiency and operations and so forth? Does HR cover any of that, or do we cover anything in terms of employee performance evaluations?

Ms. Rapozo: As far as the job performance appraisals, we do monitor that. Where we send out reminders to all of the departments one month before it is due. The other thing we do is we do work with the departments especially the supervisors on how to complete the evaluations. Jill has been working with a few supervisors coming up with performance improvement plans. So that it is not just filling out a piece of paper, but to guide the employees and supervisors into trying to come to some expectation level with their employee as far as what the job entails.

Councilmember Chock: You folks worked so hard on the customer service work that you do and presented previously. Do we have a mechanism for community feedback that is related to employment performance in any way?

Ms. Rapozo: I think right now the only mechanism that they have is probably normally the complaint process, through the Mayor's Office or our office.

Councilmember Chock: Complaint does not sound good.

Ms. Rapozo: Or particular department. And when I was at Transportation, we also had a lot of compliments come through as well.

Councilmember Chock: Call that feedback and not "complaint" department. Thank you.

Committee Chair Kaneshiro: Any further questions from the Councilmembers on the presentation? If not, let us move into the budget. Any questions on the budget? I have a question. Wage and hourly pay, 89-day contract position, what is that for?

Ms. Rapozo: That position is responsible for helping us to get up to speed with some of our HRIS catch-up, as well as the duties coming over from the departments. So we put that in as part of the HRIS Task Force recommendation. The problem we have been having is retaining an 89-day contract and we have had, I think we are with our third employee from Elections and hopeful that she will stay with us, basically trying to get everything back to par, so we have all the personnel files in order and have all of the various filing and forms and information all up to speed.

Committee Chair Kaneshiro: And eventually that position would be hired into HR or that position would...

Ms. Rapozo: Would probably go away.

Committee Chair Kaneshiro: Any questions from the Members?  
Councilmember Yukimura?

Councilmember Yukimura: Your consultant services, which is on the next page, \$260,000. But you have it fairly well detailed. Employee Assistance Program, third-party administrator. Maybe can you explain that one?

Ms. Rapozo: Third-party administrator is for workers' compensation claims.

Councilmember Yukimura: Is that one contractor?

Ms. Rapozo: Yes.

Councilmember Yukimura: Okay. And then your flexi spending, that is the flexi benefits program?

Ms. Rapozo: Yes.

Councilmember Yukimura: And this is someone who administers it?

Ms. Rapozo: That is the administrative fees.

Councilmember Yukimura: Okay. And I want to thank you for allowing bus passes now or transportation to be an eligible cost. I wanted to ask, you give us statistics on that in your narrative. Could we get statistics on all of the categories of flexi benefit in terms of people?

Ms. Rapozo: That apply for the medical...premium?

Councilmember Yukimura: Using the service?

Ms. Rapozo: Yes.

Councilmember Yukimura: Okay. That would be good. And that is a mutual benefit, right? It is a benefit to the employee and a benefit to us.

Ms. Rapozo: That is correct.

Councilmember Yukimura: Because it reduces...the County's share.

Ms. Rapozo: Yes.

Councilmember Yukimura: Of costs. Okay.

Committee Chair Kaneshiro: I have a follow-up question. I did not really get that for the third-party administrator is a person who works with workers' compensation?

Ms. Rapozo: Whenever we have a claim it goes to this particular entity, our vendor who works with the employee to try to manage the claim and bring the claim to closure. Right now this is what First Insurance Company has the contract now.

Committee Chair Kaneshiro: Do we budget it and pay based on the amount of claims that we get?

Ms. Rapozo: Yes, it is per claim?

Committee Chair Kaneshiro: So it will go up-and-down depending?

Ms. Rapozo: Yes.

Committee Chair Kaneshiro: Councilmember Yukimura?

Councilmember Yukimura: Sorry. Do all of our employees...thank you...know about the flexi benefits program, or is there any room for making it more available in some way?

Ms. Rapozo: In the past, in order to...every County employee had to meet with the...I think All-State had the contract, meet with the All-State representative to sign up for the flexible spending program. This year we have streamlined it...this coming year in July or I guess in May when we start the program, they will be able to make changes online. They will be able to also meet with the representative here in the main building. But in the past, they did go out to every site and work with every employee to have them sign up. Most of the employees sign up just for the medical premium on pre-tax. So for those it will automatically continue versus having to sign up every year, which is a real cost-savings for all of us, for the employee to have to do that and they know what they are going to do and we worked that out with the company this year.

Councilmember Yukimura: Very good. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: With regards to workers' compensation, is every claim investigated?

Ms. Rapozo: Yes and that is done by our third-party administrator. From our end if there are safety or training issues or anything with the employee that we need to follow up with, that is where Jill comes in and that would be her role right now.

Councilmember Chock: Okay.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: So on the prior page 80, the line item, "vacation credit payout" it says centralized allowance. Is that when somebody leaves employment and still has a vacation balance and has to be paid out?

Ms. Rapozo: That is correct.

Councilmember Kualii: So it is not budgeted in all the different places, but here?

Ms. Rapozo: Last Fiscal Year we changed that. It used to be budgeted in every department and to try to come up with cost-savings measures we took it out of each department and put \$235,000 at the time for vacation payout for any employee that would need it. What every department has to now do is, if a position vacates, they have to use the unexpended salaries from that position to pay that vacation credit payout.

If the position is vital, regulatory, or we feel we need to fill before that vacation is exhausted, this is where it would come from. This account.

Councilmember Kualii: That is tightening the budget?

Ms. Rapozo: Absolutely.

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura.

Councilmember Yukimura: I guess it is more about your narrative. Is that okay?

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: With respect to appointees, there is a process now for requiring evaluations, annual evaluations of appointees?

Ms. Rapozo: That process has been in place for a while through the Salary Commission Resolution. I do not recall what year it started, but yes it is.

Councilmember Yukimura: Your office facilitates it?

Ms. Rapozo: We have come up with the administrative rules for that, as well as the tool. We have finalized that tool and we are probably going to be going out to the commissions that have executive appointees, as well as with the Mayor and Managing Director, and even on the Legislative side. Because you do have appointees to go through the tool.

Councilmember Yukimura: I mean there was at one point a...there was a theory, I guess you would call it, that said that the Legislative body was not bound by the Salary Commission edict and we could do our reviews differently. But it is clear that the whole County has to follow these guidelines.

Ms. Rapozo: That is correct.

Committee Chair Kaneshiro: For the training line item, the budget is \$102,000. It is increased from last year. I was just looking at the trailing amounts. Are you planning on doing a lot more training this year? I know you mentioned training in the presentation.

Ms. Rapozo: That budget was specifically increased to look at supervisory training on a more regular basis and coming up with a program specifically for supervisors. We want to invest there a lot, so we can try to ensure that our supervisors are well-trained and try to minimize our liability as we go into future.

Committee Chair Kaneshiro: Thank you. Any further questions?  
Councilmember Yukimura?

Councilmember Yukimura: First a follow-up. It is so great that we are paying attention to supervisory training, because I think there is a lot of prevention that can be done in that area. So very good. When you talk about your objective to prepare accurate and timely transactions and submit to the department at least one week before the effective date is on page 3 of your narrative. You are talking here about payroll transactions?

Ms. Rapozo: Payroll certifications, correct.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: In your initiative goals and what we have talked about in the PTS deferred compensation program, my first question is so I understand the short-term hires are considered 89-day contract positions, are there any others?

Ms. Rapozo: We have short-term hires that are seasonal, recreational workers that are summer hires.

Councilmember Chock: When you talk about the 2016 goals for this program, are there some specific...what are you trying to get done?

Ms. Rapozo: Basically the PTS program is an IRS-approved program whereby rather than taking out social security for this group of people who do not have any other retirement taken out from them, would be to put it into a deferred compensation program for them. What it does for us, again similar to the pre-tax program will lower our payroll costs and therefore, will save us money as well.

Councilmember Chock: So we have not gone forward with it yet?

Ms. Rapozo: We are working...we are trying to piggy-back with the State rather than reinventing the wheel. So it is up at the deferred compensation board and they have to approve whether or not we can piggy-back with them and if so, we will develop an agreement with them and go from there.

Councilmember Chock: I see just based on the communication, there is only three...I guess it is Parks and Recreation.

Councilmember Yukimura: Can I ask what you are looking at?

Councilmember Chock: This is just a communication that I had regarding the plan. I had asked them to look at the plan and I guess we are going implement it and the people who can take advantage of this are part-time employees or short term employees. So I wanted to get a sense where to go with that kind of employment? And there are three areas I am looking at here, Transportation, Fire/Ocean Safety Bureau, and Parks and Recreation for summer hires.

Ms. Rapozo: With Transportation and Fire/Water Safety, they hire on-call bus drivers or lifeguards and they are 89-day contract hires and would have their payroll expenses diverted to the deferred compensation program.

Councilmember Chock: Just in terms of kind of where we are heading in the future in employment in each department's needs, do we foresee any areas...because I think when we look at the budget and we see that we are pretty much maxed out in terms of where we are going to go. It is obvious by the fact that we have to make cuts to our budget just to get to pay the current salaries that are increasing constantly. That the idea of looking at...and there are still many needs that we have. Segmenting out specific kinds of work that we can utilize the 89-day hire. Is there any work into looking into each department and how we might be able to maximize that as well, maximize this?

Ms. Rapozo: That is part of the charge of the Vacancy Review Committee to look at vacancies. So I need to commend that Committee for doing that. Ernie Barreira is the Chair and it is...I think reengineering the way that departments are figuring out different ways to be able to accomplish what we need to.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Another one from the list of questions. Are all employees trained on discrimination and harassment issues? And if it has been done in the past, is it part of new-hire orientation and how long before you do updates or refreshers on the training?

Ms. Rapozo: I think that was part of Councilmember Chock's question, but yes, we do it during new-hire orientation. We are looking at updating the policy and doing annual refreshers for everyone.

Councilmember Kualii: Annually?

Ms. Rapozo: We are not doing right now. Annually. We want to update the policy first and then proceed from there.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: A function of your Department in representing the Administration, I guess in collective bargaining. I just wondered what...I think you had addressed some of it in your narrative. But I know it has been in my observation a kind of neglected area, prior to your coming on. I wondered how you intend to address it or have your Department work on it.

Ms. Rapozo: That is a really new area for me that I am learning. I have gone to three or four negotiation meetings right now. Fortunately we only have two...Units 2, 3 and 4 with HGEA to finish off for the next two years and have two years for me to get my feet wet and to understand the whole process. We also have Unit 14 which is the Water Safety Officers for the County that we have to negotiate a contract for. So I look at it as part of learning, but at least I will have some time to get there with the other units.

Councilmember Yukimura: There has been a concern in general, but I think both at the State and County-levels about the whole process itself, and I think I sent you a question about whether there was a way to keep the reserves out of collective bargaining, because it is a no-win situation I think. If that can be drawn on.

Ms. Rapozo: It is like you are in a catch-22, because at the same time, you want reserves to get your rating up for your bond and at the same time, it is something that yes an arbitrator will look at that yes, you have that money. So we need to find a balance. And I think the County Attorney's Office is looking into if there is any type of legislation we can do in order to see if we can put that money to some other type of fund.

Councilmember Yukimura: I mean, it just seems like we need to develop some kind of best-practice in terms of how that is considered in the collective bargaining process. And I am just thinking there may be other structural changes that may be needed. So I am just...maybe that is a question more for the Mayor and the Managing Director. But I think there has been a great concern about the process itself and whether or not it is getting us to good and balanced results? So I am hoping there will be attention to that soon, like in next couple of years. Because we are going down a trail that is somewhat precipitous.

Ms. Rapozo: I agree.

Councilmember Yukimura: The Managing Director is stepping up.

NADINE K. NAKAMURA, Managing Director: Good afternoon, Nadine Nakamura, Managing Director. Just to add to what Janine mentioned earlier, I think embarking on the five-year plan, having our GFOA consultants on-board to assist us, to figure out what is the best way to hold and show that reserve. That will also help us. We will be embarking on that process right after we get through the budget process.

Councilmember Yukimura: I think that is a very good thing that you are doing. I guess I am...I think that budget...five-year budgeting process will really clarify the role and importance of the reserve, but it will take us translating that to the legislator or whoever sets the collective bargaining rules. So that we can make sure that the role of the reserve is properly recognized in that separate system.

Ms. Nakamura: This is a conversation that we have to have with all of the different counties.

Councilmember Yukimura: That is correct.

Ms. Nakamura: If everyone is doing it differently, there is going to be opportunities to say there are these funds here. So I think on the Mayor's side, working with the Conference of Mayors, on the Council's side, working with the Hawai'i State Association of Counties, we really need to first learn what we need to do and have a strategy in place?

Councilmember Yukimura: Yes.

Ms. Nakamura: And then communicate that strategy.

Councilmember Yukimura: I think it will be important for all counties to speak with a united voice in terms of looking at solutions.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I just want to make a request. We have your organizational chart from February of 2015 and if you could provide a new one, based on the changes?

Ms. Rapozo: There should have been one in the back of your slides.

Councilmember Kualii: From the presentation?

Ms. Rapozo: Yes, sorry.

Councilmember Kualii: And there it is. Thank you. Boom!

Committee Chair Kaneshiro: I have a follow-up question to that. If you could provide just a brief description also of what the responsibilities of the different positions are on the organizational chart?

Ms. Rapozo: Okay.

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura?

Councilmember Yukimura: I looked with interest at your training program, and specifically your supervisory program explained on page 5 of your narrative. It looks excellent. I have heard Mr. Furuya myself. I just wondered do you ask for evaluations of these training courses?

Ms. Rapozo: We did not for the one that we did or this is the outside training...this is the outside training?

Councilmember Yukimura: I was looking at all of the training.

Ms. Rapozo: Yes. We did this as a pilot, that first one with the Water Safety, but it is something that we should do is evaluations.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: I have some last overall questions. Do you see any additional opportunities to consolidate HR functions throughout the County?

Ms. Rapozo: We have been looking at the payroll function right now. Right now it is a centralized function that every department still inputs payroll outside and we are just the central...I guess, keeper of processing that. So that was something that we had looked at, whether or not we would consolidate that area. That was the next step as far as we brought payroll over this last year and that whether or not that was something? I think there are other opportunities that we are working on right now as

far as the drug and alcohol testing program. We would like to bring that in-house with us. We have brought in Public Works right now. We are doing their drug and alcohol testing program, but we would like to bring in Transportation and the other departments with CDLs. So there is still a lot of opportunity and as we go forward we certainly can be looking at those.

Committee Chair Kaneshiro: Without hiring more people, right?

Ms. Rapozo: Without hiring more people.

Committee Chair Kaneshiro: And one more final one. So do you see with the increased training in the workplace, does that have an effect on the amount of complaints you receive or does it help us when we go to litigation and say we have provided all of these types of trainings and trying to do, as much as we can to have employees educated on what not to do in the workforce? And then just so happens people still do it and we get sued, does that have any benefit to us?

Ms. Rapozo: We do not have a hard and fast statistic on that, but anecdotally I think we can look at when we do go...if we do have a case of litigation or grievance, we certainly see much better documentation, much better responses that we can at least defend. It is very difficult to try to defend some of the past, I guess, actions of supervisors, and so we tend to settle. And so now least we have a fighting chance. So I think that is a great thing. We just would need...it is a hard measurement to look at.

Committee Chair Kaneshiro: Thanks. Any further questions for HR?  
Councilmember Yukimura?

Councilmember Yukimura: I am looking at page 8, where you talk about your objective to reduce the number of lost days through participation in the County's return to work program and I want to commend you, one for reducing...I do not know if it is reducing, but translating your objectives into numerical measurements is quite impressive with a variety of your objectives. So you know, you report there was a total of 1,575 lost days last year. And this year we are about two-thirds through the year. There are 853 lost days. That is a remarkable reduction. So congratulations. And then also, you show that you have this more aggressive return to work program, which is helping too...

Ms. Rapozo: That is what is helping to get the lost days down, because we bring them back as soon as they are medically able in a light duty or modified duty to acclimate them back to how or how they cannot perform and that has really helped.

Councilmember Yukimura: The thing that is most impressive about your report is that there is measurable change through the different programs that you are instituting. They translate to a lot of savings. Thank you.

Committee Chair Kaneshiro: Any further questions for HR?

Councilmember Yukimura: May I make one final comment?

Committee Chair Kaneshiro: Sure.

Councilmember Yukimura: I just feel like...

Committee Chair Kaneshiro: You have three minutes...

Councilmember Kualii: Turn on the light...

Councilmember Yukimura: I do not need three minutes. I just want to say that I feel we have finally entered the 21<sup>st</sup> century with the creation of the Human Resources Department, and that your report really confirms the wisdom of the electorate in passing a Human Resources...I am kind of like, I was in shock when I learned what we were not doing before we were a Human Resources. I think Jill saw my face as you were reading some of your report, showing what you have consolidated and what you have added to the work of the Department. So just thank you very much. I am so encouraged.

Ms. Rapozo: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I just wanted to thank you for the immediate response on my request for the updated organizational chart. I will not expect such an immediate response on my future requests.

Committee Chair Kaneshiro: Again, thank you for being here to answer the questions. We may have some follow-up questions, but appreciate your time and we will move on. Next up is the Department of Liquor Control. So I will have Gerald come up. Gerald, do you have a presentation...no? Okay. We received their budget presentation and without any PowerPoint, we can go directly to questions. Councilmembers, do we have any questions? Councilmember Yukimura?

Councilmember Yukimura: Good afternoon, Gerald.

GERALD T. RAPOZO, Director of Liquor Control: Good afternoon  
Councilmember, Gerald Rapozo, Department of Liquor Control.

Councilmember Yukimura: I want to commend you on a very mission statement. It sums it up very nicely. Thank you very much. And then on your challenges, page 1, where you talk about continuation of compliance checks. Is one of the challenges due to the decrease or lack of grant funding through the Attorney General's Office and the University of Hawai'i? The compliance checks you are referring to is the youth, underaged drinking?

Mr. Rapozo: What we used to call the sting operations, the proper name is compliance checks.

Councilmember Yukimura: So I think nonetheless you have projected that you are going to do some, right?

Mr. Rapozo: The last word I got from the State Department of Transportation, the grant that was in place that they lost for a little while, that grant is supposed to be reinstated and they hope to work off of that again this year.

Councilmember Yukimura: So there will be some moneys forthcoming.

Mr. Rapozo: That is what we are told at our last Impaired Driver Task Force meeting.

Councilmember Yukimura: You gave us the statistics for on and off-compliance checks and thank you for doing that. That is the last three pages of your narrative. It seems to fluctuate year by year. And in order to compare them year by year, you kind of had to have the same process every year. Can we assume there was the same process or that it fluctuated?

Mr. Rapozo: The type of compliance checks we do, whether it is on-premise, which are the restaurants and bars and off-premise are the retail stores and that is decided by the contract. So we do not have a say whether we are going to do on-premise or off-premise. The University of Hawai'i, Office of Public Health Studies, they determine whether this contract will be for on-premise and off-premise.

Councilmember Yukimura: It is hard to compare year-to-year.

Mr. Rapozo: It is.

Councilmember Yukimura: Interesting.

Committee Chair Kaneshiro: Other questions? There is a line item called indirect costs or centralized services for \$125,000?

Mr. Rapozo: That is every department pays a portion of Attorneys' fees, custodial...the services that they provide each department.

KEN M. SHIMONISHI, Director of Finance: Director of Finance Ken Shimonishi. The indirect cost is a charge-back from the General Fund for the central services being provided by Accounting, Administration, Legal and so on. If you look at the Accounting Division's budget in that 4200 account you see the negative offsets being recovered from Highway Funds, Sewer Fund, Liquor Fund, and so forth.

Committee Chair Kaneshiro: Not every department pays it?

Mr. Shimonishi: Not every department because we are not charging within the General Fund for General Fund services. Going outside of the General Fund, Golf, Housing, and so on.

Committee Chair Kaneshiro: Questions from the Members? Councilmember Kualii?

Councilmember Kualii: There was a recent reallocation. There is a position that it was E-2204. And it is now 2204. Liquor Control Commission Secretary SR 20 being reallocated to 2204 Private Secretary.

Mr. Rapozo: With the retirement of the Commission Secretary last year, that position became a Private Secretary position.

Councilmember Kualii: And old position was \$65,000 and the new position ...the budget line item shows \$48,000. That is the starting-level?

Mr. Rapozo: Correct.

Councilmember Kualii: And that is what we are starting at? It was a new-hire January 1<sup>st</sup>?

Mr. Rapozo: Correct.

Councilmember Kualii: Thank you.

Mr. Rapozo: Also on the Account Clerk position, SR 10 position, that is the one that we are currently trying to...the job offer is out. That was a replacement for our Clerk who passed away in January.

Councilmember Kualii: So it is currently recruiting?

Mr. Rapozo: We have a job offer out. So hopefully we will fill the position shortly.

Councilmember Kualii: That was a reallocation also up from Senior Clerk SR 10 to Account Clerk SR13, but the anticipation is that you could be hiring at any time.

Mr. Rapozo: The job offer is out.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Chair. Last year you were able to share with us some of the training devices, and things you used at the high schools and it looks like you are waiting for those materials to come in and did not come in and doing it next year.

Mr. Rapozo: The goggles, the training goggles.

Councilmember Chock: Will you be at every school, private and public.

Mr. Rapozo: We will have to meet with Mr. Arakaki to see what kind of curriculum we can set up.

Councilmember Chock: That is not secured yet?

Mr. Rapozo: Not yet.

Councilmember Chock: Thank you.

Councilmember Yukimura: Follow-up.

Committee Chair Kaneshiro: Councilmember Yukimura?

Councilmember Yukimura: What were you just talking about?

Councilmember Chock: Training for middle and high schools. The goggles. It did not come in, so my question was about whether it is going to be for every public and private school?

Councilmember Yukimura: So that was in your goals and objectives page 2. That is the training you are referring to under "V, III."

Mr. Rapozo: Yes.

Councilmember Yukimura: One of your goals is collaborating with Life's Choices Kaua'i as it relates to alcohol abuse and underage drinking and to establish a training curriculum with the Department of Education. Are you folks creating a training program?

Mr. Rapozo: That would be in conjunction with the training goggles, a program we present at the high schools.

Councilmember Yukimura: I see. May I suggest that you look into this Life's skills program? Botvin program. I just asked Yvette to get the chart because it shows the results. It is an evidence-based training, but it shows the percent of using drug based on whether they took the training, which is blue. And the green is those who did not take the training. But it shows that there is an 87% reduction in tobacco use, a 60% reduction in alcohol use, a 75% reduction in marijuana use, and a 66% reduction in poly drugs and methamphetamines. It seems to be an effective program that might be worth looking into.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I just have kind of a basic question, just to understand it better. So by these goals, where we are talking about providing these kinds of training to youth with working on curriculum with DOE. And working with Life's Choices. You have a staff person that dedicates time to helping with that?

Mr. Rapozo: Whoever is available.

Councilmember Kualii: Whoever is available. So you have your regular job and this is something that you do on the side?

Mr. Rapozo: Yes.

Councilmember Kualii: In OED and in other parts of the County, there are pockets of grant funding that they provide to non-profit, social service agencies that may help with this kind of work and leadership groups and youth programs? But you do not have access to any kind of funding where you could provide grants to groups that would help with you that work? Or do you even have enough funding to have a dedicated person?

Mr. Rapozo: Through the Liquor Department, no, but with working with Theresa Koki and tomorrow the program we are going to be assisting with Theresa and her group of kids to go out to the stores and label...

Councilmember Kualii: But not in addition...or access to funding?

Mr. Rapozo: No, pretty much whatever we have within the Department's current budget, we can do what we are doing.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Councilmember Chock?

Councilmember Chock: Just in terms of the business licenses, I see the amounts there. Can you explain how that is decided and what that rate is?

Mr. Rapozo: Rates?

Councilmember Chock: Yes.

Mr. Rapozo: The basic license fees. What happens is every year in June, every liquor license is renewed and they pay us the basic license fee. On the low-end for a beer and wine license is \$180 a year. Dispenser general restaurant class license is \$480 a year and I think \$900 for hotels and so on. In the month of June they pay us their basic fees. What happens in the month of July, they submit their list of their sales for the-year, their gross liquor sales and we attach a percentage fee to each. So depending on their sales, they pay a percentage. The percentage varies.

Councilmember Chock: Is that statewide?

Mr. Rapozo: Every island has its own rule, but we follow the same formula.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Any further questions for Liquor? If not, we will take a 10-minute recess and have our final budget review with the Office of the County Clerk.

Councilmember Yukimura: Thank you so much Gerald.

There being no objections, the Committee recessed at 2:21 p.m.

The Committee reconvened at 2:26 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. And now for our final one, we have the Office of the County Clerk and there is no presentation. So we will just go directly into questions. My first question, I think it is commendable that the County asked all departments to reduce their costs and it was the same with Council Services also. So Jade if you could state your name and state the measures you took to reduce costs on your end.

JADE K. FOUNTAIN-TANIGAWA, Deputy County Clerk: Good afternoon, County Council, Jade Tanigawa for the record. To answer your question, Committee Chair Kaneshiro, to reach our 6.8% reduction that was requested by the Mayor, three major areas...one we...for this upcoming Fiscal Year we did not have to fund the WIR Conference, which was approximately \$20,000. We dollar-funded a Council Services Assistant I position \$35,000, and then there was also due to a non-election-year, a significant savings in our Election Division. So together we are able to achieve that 6.8% reduction.

Committee Chair Kaneshiro: Thank you, any questions by the Members for Council Services? Councilmember Yukimura.

Councilmember Yukimura: I want to thank you both Jade and Lyndon for your tireless work to serve...to provide services both to the public and to the Council and to run fair and problem-free elections. I really appreciate that. And I do not have a whole lot of questions. I guess I have one on...I think...well, it might apply to both divisions. We have a zero training budget. Or at least that is what shows. I just wondered how we are doing our training?

Ms. Fountain-Tanigawa: Our training is now broken up not so much in one line item...where Finance has requested us to break down training for airfare, rental car, per diem, and other training opportunities. Our training program we have taken advantage of what Human Resources has offered and taken advantage of what the State has offered with elections training, as well as the Office of Information Practices, we do training. We have taken advantage of some webinars, and also, with NACo. NACo has a good webinar program. Internally, we have embarked on some peer training and the Clerical Section has really taken off with that. It helps in a lot of different ways. They are able to train each other about the various systems, various processes in the office. It also allows them to help with public speaking and things that they are really not comfortable with. In fact, it was their way to take advantage of the limited resources and really to do more with less and stay within the budget.

Councilmember Yukimura: That is a good answer. In one sense it shows us the value of consolidating HR functions and training, so that you can get the economies of scale and lessen the burden on the individual departments. That is good. And that you are taking advantage of these webinars. It is a really...it really shows good initiative and there are quite a few low-cost and free-training opportunities in our community. I am not a regular attendee to the Toastmasters club, but it is a fabulous training program. Made me just think of all of those opportunities. I am glad that you have already thought of them and have taken advantage of them. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: My question has more to do with the third item that was mentioned as far as Elections savings. So I am assuming that is the "other services" line item that has gone down from \$240,000 to \$88,000. So that is a realistic decrease based on it being a non-election-year, as far as those things we pay money for.

LYNDON M. YOSHIOKA, Elections Administrator: Correct. Our other services go down in the off-years because there is so much more that we need to procure and set up in the election-year. So that is...

Councilmember Kualii: So the main thing to keep in mind that every other year it goes back up?

Mr. Yoshioka: Correct. It is a 30%...it is 30% of what it was last year. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Regarding Elections, and thank you for the statistics you have provided. I found it interesting that you showed there were...let us see 5,500, this is page 14 of the narrative. 5,500 affidavits processed... voter affidavits. So that means new voters or changes in voter information?

Mr. Yoshioka: That is total amount of forms that came through the office. It could be for new registrations, re-registrations, that is just the overall total.

Councilmember Yukimura: And then you show volunteer declinations filed.

Mr. Yoshioka: Yes.

Councilmember Yukimura: Which are 6,700. And there is a footnote that says, "approximate number of individuals who applied for renewal driver's license, but declined to register to vote." So even if you assume conservatively that 5,500... we had 5,500 new voters, we had more voters saying that they did not want to register to vote.

Mr. Yoshioka: The 5,500 are not all new voters. They would be people that are already registered, but changing their mailing address or residence or what have you.

Councilmember Yukimura: Okay. I guess we could find out by finding out how many of those drivers' licenses were new. We could find out how many...how many...well, yes, how many new people? I am thinking out loud. I am just trying to figure out how many people who were not registered to vote declined to register to vote. I am not sure if we could just figure that out.

Mr. Yoshioka: I am not sure if I could extract that.

Councilmember Yukimura: You are saying that..let us see, we have 51,800 voters. And our turnout in the General Election was 57%. Just over half of the people who are registered to vote turned out to vote. And this does not even say how many people on this island are eligible to register to vote.

Mr. Yoshioka: That is a tough number to come up with, because Kaua'i does have significant number of military who are not eligible to vote. We have a significant number of immigrants who are not eligible to register to vote. I guess, if you could take some Census numbers and cross-reference those, you may be able to come up with an approximate amount. I do not know how accurate that would be, especially because the numbers are constantly changing. You could get a number for perhaps a ballpark given-point-in-time.

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

Councilmember Kualii: With regards to this bullet about the renewed driver's licenses and declining to vote. That is not the same as it is automatically a part of the driver's license process? And then they...on the process, turn it down? Like in the affirmative take it away, the automatic registration? Just recently Oregon passed automatic voter registration as a part of getting your license.

Mr. Yoshioka: Correct.

Councilmember Kualii: And I think the Secretary of State, who is in charge of the elections is now the new Governor and signed it into law and California is following. That is not what we are talking about here?

Mr. Yoshioka: No.

Councilmember Kualii: Do you know if there any kind of...would that not help lessen the need for...I mean how would that work here?

Mr. Yoshioka: Well, actually, there were bills introduced earlier in the session, which would have established automatic voter registration. However, there are also Federal laws, which require that voters be given the opportunity to essentially opt-out.

Councilmember Kualii: I know.

Mr. Yoshioka: What they did in Oregon, they made everybody register as long as they are qualified to register. However, I believe they have a window of time to respond to the Elections Divisions, I guess to, say, no, we do not want to register to vote. That would be their meeting the law.

Councilmember Kualii: And California is following suit, too?

Mr. Yoshioka: I am not familiar with California.

Councilmember Kualii: It is in the makings. Thanks.

Committee Chair Kaneshiro: Councilmember Chock?

Councilmember Chock: I have a follow-up. Just a question, Lyndon, I was wondering do we do any outreach to high schools? To seniors, in terms of...maybe not only building some civic program, where they can get a better understanding of the elections system, but also registration? I thought there was something that was done. Can you expand on that?

Mr. Yoshioka: This program, I believe you are referring to is actually conducted statewide by the State Office of Elections. I cannot recall the name of the program, but basically what they do is provide these packets, which include a lot of different fact sheets about voting, about Hawaii's electoral process, about general government, as well as a form, a voter registration form, permanent absentee form that are

distributed to schools that are interested in participating in the program. They simply fill out the form and turn them into the registrar.

Councilmember Chock: Do you know if that still continues?

Mr. Yoshioka: It is still in place, but I understand that a lot of schools have not participated for whatever reason. I think on Kaua'i we had maybe a handful of high schools...I cannot recall offhand which ones did or did not. But overall participation is not as high as we would like it to be.

Councilmember Chock: We have not done any presentations?

Mr. Yoshioka: We have gone to schools in the past, primarily to social studies classes. But we have not received any requests.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura?

Councilmember Yukimura: Yes, I think you have a presentation, but I wanted to ask anyway about it. You had indicated that Kaua'i is going to be first to go to an all-mail...how do you call it, where we do elections exclusively by mail?

Mr. Yoshioka: We refer to that as "elections by mail." EBM for short.

Councilmember Yukimura: Yes, all-mail elections, I do not think the women would like that.

Mr. Yoshioka: Can you explain what the plan is and what the timetable is?

Committee Chair Kaneshiro: Lyndon, if that was part of what you wanted to say, if you want to continue with a quick presentation that you want to do, we can do that...answer the question and whatever else you wanted to say, if you had a quick presentation, too. We moved through everything. So it would be a good time to answer that question and if there is anything else you wanted to say about the budget or Elections and then we will continue with the questions.

Mr. Yoshioka: There are two bills that are still alive. Senate Bill 287 and House Bill 124...both of the bills are really sort of the same. One of the bills, I cannot recall if it is 287 or 124, well let me digress. Both bills would establish elections by mail in Kaua'i County, beginning with the 2016 elections. Both bills also establish what is referred to as "voter service centers." After I read the bills, I mean the voter service centers in the bills are what we would refer to as our early voting sites with enhanced services for registration of voters. Both bills establish places of deposit and those are essentially there to allow a voter to deposit their ballot in some secured means that we need to establish, if the bill is successful. One of the bills could stagger implementation by mail. To Maui County and Hawai'i County in 2018 and then expand to O'ahu in 2020. The other bill would start with Kaua'i in 2016 and then go statewide in 2018. So those are the primary the differences between the two bills. Another difference...and this is something

that I hope really passes...is one of the bills also reestablishes the electronic transmission of ballots and voter materials for individuals who have failed to receive their ballots within five days of the election. We used to have that provision, I would say maybe four, five, elections ago, but for some reason that was pulled from statute. So now if an individual applies for a ballot, but does not get it within five days, there is no recourse and we find that somewhat problematic. So we hope that continues to be part of the bill, whichever bill passes. Regardless of which bill passes, we would be able to work with both. They are pretty solid bills as far as we can see.

Councilmember Yukimura: So this is happening in other jurisdictions on the mainland already. There are cities or counties or states that are doing it pretty much by mail.

Mr. Yoshioka: Correct.

Councilmember Yukimura: And then you said what is nice to have is that electronic voting for those that do not get their ballots within the election deadline?

Mr. Yoshioka: Well not so much electronic voting, but to allow us to transmit a .PDF of a ballot and allow the voter to return that to us via fax or secured E-mail or some other fashion of transmission.

Councilmember Yukimura: The model we have on-island is the KIUC elections, right? Because they allow it by mail, and I think you can even call in and vote?

Mr. Yoshioka: Something like that.

Councilmember Yukimura: I have never done it that way.

Mr. Yoshioka: Neither have I.

Councilmember Yukimura: You have done it Scott, that way?

Mr. Yoshioka: The one thing I would like to note is KIUC elections are not governed by Federal law. Any voting system that we opt to use needs to be certified. And that I cannot say for certain, but I doubt that the phone-voting or online voting that perhaps KIUC or maybe other types of election offices is Federally certified.

Councilmember Yukimura: I think you want that signature identification. So in your mind, is that coming next elections? Do you think that is going to?

Mr. Yoshioka: I hope so.

Councilmember Yukimura: I can see from your report it would take care of a lot of issues that you have to deal with now.

Mr. Yoshioka: It would simplify how we do elections and allow us to more properly allocate resources to those areas in our operations that require more attention. Right now with voting at the polls, it takes up a lot of resources. Time, effort, and warm bodies.

Councilmember Yukimura: Closing down the schools?

Mr. Yoshioka: Yes. So everybody has their own preference, but from a purely operational standpoint, I think elections by mail is the way to go.

Councilmember Yukimura: It is been proven over the years to work?

Mr. Yoshioka: Yes, it has.

Councilmember Yukimura: Thanks to your good vigilance by you and your Department to thwart any voter fraud attempts.

Mr. Yoshioka: I think everyone statewide follows the same processes and procedures in place.

Councilmember Yukimura: It builds voter confidence, which is critical. Thank you.

Committee Chair Kaneshiro: Any other further questions for Council Services or Elections? Well, thank you.

Mr. Yoshioka: Thank you.

Committee Chair Kaneshiro: I would like to extend a big thank you to the Administration, Councilmembers, and Staff for very productive budget review sessions. It has been a long three weeks and everyone's eyes are a little more tired than when we first started. I would also like to thank the Administration for doing their best to answer the large amount of follow-up questions that were generated and for working to get us responses before Decision-Making. It will help us in our budget decisions. We appreciate all of the responses as it will help us make some tough decisions. For the Councilmembers, I wanted to go through some housekeeping items and requests moving forward. I have asked Staff to set-up meetings with each of you in the next few weeks to prepare your decision-making proposals. This will help Staff get organized for Decision-Making which will take place on May 14, 15, and 18. If we are able to finish in one day or two days, then that is great. Please remember that if you are proposing any additions, you should identify the corresponding budget reduction, or funding source. With any addition, I would also like to request that you get the concurrence of the Administration or the Department Head or at the minimum, have that discussion with them so that they are not caught off-guard, can provide feedback, and so that we are not unnecessarily tying up funds for projects or items that will end up not getting done and having the funds just lapse back into the fund balance. On May 8, 2015, the Mayor will be submitting his supplemental budget communication. Staff will be doing a comparison for us and identifying any changes shortly thereafter. On May 13, 2015 at 5:00 p.m., we will be holding our public hearing on the operating and CIP budgets and the proposed real property tax rates. Then as I mentioned, we will start decision-making on May 14. We have done a lot of good, productive work, but still have a lot of work left to do...and I thank you all for your patience. I intend to allow time for final commentary from the members at the end of decision-making. Councilmembers will have five minutes. If we are pressed for time, I will request from the Chair, time during second and final reading. Thank you all again. At this time, I would like to adjourn the Fiscal Year 2015-2016 Departmental Budget Reviews. Our next budget related meeting will be the public hearing on May 13, 2015 at 5:00 p.m.

There being no objections, the Committee adjourned the Fiscal Year 2015-2016  
Departmental Budget Reviews at 2:53 p.m.

Respectfully submitted,



Scott K. Sato  
Council Services Review Officer



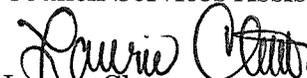
Darrellyne M. Caldeira  
Council Services Assistant II



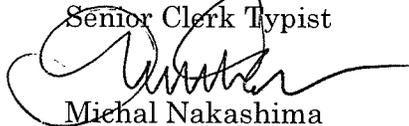
Codie Yamauchi  
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Laurie Chow  
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Michal Nakashima  
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APPROVED at the Committee Meeting held on May 13, 2015:



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ARRYL KANESHIRO  
Chair, COW Committee